SECURITIES AND EXCHANGE COMMISSION

17 CFR Parts 275 and 279

[Release No. IA–4509; File No. S7–09–15]

RIN 3235–AL75

Form ADV and Investment Advisers Act Rules

AGENCY: Securities and Exchange Commission.

ACTION: Final rule.

SUMMARY: The Securities and Exchange Commission (the ''Commission'' or ''SEC'') is adopting amendments to Form ADV that are designed to provide additional information regarding advisers, including information about their separately managed account business, incorporate a method for private fund adviser entities operating a single advisory business to register using a single Form ADV, and make clarifying, technical and other amendments to certain Form ADV items and instructions. The Commission also is adopting amendments to the Advisers Act books and records rule and technical amendments to several Advisers Act rules to remove transition provisions that are no longer necessary.

DATES: Effective October 31, 2016.

Compliance Date: See Section III of this final rule.

FOR FURTHER INFORMATION CONTACT: Bridget D. Farrell, Senior Counsel, Jennifer Songer, Senior Counsel, Betselot Zeleke, Attorney-Adviser, or Sara Cortes, Assistant Director at (202) 551–6787 or *IArules@sec.gov*, Investment Adviser Regulation Office, Division of Investment Management, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549–8549.

SUPPLEMENTARY INFORMATION: The Commission is adopting amendments to rules 202(a)(11)(G)–1 [17 CFR 275.202(a)(11)(G)–1], 203–1 [17 CFR 275.203–1], 204–1 [17 CFR 275.204–1], 204–2 [17 CFR 275.204–2], and 204–3 [17 CFR 275.204–3] under the Investment Advisers Act of 1940 [15 U.S.C. 80b] (''Advisers Act'' or ''Act''),[1] and amendments to Form ADV [17 CFR 279.1] under the Advisers Act. The Commission is also rescinding rule 203A–5 [17 CFR 275.203A–5] under the Advisers Act.

Table of Contents

I. Background

Form ADV is used by investment advisers to register with the Commission and with the states.[2] The information collected on Form ADV serves a vital role in our regulatory program and our ability to protect

[1] 15 U.S.C. 80b. Unless otherwise noted, when we refer to the Advisers Act, or any paragraph of the Advisers Act, we are referring to 15 U.S.C. 80b of the United States Code, at which the Advisers Act is codified, and when we refer to rules under the Advisers Act, or any paragraph of these rules, we are referring to title 17, part 275 of the Code of Federal Regulations [17 CFR part 275], in which these rules are published.

[2] Information on Form ADV is available to the public through the Investment Adviser Public Disclosure System (''IAPD''), which allows the public to access the most recent Form ADV filing made by an investment adviser and is available at *http://www.adviserinfo.sec.gov.*

investors. On May 20, 2015,[3] we proposed amendments to Part 1A of Form ADV in three areas: Revisions to fill certain data gaps and to provide additional information about investment advisers, including their separately managed account business; amendments to incorporate a method for private fund adviser entities operating a single advisory business to register with us using a single Form ADV; and clarifying, technical and other amendments to existing items and instructions.[4]

Several of the amendments to Form ADV relate to separately managed accounts. These amendments will require advisers to provide certain aggregate information about separately managed accounts that they advise. Other amendments to Form ADV that we are adopting are designed to improve the depth and quality of information that we collect on investment advisers, facilitate our risk monitoring initiatives and assist our staff in its risk-based examination program. Moreover, because Form ADV is available to the public on our Web site, these amendments also are intended to provide advisory clients and the public additional information regarding registered investment advisers.

We are also adopting amendments to Part 1A that will provide a more efficient method for the registration on one Form ADV of multiple private fund adviser entities operating a single advisory business (''umbrella registration''). The staff has provided guidance to private fund advisers regarding umbrella registration,[5] and the amendments to incorporate umbrella registration into Form ADV will make the availability of umbrella registration more widely known to advisers. Uniform filing requirements for umbrella registration in Form ADV will provide more consistent data about, and create a clearer picture of, groups of private fund advisers that operate as a single business.

The last set of amendments to Part 1A of Form ADV includes clarifying, technical and other amendments that are based on our staff's experience with the form and responding to inquiries from advisers and their service providers. These amendments should make it easier for advisers to understand and complete the form.

Separate from Form ADV, we are adopting amendments to several Advisers Act rules. First, we are adopting amendments to the books and records rule, rule 204–2, to require advisers to make and keep supporting documentation that demonstrates performance calculations or rates of return in any written communications that the adviser circulates or distributes, directly or indirectly, to any person. Advisers also will be required to maintain originals of all written communications received and copies of written communications sent by them related to the performance or rate of return of any or all managed accounts or securities recommendations. As discussed in the Proposing Release, we believe that these amendments will better protect investors from fraudulent performance claims.[6] Finally, we are adopting several technical amendments to rules under the Advisers Act to remove transition provisions that were adopted in conjunction with previous rulemaking initiatives, but that are no longer necessary.

We received 50 comment letters on our proposals, most of which were from investment advisers, trade or professional organizations, law firms and consultants.[7] Commenters generally supported the goals of the proposal. The majority of comments focused on reporting of separately managed accounts and umbrella registration. Several commenters supported collection of information on separately managed account clients, but many raised concerns about the public availability of the information and reporting on derivatives and borrowings. A diverse group of commenters supported umbrella registration. Commenters also generally supported the amendments to certain Advisers Act rules. We are adopting the proposed amendments with several modifications to address commenters' concerns. We discuss these modifications and concerns below.

II. Discussion

A. Amendments to Form ADV

1. Information Regarding Separately Managed Accounts

Several of the amendments to Form ADV that we are adopting are designed to collect more specific information about advisers' separately managed accounts. For purposes of reporting on Form ADV, we consider advisory accounts other than those that are pooled investment vehicles (*i.e.,* registered investment companies, business development companies and pooled investment vehicles that are not registered (including, but not limited to, private funds)) to be separately managed accounts. As we discussed in the Proposing Release, we currently collect detailed information about pooled investment vehicles that advisers manage, but little specific information about separately managed accounts.[8] We believe that collecting additional information about separately managed accounts will enhance our staff's ability to effectively carry out our risk-based examination program and other risk assessment and monitoring activities. We discuss below the specific separate account reporting requirements. Commenters stated that they generally understood our interest in collecting additional data on separately managed accounts,[9] but many raised concerns

[3] *See Amendments to Form ADV and Investment Advisers Act Rules,* Investment Advisers Act Release No. 4091 (May 20, 2015) [80 FR 33718 (June 12, 2015)] (''Proposing Release'').

[4] In general, this Release discusses the Commission's rule and form amendments that will affect advisers registered with the Commission. We understand that the state securities authorities intend to consider similar changes that affect advisers registered with the states, who are also required to complete Part 1B of Form ADV as part of their state registrations.

[5] *See* American Bar Association, Business Law Section, SEC Staff Letter (Jan. 18, 2012), *available at http://www.sec.gov/divisions/investment/noaction/2012/aba011812.htm* (''2012 ABA Letter'').

[6] *See* Proposing Release, *supra* footnote 3 at Section I.

[7] Comment letters submitted in File No. S7-09-15 are available on the Commission's Web site at *http://www.sec.gov/comments/s7-09-15/s70915.shtml.* We also considered those comments submitted in File No. S7–08–15 (*Investment Company Reporting Modernization,* Investment Company Act Release No. 9776 (May 20, 2015) [80 FR 33589 (June 12, 2015)]) that addressed the amendments adopted in this Release. Those comments are available on the Commission's Web site at *http://www.sec.gov/comments/s7-08-15/s70815.shtml.* We also note that in December 2014, the Financial Stability Oversight Council (''FSOC'') issued a notice requesting comment on aspects of the asset management industry, which includes, among other entities, registered investment advisers. Although this rulemaking is independent of FSOC, the notice included requests for comment on additional data or information that would be helpful to regulators and market participants. In response to the notice, several commenters discussed issues concerning data that are relevant to this rulemaking, including data regarding separately managed accounts that was cited and considered as part of the Proposing Release.

[8] *See* Proposing Release, *supra* footnote 3 at Section II.A.1.

[9] *See, e.g.,* Comment Letter of Blackrock, Inc. (Aug. 11, 2015) (''BlackRock Letter''); Comment Letter of Dechert LLP (Aug. 11, 2015) (''Dechert Letter''); Comment Letter of Investment Adviser Association (Aug. 11, 2015) (''IAA Letter''); Comment Letter of Investment Company Institute (Aug. 11, 2015) (''ICI Letter''); Comment Letter of Invesco Advisers, Inc. (Aug. 11, 2015) (''Invesco Letter''); Comment Letter of LPL Financial LLC (Aug. 11, 2015) (''LPL Letter''); Comment Letter of Managed Funds Association (Aug. 11, 2015) (''MFA Letter''); Comment Letter of Money Management Institute (Aug. 11, 2015) (''MMI Letter''); Comment Letter of Morningstar, Inc. (Aug. 12, 2015) (''Morningstar Letter''); Comment Letter of North American Securities Administrators Association, Inc. (Aug. 11, 2015) (''NASAA Letter''); Comment Letter of National Regulatory Services (Aug. 11, 2015) (''NRS Letter''); Comment Letter of

Continued

regarding separately managed account reporting as proposed, and we discuss those concerns below.

a. Amendments to Item 5 of Part 1A and Section 5 of Schedule D

Item 5 of Part 1A and Section 5 of Schedule D currently require advisers to provide information about their advisory business including percentages of types of clients and assets managed for those clients. We had proposed to collect information specifically about separately managed accounts, including types of assets held, and the use of derivatives and borrowings in the accounts.[10] We are adopting the amendments to Item 5 of Part 1A and Section 5 of Schedule D largely as proposed, with some modifications in response to comments we received, as discussed below. We are amending Item 5 of Part 1A and Section 5 of Schedule D to require advisers to provide information on an aggregate level regarding separately managed accounts that they manage.[11] Advisers will be required to report information about the types of assets held and the use of derivatives and borrowings in separately managed accounts. Advisers that report that they have regulatory assets under management attributable to separately managed accounts in response to new Item 5.K.(1) of Part 1A will be required to complete new Section 5.K.(1) of Schedule D, and may be required to complete new Sections 5.K.(2) and 5.K.(3) of Schedule D regarding those accounts.

b. Section 5.K.(1) of Schedule D

In Section 5.K.(1) of Schedule D advisers will be required to report the approximate percentage of separately managed account regulatory assets under management that are invested in twelve broad asset categories, modified from the ten that were proposed in response to comments received and discussed below. As proposed, advisers with at least $10 billion in regulatory assets under management attributable to separately managed accounts will report, on an annual basis, both mid-year and end of year[12] percentages while advisers with less than $10 billion in regulatory assets under management attributable to separately managed accounts will report only end of year percentages. As we stated in the Proposing Release, we believe this information will allow us to better monitor this segment of the investment advisory industry and identify advisers that specialize in particular asset classes.[13] We are adopting the amendments to Section 5.K.(1) of Schedule D largely as proposed, with some minor modifications in response to comments we received, as discussed below.

While some commenters generally supported the collection of this information,[14] others suggested requiring a minimum regulatory assets under management or number of account threshold for reporting on this section to minimize burdens on small and mid-sized advisers.[15] We recognize that this reporting will impose some burden on all advisers, including smaller advisers, but we believe that gathering this information for all registered advisers is important for us to gain a full understanding of assets held in separately managed accounts managed by investment advisers of different sizes. This section requires advisers, on an annual basis, to report aggregate separate account investments across twelve categories of investments. We believe that requiring all advisers to separately managed accounts to report this information will enable us to gain a more fulsome picture of assets held in separately managed accounts. We have also tailored and limited the scope of information to be reported and the frequency of such reporting.

With respect to the categories of investments listed in Section 5.K.(1), we proposed to require advisers to report the approximate percentage of separately managed account regulatory assets under management invested in ten broad asset categories.[16] Several commenters sought clarification on how to classify assets in certain categories[17] Another commenter suggested new categories, such as ''private real estate'' and ''structured products.''[18] In response to that commenter's suggestion[19] we have included a new category for ''Cash and Cash Equivalents.''[20] We also believe that additional delineation of equity securities would be helpful for our staff and the public, and accordingly, we have added a ''Non-Exchange-Traded Equity Securities'' category in addition to the ''Exchange-Traded Equity Securities'' category, to clarify where to report equities that are not listed on a regulated securities exchange. This information will assist our examination staff in monitoring risks associated with advisers managing separately managed account assets in securities that are not exchange traded.

Some commenters also sought clarification about how to report assets that may be classified into multiple categories.[21] Commenters also suggested that advisers be permitted to use reasonable and documented systems and methodologies for determining

OppenheimerFunds, Inc. (Aug. 10, 2015) (''Oppenheimer Letter''); Comment Letter of Charles Schwab & Co., Inc. (Aug. 11, 2015) (''Schwab & Co. Letter''); Comment Letter of Securities Industry and Financial Markets Association, Asset Management Group and Asset Managers Forum (Aug. 11, 2015) (''SIFMA Letter''); Comment Letter of the Systemic Risk Council (Aug. 7, 2015) (''SRC Letter''); Comment Letter of T. Rowe Price Associates, Inc. (Aug. 11, 2015) (''T. Rowe Price Letter''). However, certain commenters expressed their disapproval of the collection this data. *See* Comment Letter of The Alternative Investment Management Association Limited (Aug. 6, 2015) (''AIMA Letter'') (stating that this data should not be collected unless kept confidential).

[10] *See* Proposing Release, *supra* footnote 3 at Section II.A.1.

[11] *See infra* Section II.A.2.b. for a discussion of other amendments to Item 5 of Part 1A.

[12] As stated in Amended Form ADV, Part 1A, Schedule D, Section 5.K.(1), end of year refers to the date used by the adviser to calculate its regulatory assets under management, and mid-year is the date six months before the end of year date.

[13] *See* Proposing Release, *supra* footnote 3 at Section II.A.1.

[14] *See* Schwab & Co. Letter (''We support the SEC's efforts to collect additional data seeking to minimize as much as possible the burden on regulated entities and the investors they service while helping the SEC to enhance their ability to conduct risk-based examinations of advisers.''); BlackRock Letter (''We believe this information will help the Commission identify which managers specialize in SMAs that invest in certain asset classes.'').

[15] Comment Letter of Advisor Solutions Group, Inc. (Aug. 11, 2015) (''ASG Letter''); AIMA Letter (suggesting that advisers with a small number of separately managed account clients or a small amount of separately managed account assets under management be exempt from reporting on separately managed accounts).

[16] Proposing Release, *supra* footnote 3 at Section II.A.1.

[17] LPL Letter; MMI Letter. *See also* Dechert Letter (stating that advisers may not maintain systems that permit them to efficiently categorize assets based on asset types in the proposed amendments); IAA Letter.

[18] BlackRock Letter. BlackRock also suggested removing ''derivatives'' as a category, because derivatives information for some advisers will be collected in Section 5.K.(2). We have not removed ''derivatives'' as a category, because are collecting different information in Section 5.K.(2) than in Section 5.K.(1).

[19] BlackRock Letter; MMI Letter.

[20] Amended Form ADV, Part 1A, Schedule D, Section 5.K.(1)(a)–(b). The text proceeding Section 5.K.(1) gives examples of cash and cash equivalents, including bank deposits, certificates of deposit, bankers' acceptances, and similar bank instruments. We also added an instruction to the text preceding Section 5.K.(1)(a) stating that advisers should round to the nearest percent when reporting this information.

[21] Comment Letter of Anonymous (Aug. 11, 2015) (''Anonymous Letter'') (''derivatives'' category may overlap with others); Comment Letter of JAG Capital Management LLC (June 24, 2015) (''JAG Letter'') (convertible bonds, TIPS and ETFs); MMI Letter (convertible bonds, fixed income securities, preferred securities); Comment Letter of Professional Compliance Assistance, Inc. (Aug. 11, 2015) (''PCA Letter'') (balanced mutual funds). *See also* IAA Letter (U.S. government agency, corporate bonds, other).

appropriate asset categories.[22] We acknowledge that some assets may be classified into more than one category or require advisers to apply discretion about which category applies to a particular asset, and agree that advisers should be permitted to use reasonable methodologies in selecting a category in which to report such an asset, but should not double count assets. Accordingly, in response to these comments, we are adding an instruction to Item 5.K.1 that advisers may use their own internal methodologies and the conventions of their service providers in determining how to categorize assets, so long as their methodologies are consistently applied and consistent with information the advisers report internally and to current and prospective clients, but should not double count assets. We believe that providing this flexibility, which we modeled after an instruction in Form PF, acknowledges that advisers may categorize the same or similar assets differently based on different methodologies.

Some commenters expressed concerns about the proposed reporting of ''Corporate Bonds—Investment Grade'' and ''Corporate Bonds—Non-Investment Grade,'' based on the proposed definitions of such terms, as they believed that this would require advisers to make subjective decisions about how to classify assets and could result in inconsistent reporting. These commenters requested that the Commission eliminate the reporting requirement, or either provide a more objective definition or permit an adviser to follow and rely on the classifications made by another investment adviser.[23] Another commenter noted the reference to ''liquidity'' in the definition and requested that the Commission seek a consistent approach to liquidity-related concepts across reporting regimes.[24]

In response to these comments, we are removing the proposed definitions of these terms from Form ADV. Given the instruction we have added permitting advisers to use their own consistently applied methodologies to select asset categories, we believe that the definitions are no longer necessary. We recognize that an adviser might reasonably categorize the same or similar assets differently from another adviser. Even with such differences, we believe that this categorization will provide useful information, particularly given the Commission's intended purpose for requiring such reporting, which is to better understand how assets in separately managed accounts are invested across that industry, rather than to impose a standard of creditworthiness for such assets.

Other commenters suggested we provide instructions as to whether advisers need to look through investments in funds or ETFs, for example, and report the underlying asset type.[25] With respect to looking through an account's investments in funds, advisers should not do so and we have clarified this in the form.[26] Advisers should not look through investments in funds because we want to understand the extent to which separately managed account assets are invested in funds as well as other types of investments.

c. Section 5.K.(2) of Schedule D

We are also adopting amendments to add Section 5.K.(2) of Schedule D to Form ADV to require advisers to separately managed accounts to report information regarding the use of borrowings and derivatives in those accounts with modifications from the proposal in response to commenters. These amendments are designed to provide data to assist our staff in identifying and monitoring the use of borrowings and derivatives exposures in separately managed accounts as part of the staff's risk assessment and monitoring programs. Some commenters supported our proposal for the collection of that data.[27] However, as discussed below, several other commenters expressed concern about the proposed reporting thresholds, the public disclosure of certain information,[28] the use of gross notional metrics and the burden associated with reporting this information. The specific gross notional metrics used in Section 5.K.(2) are ''gross notional value'' and ''gross notional exposure,'' as proposed. The calculation of gross notional exposure includes borrowings and the gross notional value of derivatives. The definition of ''gross notional value'' specifies how derivatives are measured when determining an account's gross notional exposure.[29]

One commenter suggested requiring reporting on derivatives only if there is a minimum gross notional amount of derivatives.[30] Another commenter suggested as an alternative requiring derivatives reporting only if the adviser uses leverage as part of its investment strategy.[31] We disagree with these approaches as they would give us information only about a segment of the separately managed account industry that uses derivatives or borrowings, and because the line between advisers that use derivatives and borrowings strategically and those that do not can be fluid and difficult to define. While we are adopting Section 5.K.(2) largely as proposed, we have modified it in certain places in response to commenters' concerns, as discussed below.

As proposed, advisers with at least $150 million but less than $10 billion in regulatory assets under management attributable to separately managed accounts would have been required to annually report in Section 5.K.(2)(b) the number of accounts and average borrowings that corresponded to ranges of net asset values and gross notional exposures, as of the date the adviser used to calculate its regulatory assets under management for purposes of the adviser's annual updating amendment. Advisers with at least $10 billion in regulatory assets under management attributable to separately managed accounts would have been required to annually report in Section 5.K.(2)(a) the number of accounts, average borrowings, and average derivatives exposures across six categories of derivatives, based on the same ranges of net asset values and gross notional exposures in Section 5.K.(2)(b), as of the date used by the adviser to calculate its regulatory assets under management for purposes of its annual updating amendment, and six months before that date.

We received a diversity of views about whether the proposed reporting thresholds of at least $150 million in regulatory assets under management attributable to separately managed

[22] Dechert Letter; IAA Letter.

[23] LPL Letter; MMI Letter.

[24] IAA Letter.

[25] ASG Letter; MMI Letter; NRS Letter; Schwab & Co. Letter.

[26] We have added the following sentence to the text preceding Schedule D, Section 5.K.(1)(a): ''Investments in derivatives, registered investment companies, business development companies, and pooled investment vehicles should be reported in those categories. Do not report those investments based on related or underlying portfolio assets.''

[27] NASAA Letter; SRC Letter.

[28] We discuss public disclosure of separately managed account information in Section II.A.1.e.

[29] Gross notional exposure of an account is ''the percentage obtained by dividing (i) the sum of (a) the dollar amount of any borrowings and (b) the gross notional value of all derivatives, by (ii) the regulatory assets under management of the account.'' Amended Form ADV, Part 1A, Schedule D, Item 5.K.(2). Gross notional value is defined in the Glossary to Form ADV as ''The gross nominal or notional value of all transactions that have been entered into but not yet settled as of the reporting date. For contracts with variable nominal or notional principal amounts, the basis for reporting is the nominal or notional principal amounts as of the reporting date. For options, use delta adjusted notional value.''

[30] Anonymous Letter.

[31] JAG Letter.

accounts, and at least $10 billion in regulatory assets under management attributable to separately managed accounts for additional reporting, were appropriate, and if not, what these thresholds should be.[32] Certain commenters suggested thresholds based on number of accounts or the size of individual separately managed accounts. However, we believe establishing thresholds based on regulatory assets under management attributable to separately managed accounts better provides us with comparability across advisers and appropriately advances our regulatory goal of gaining a more complete understanding of advisers' separately managed account business as compared to the alternatives suggested by commenters. Several commenters recommended that we increase the $150 million threshold to $500 million on the basis that such a change would allow the Commission to collect 95% of the data that it would using the $150 million threshold, while relieving approximately 3,000 advisers from having to report derivatives and borrowings information.[33] On balance, and based on our staff's experience with small advisers, we agree with commenters that this is a sensible accommodation that would allow us to meet our regulatory objectives while alleviating reporting burdens on smaller advisers. As a result, we have raised the minimum reporting threshold to $500 million. Advisers with at least $500 million but less than $10 billion in separately managed account regulatory assets under management will be required to report on Section 5.K.(2)(b) the amount of separately managed account regulatory assets under management and the dollar amount (rather than the proposed average amount) of borrowings attributable to those assets that correspond to three levels of gross notional exposures rather than four levels as proposed. Advisers with at least $10 billion in separately managed account regulatory assets under management will be required to report on Section 5.K.(2)(a) the information required in Section 5.K.(2)(b) as well as the derivative exposures across the same six derivatives categories that were proposed. Also as proposed, advisers may limit their reporting for both (a) and (b) to individual accounts of at least $10 million.[34]

Another change we are making to Section 5.K.(2) in response to commenters is to base the reporting of borrowings and derivatives on regulatory assets under management in separately managed accounts, rather than net asset value as proposed. One commenter noted that advisers do not currently characterize their individual client accounts according to net asset values.[35] We agree, and accordingly advisers will be required to report both the amount of regulatory assets under management and borrowings in their separately managed accounts that correspond to ranges of gross notional exposure of those accounts. Regulatory assets under management is already used throughout Form ADV, and should be available to advisers for purposes of Section 5.K.(2). Similarly, the reporting of borrowings in Section 5.K.(2) has been revised to require information about the total dollar amount of borrowings that correspond to different ranges of gross notional exposure, and not the weighted average amount (which is based on a percentage of net asset value).[36] We believe these changes will reduce burdens for advisers completing this section, while providing our staff with additional information regarding borrowings and derivatives exposures in separately managed accounts.

Commenters presented a range of concerns and suggestions about the use of gross notional metrics in reporting on Section 5.K.(2). Some commenters supported the use of gross notional metrics for assessing the use of derivatives and borrowings in separately managed accounts,[37] while others raised issues concerning the utility of gross notional metrics.[38] Several commenters stated that gross notional metrics are not accurate measures of leverage or risk and argued that they provide little value without context, and they could be misleading or misunderstood.[39] Some commenters suggested reporting derivatives and borrowings in Form ADV similar to how leverage is reported in Form PF or in the AIFMD framework.[40] For example, one

[32] ASG agreed with the $150 million threshold. Oppenheimer agreed with the thresholds, but also suggested a threshold based on number of accounts, below which the adviser would not be required to respond to Section 5.K.(2), and permitting advisers to round number of accounts to the nearest five in a particular range. IAA recommended increasing the $150 million threshold to $500 million but supported the $10 billion threshold. SIFMA also agreed with the thresholds, but suggested changing the account-level reporting thresholds to minimize confidentiality concerns and permitting advisers to round to the nearest 5 accounts in a particular range. AIMA noted that the proposed thresholds at the adviser level and at the individual separately managed account level are low for advisers with institutional clients and recommended not requiring advisers with less than $150 million in separately managed account assets to report any separately managed account information, including in Sections 5.K.(1) and 5.K.(3). Anonymous suggested that the reporting threshold should be based on a minimum gross notional amount in relation to the adviser's total regulatory assets under management. BlackRock suggested that reporting thresholds should not be tied to aggregate adviser separately managed account regulatory assets under management, but rather only to individual separately managed account regulatory assets under management.

[33] IAA Letter; Comment Letter of the New York State Bar Association, Business Law Section, Securities Regulation Committee, Private Investment Funds Subcommittee (Aug. 12, 2015) (''NYSBA Committee Letter''); PCA Letter; Schwab & Co. Letter. IAA estimated that if the minimum threshold were $150 million, the Commission would collect data on approximately $37.8 trillion in separately managed account assets under management from 7,257 advisers. However, it estimated that if the threshold were raised to $500 million, the Commission would collect data on approximately $36.8 trillion in separately managed account assets under management from approximately 3,700 advisers. A recent analysis of Form ADV by Commission staff filings shows that over 2,800 advisers will be relieved from the filing requirement and we will receive information on 98% of the assets for which we would have received reporting under the proposed $150 million threshold. IARD system data as of May 16, 2016.

[34] Some commenters suggested making the exclusion of individual accounts under $10 million optional because excluding those accounts might, in some cases, be more costly to firms. *See* Dechert Letter; IAA Letter; NYSBA Committee Letter. We have revised the text in Section 5.K.(2) to read, ''You may, but are not required to, complete the table with respect to any separately managed account with regulatory assets under management of less than $10,000,000.''

[35] IAA Letter.

[36] One commenter suggested that reporting of borrowing is duplicative of reporting of margin by broker-dealer custodians to FINRA. JAG Letter. While we recognize that broker-dealers report this information, we note that parties other than broker-dealers may serve as custodians to separately managed accounts.

[37] Comment Letter of CFA Institute (Aug. 10, 2015) (''CFA Letter'') (observing that notional exposure metrics are valuable in conducting investment and operational analyses, but provide less value for risk management); NASAA Letter (stating that the proposal contemplates collecting commonly used metrics on the use of derivatives and borrowings, consistent with Form PF); and SRC Letter (suggesting that the collection of data relating to gross notional exposure, borrowings and gross notional value of derivatives would provide the Commission with ''invaluable insight into the use of derivatives and borrowings by advisers in separately managed accounts.'').

[38] *See, e.g.* NYSBA Committee Letter (stating that publicly reporting gross notional exposures without also reflecting actual exposure on the form would be misleading and potentially alarming to investors) and MFA Letter (asserting that gross notional disclosures provide an inaccurate representation of economic or market exposures and would not provide meaningful information, and thus should not be required).

[39] BlackRock Letter; Dechert Letter; IAA Letter; Invesco Letter.

[40] Dechert Letter (suggesting allowing additional data points, such as the ones required in Form PF, to better provide the Commission a more comprehensive understanding of the extent to which derivatives are used in separately managed accounts and the relevant risks associated with them); Blackrock Letter (providing an appendix containing a comprehensive framework for calculating leverage, similar to AIFMD's commitment leverage approach, under which derivatives used for hedging positions and

commenter suggested reporting long and short dollar amounts, similar to Form PF.[41] We acknowledge these commenters' concerns and recognize that gross notional metrics may not always reflect the way in which derivatives are used in a separately managed account and are not a risk measure.[42] We also recognize that there are other measures or additional data points that could be used to evaluate the use of derivatives in a separately managed account, which may depend on various considerations, such as investment strategy, types of investments, and the specific risks that are being considered. The calculations of gross notional exposure and gross notional value that we proposed and are adopting today rely on measures common to all advisers: regulatory assets under management of an account; total amount of borrowings in an account; and the notional value of derivatives. As we noted in the Proposing Release, gross notional metrics are commonly used metrics and are comparable to the information collected on Form PF regarding private funds. On balance, therefore, we continue to believe that, for most types of derivatives the gross notional metrics generally provide a measure that is sufficient for this regulatory purpose, which is to collect information about the scale of an account's derivatives activities, rather than to collect specific risk metrics or more granular information regarding the ways in which derivatives are used in a separate account. Section 5.K.(2) also provides advisers the option of including a narrative description of the strategies and/or manner in which borrowings and derivatives are used in the management of separately managed accounts. To the extent that advisers are concerned that disclosure of gross notional metrics would be misleading, they could provide in the space provided in Section 5.K.(2) an additional narrative description regarding their use of derivatives in these accounts.

Many commenters requested that the term ''derivatives'' be defined as part of this rulemaking.[43] Several of these commenters suggested the Commission adopt a definition that provides flexibility to adapt to changing financial markets and instruments, such as the characteristic-based definition of derivatives in FASB ASC 815.[44] Another commenter, however, suggested that we should not define derivatives, similar to Form PF.[45] We believe that Form ADV, which collects aggregate portfolio information, is similar to Form PF. Thus, consistent with adviser reporting on Form PF and the proposal, we have decided not to define the term at this time. Several commenters requested clarification on whether interest rate derivatives should be presented in terms of 10-year bond equivalents, consistent with Form PF.[46] We have added a sentence to the definition of ''interest rate derivative'' in the Glossary that interest rate derivative information should be presented in terms of 10-year bond equivalents. Regarding the term ''equity derivative,'' one commenter requested confirmation that the term ''listed'' as used in Form ADV has the same meaning as in Form PF. We confirm that the term ''listed equity derivatives'' refers to exposures to derivatives for which the underlying asset is listed equities.[47]

Finally, we are also revising the proposal in ways that should both alleviate concerns about confidentiality, which we discuss more fully below, and simplify reporting of separately managed account information. First, we reduced the number of categories of gross notional exposure that we proposed in the charts. As proposed, Section 5.K.(2) included four categories of gross notional exposure by which accounts and borrowings were reported. This has been reduced to three categories of gross notional exposure: less than 10%, 10—149% and 150% or more. In addition to reducing the number of categories from four to three, we changed the highest threshold from 200% or more to 150% or more. After consideration of comments received regarding the potential burdens of providing this information, we believe that the use of three categories instead of four and changing the highest threshold from 200% or more to 150% or more will reduce the reporting burden on advisers while providing us with sufficient information regarding the use of derivatives and borrowings by investment advisers in separately managed accounts. In addition, we believe that these modifications provide less granular information than proposed, thereby mitigating some concerns commenters raised regarding confidentiality. We also modified Section 5.K.(2) to remove reporting of the number of separately managed accounts. As proposed, Section 5.K.(2) would have required advisers to report the number of accounts that corresponded to the accounts' net asset value and gross notional exposure. Section 5.K.(2)(a) and (b) now require reporting of regulatory assets under management based on ranges of gross notional exposure of accounts.[48]

d. Section 5.K.(3) of Schedule D

As proposed, we are amending Form ADV to require advisers to identify any custodians that account for at least ten percent of separately managed account regulatory assets under management, and the amount of the adviser's regulatory assets under management attributable to separately managed accounts held at the custodian.[49] This information will allow our examination staff to identify advisers whose clients use the same custodian in the event, for example, a concern is raised about a particular custodian. As we discussed in the Proposing Release, similar disclosures are required for custodians to pooled investment vehicles[50] and registered investment companies.[51]

We received several comments on this aspect of the proposal. For example, a commenter suggested that we obtain this information from other parties, including custodians.[52] However, we do not directly regulate all separately managed account custodians and we believe this information is available to advisers because advisers interact with custodians when placing trades on behalf of separately managed account clients. Some commenters agreed with the ten percent of regulatory assets under management threshold for reporting custodians of the adviser's separately managed account client

offsetting long and short positions do not create leverage).

[41] AIMA Letter.

[42] For example, different derivatives transactions having the same notional amount but different underlying reference assets—for example, an interest rate swap and a credit default swap having the same notional amount—may expose a separately managed account to very different potential investment risks and potential payment obligations.

[43] ASG Letter; Oppenheimer Letter; PCA Letter; SIFMA Letter; T. Rowe Price Letter.

[44] Oppenheimer Letter; SIFMA Letter; T. Rowe Price Letter.

[45] IAA Letter.

[46] AIMA Letter; IAA Letter; MFA Letter.

[47] We note that current staff guidance regarding this term in Form PF takes a similar approach. *See* Form PF, Frequently Asked Questions, Question 26.1.

[48] Amended Form ADV, Part 1A, Schedule D, Section 5.K.(2).

[49] Amended Form ADV, Part 1A, Schedule D, Section 5.K.(3). We added ''aggregate'' before ''separately managed account regulatory assets under management'' to the text preceding the section for clarity.

[50] Amended Form ADV, Part 1A, Schedule D, Section 7.B.(1), Question 25.

[51] Form N–1A, Item 19(h)(3).

[52] BlackRock Letter. *See also* Comment Letter of Financial Engines Advisors, LLC (Aug. 11, 2015) (''Financial Engines Letter'') (suggesting identification of recordkeeper, rather than custodian, where advised assets are associated with a 401(k) plan).

assets.[53] Other commenters recommended that the Commission modify the threshold, and raised concerns about this reporting for smaller advisers.[54] We agree with the commenters who believe that the ten percent threshold is appropriate. We recognize that this reporting will impose some burdens on all advisers, including smaller advisers. However, we are adopting the ten percent threshold as proposed because we continue to believe it, rather than a higher threshold, most appropriately advances our regulatory goal of identifying and obtaining a more complete picture regarding the custodians serving a significant proportion of an adviser's separately managed account clients. Moreover, we believe we have appropriately tailored and limited the scope of information to be reported since this requirement at most will require advisers to identify ten custodians.

In addition, some commenters recommended deleting or clarifying the requirement to identify the location of the custodian's office.[55] These commenters reasoned that because of the electronic nature of custodian records, and the current advisers' practice of not maintaining this physical location information as a matter of course, disclosure of the identity of the custodian, rather than the location of the office, would be of primary benefit to the Commission. This information is consistent with similar questions we ask about custodians in Schedule D, Section 7.B.(1), Question 25 of Form ADV. Location information allows us to identify the appropriate contacts when a custodian is part of a large organization with multiple offices.[56] Therefore, we are adopting these requirements as proposed.

e. Public Disclosure of Separately Managed Account Information

While commenters understood our reasons for collecting information on separately managed accounts, many expressed concerns that the new reporting would lead to disclosure of client-identifying information or confidential or proprietary information about investment strategy.[57] Commenters also expressed concern that public disclosure of separately managed account information could put advisers with a small number of separately managed account clients at a competitive disadvantage if clients were concerned about the reporting on Form ADV being linked or attributable to their separately managed accounts.[58] We address these concerns below.

Section 210(a) of the Advisers Act requires information in Form ADV to be publicly disclosed, unless we find that public disclosure is neither necessary nor appropriate in the public interest or for the protection of investors.[59] As discussed in the Proposing Release, we believe these amendments will enhance our staff's risk assessment and monitoring activities, which also serve to benefit investors.[60] We also believe that aggregate information about separately managed accounts may assist the public in better understanding advisers' management of separately managed account clients.[61] This information may directly improve the ability of clients and potential clients of investment advisers to make more informed decisions about the selection and retention of investment advisers, which, in turn, may also benefit the public by increasing competition among investment advisers for clients. For these reasons, we continue to believe that public disclosure of information about separately managed accounts on Form ADV is appropriate in the public interest as well as for the protection of investors. We have, however, made several modifications to our proposal, discussed below, in response to commenters.

Some commenters also expressed broader concerns that public disclosure of separately managed account holdings or borrowings and derivatives information would reveal proprietary investment strategies.[62] We do not believe that public disclosure of aggregate information in Schedule D, Sections 5.K.(1) or (2) would lead to the revelation of proprietary investment strategies. This information would be reported for one or two data points per year,[63] depending on the amount of regulatory assets under management attributable to separately managed accounts, ninety days after the end of the adviser's fiscal year,[64] and only on an aggregate basis for all the separately managed account clients that an adviser manages. Given the limited number of data points that advisers to separately managed accounts must report on, the fact that the information is reported both in aggregate and in broad categories across an adviser's separately managed accounts, and the time lag between those data points and any public reporting, we disagree that this reporting could compromise trading

[53] Anonymous Letter; CFA Letter; PCA Letter.

[54] AIMA Letter (suggested a twenty percent threshold); BlackRock Letter; IAA Letter; MMI Letter; NRS Letter (suggested a minimum separately managed account regulatory assets under management threshold in lieu of or in addition to the ten percent threshold).

[55] ASG Letter; IAA Letter; MMI Letter; Oppenheimer Letter; PCA Letter; SIFMA Letter.

[56] One commenter also sought clarification about reporting custodians who have multiple legal entities. IAA Letter. Advisers do not have to determine affiliations of related custodians for purposes of this item, but rather should report the particular legal entity that is custodian for the adviser's separately managed account assets.

[57] Comment Letter of the American Bar Association, Section of Business Law, Federal Regulation of Securities Committee (Sept. 3, 2015) (''ABA Committee Letter''); AIMA Letter; Anonymous Letter; ASG Letter; BlackRock Letter; Dechert Letter; IAA Letter; Invesco Letter; MFA Letter; NYSBA Committee Letter; Oppenheimer Letter; Comment Letter of Schulte Roth & Zabel LLP (Aug. 11, 2015) (''Schulte Letter''); Comment Letter of Shearman & Sterling LLP (Aug. 11, 2015) (''Shearman Letter''); SIFMA Letter; Comment Letter of Securities Industry and Financial Markets Association Asset Management Group and Asset Managers Forum (Jan. 13, 2016) (''SIFMA II Letter''). *See also* Comment Letter of Private Equity Growth Capital Council (Aug. 11, 2015) (''PEGCC Letter'').

[58] ABA Committee Letter; AIMA Letter; Anonymous Letter; BlackRock Letter; Dechert Letter; IAA Letter; MFA Letter; NYSBA Committee Letter; Oppenheimer Letter; Schulte Letter; Shearman Letter; SIFMA Letter; SIFMA II Letter.

[59] Advisers Act section 210(a). Certain commenters suggested that this information be filed in a nonpublic manner, similar to Form PF. *See* ABA Committee Letter; PEGCC Letter. We note that Form PF is filed on a confidential basis under Advisers Act section 204(b), which prohibits the Commission from disclosing Form PF information unless those disclosures are made to Congress, other Federal agencies, or courts under certain conditions. Advisers Act section 204(b)(8).

[60] Proposing Release, *supra* footnote 3 at Section II.A.1.

[61] *C.f.,* NASAA Letter (''These amendments would provide additional necessary information to the SEC and state regulators, as well as members of the public, far outweighing any regulatory burden the proposal creates.'').

[62] *See, e.g.,* ABA Committee Letter (''While individual types of securities would not be disclosed, the percentage of the portfolio in ten different asset categories would be subject to unprecedented public scrutiny, as would be detailed breakdowns of derivatives exposures and borrowings.''); BlackRock Letter; Dechert Letter; MFA Letter.

[63] Amended Form ADV, Part 1A, Schedule D, Sections 5.K.(1) and (2). Although two commenters recommended against larger advisers providing both mid-year and end of year separately managed account information, we believe this information is important to understanding advisers to the largest separately managed accounts. LPL Letter; NRS Letter.

[64] Advisers are required to update the derivatives and borrowings information annually, when filing their annual updating amendment to Form ADV, which is consistent with the requirement for updating other information in Item 5 of Form ADV. Advisers with at least $10 billion in separately managed account regulatory assets under management would be required to report both mid-year and end of year information as part of their annual filing. Many commenters supported the annual reporting and recommended against more frequent reporting. Anonymous Letter; ASG Letter; CFA Letter; Comment Letter of Capital Research and Management Company (Aug. 11, 2015) (''Capital Research Letter''); MMI Letter; Morningstar Letter; NRS Letter; PCA Letter; Shearman Letter. Form ADV is required to be amended at least annually, within 90 days of the end of the adviser's fiscal year. *See* rule 204–1.

strategies. In addition, as discussed above, we reduced the number of categories of gross notional exposures in Section 5.K.(2), which means advisers will be required to report less granular information.[65]

We are mindful of commenters' concerns regarding disclosure of client-specific information and related competition concerns.[66] Accordingly, we revised Item 5.D., which lists the number of advisory clients in categories, to include a ''fewer than 5 clients'' column.[67] We also have modified Section 5.K.(2) to remove reporting of the number of accounts. As proposed, Section 5.K.(2) would have required reporting of the number of accounts that correspond to the accounts' net asset value and gross notional exposure. As adopted, Section 5.K.(2)(a) and (b) will require reporting solely by ranges of gross notional exposure of accounts.[68] We believe that these changes mitigate the risk of any client-specific information being disclosed in Item 5.D. and Sections 5.K.(1) and (2).

f. Additional Comments About Reporting of Separately Managed Accounts

Additional comments regarding separately managed account reporting in Schedule D included comments about the definition of separately managed account, the treatment of subadvisers, and the reporting requirements when both the registered investment adviser and the separately managed account owner are not United States persons.

First, several commenters sought clarification of the definition of the term ''separately managed account'' as used in Form ADV.[69] We do not believe that a formal definition of this term is required because we have included instructions in the text preceding Sections 5.K.(1) and (2) to clarify that any regulatory assets under management reported in Item 5.D.(3)(d) (investment companies), (e) (business development companies), and (f) (other pooled investment vehicles) should not be reported in Schedule D, Sections 5.K.(1) or (2). Thus, regulatory assets under management reported for those types of clients in Item 5.D.(3) should not be considered separately managed account assets and should not be reported in Sections 5.K.(1) or (2).

Second, several commenters requested clarification about how to treat subadviser relationships in reporting separately managed account information, including suggestions that only advisers with discretionary authority report information in these sections.[70] In response to these concerns, we are clarifying the instructions in the text preceding Section 5.K.(1)(a) to expressly state, as they already do for Section 5.K.(2), that a subadviser to a separately managed account should provide information only about the portion of the account that it subadvises.[71] We recognize that these instructions may require both advisers and subadvisers to report on the same regulatory assets under management (*i.e.,* the assets that they both manage in an account) in Sections 5.K.(1) and (2) of their separate Form ADVs, which is consistent with the current reporting structure of regulatory assets under management in Form ADV.

Further, in response to suggestions that only advisers with discretionary authority should be required to report information in Sections 5.K.(1) and (2), we note that these sections both require responses based on the regulatory assets under management an adviser reports in Item 5.F. Per the instructions to Item 5.F., advisers are already required to consider the role of discretionary authority when calculating regulatory assets under management. Those instructions require that the calculation include only assets over which advisers provide continuous and regular supervisory or management service.[72] The instructions further state that an adviser ''provide[s] continuous and regular supervisory or management services with respect to an account'' if: (a) The adviser has discretionary authority over and provides ongoing supervisory or management services with respect to the account; or (b) the adviser does not have discretionary authority over the account, but has ongoing responsibility to select or make recommendations, based upon the needs of the client, as to specific securities or other investments the account may purchase or sell and, if such recommendations are accepted by the client, the adviser is responsible for arranging or effecting the purchase or sale.[73] Thus, if an adviser does not provide continuous and regular supervisory or management services with respect to an account, those account's assets should not be reported as regulatory assets under management in Item 5.F, and would not be reported in Sections 5.K.(1) and (2).

A final suggestion from commenters was to exclude from the reporting requirements any separately managed account held by a non-United States person and managed by an investment adviser whose principal office and place of business is outside the United States.[74] As proposed, and consistent with the reporting of regulatory assets under management generally, we are requiring each adviser whose principal office and place of business is outside the United States to report information regarding separately managed accounts for all of their clients, including clients who are not United States persons.[75] We believe that the consistent reporting of information in Item 5 will be valuable in our and the public's understanding of the new separately managed account items as they are a subset of the regulatory assets under management

[65] *Supra* Section II.A.1.c.

[66] *See, e.g.,* ABA Committee Letter; AIMA Letter; BlackRock Letter (''For a particular adviser, there may be only one or two accounts in a particular category, potentially making this client identifiable and its RAUM with an adviser public information.''); Dechert Letter; IAA Letter; MFA Letter (''[A] fund manager may need to report data of a single SMA client, which is not suitable for public disclosure.''); NYSBA Committee Letter (''In addition, if an adviser has a small number of accounts, the disclosure of any of the information would be particularly problematic as others may be in a position to determine the identity of the clients in any such account.''); Oppenheimer Letter; SIFMA Letter.

[67] Several commenters suggested limiting reporting for five or fewer clients, or rounding to the nearest five clients. IAA Letter; NYSBA Committee Letter; Oppenheimer Letter; SIFMA Letter. Other commenters suggested that advisers with a small number of separately managed account clients be excluded from reporting on separately managed accounts. *See, e.g.,* AIMA Letter; SIFMA Letter. However, a small number of accounts could still include a large amount of assets or significant use of borrowings and derivatives. For that reason, reporting will be required on these accounts. We believe that the modifications in Item 5.D. and Schedule D, Section 5.K.(2) will address confidentiality concerns related to those accounts.

[68] Amended Form ADV, Part 1A, Schedule D, Section 5.K.(2).

[69] *See, e.g.,* IAA Letter (noting the term has not been defined in the Advisers Act); Financial Engines Letter (seeking the exclusion of assets within defined contribution plans from separately managed accounts); MMI Letter (seeking clarification for sponsors, overlay managers, portfolio managers and model providers). Commenters also sought clarification of the treatment of pooled investment vehicles that are not private funds. *See* PEGCC Letter. *See also* IAA Letter. Pooled investment vehicles include, but are not limited to, private funds.

[70] Comment Letter of JG Advisory Services LLC (Jul. 22, 2015) (''JGAS Letter''); LPL Letter; MMI Letter; NYSBA Committee Letter; SIFMA Letter. *See also* Dechert Letter; IAA Letter.

[71] Amended Form ADV, Part 1A, Schedule D, Sections 5.K.(1) and (2).

[72] *See* Form ADV, Instructions to Part 1A, Item 5.F.

[73] *Id.*

[74] AIMA Letter; PEGCC Letter; Shearman Letter. ''United States person'' is defined in the Glossary to Form ADV.

[75] The Form ADV Instructions to Part 1A, Item 5 that specify how regulatory assets under management must be calculated provides that accounts of clients who are not United States persons are accounts that must be included in the adviser's securities portfolios.

already being reported by registered investment advisers.

Commenters suggested that we not require reporting of accounts beneficially owned by those who are not United States persons and managed by advisers whose principal offices and places of business are outside the United States. These commenters noted Item 7.B. of Form ADV and Form PF generally allow advisers whose principal offices and places of business are outside the United States to exclude reporting on funds that are not United States persons, are not offered in the United States, and are not beneficially owned by any United States persons.[76] As noted above, there is not a similar exclusion in Item 5 regarding funds that are not United States persons advised by any advisers, and advisers must include those clients in response to Item 5, including their regulatory assets under management and client types. An exception like the one suggested by commenters would hamper the utility of the data collection in Item 5, which collects aggregate, census-type information regarding the adviser's total business. We are collecting this information to better inform Commission staff and the public about this segment of the investment adviser industry.[77]

In the Proposing Release, we requested comment on whether to require advisers to report on securities lending and repurchase agreements in separately managed accounts.[78] While some commenters supported collection of this information,[79] others noted that advisers may not be aware of or directly involved in securities lending activity in separately managed accounts,[80] and several commenters objected to the disclosure.[81] In response to the comments we received, we are not requiring disclosure regarding securities lending or repurchase agreements at this time.

2. Additional Information Regarding Investment Advisers

In addition to the amendments outlined above regarding separately managed accounts, we are adopting, largely as proposed, several new questions and amending existing questions on Form ADV regarding identifying information, an adviser's advisory business, and affiliations. As discussed in the Proposing Release, these items were developed through our staff's experience in examining and monitoring investment advisers, and are designed to enhance our understanding and oversight of investment advisers and to assist our staff in its risk-based examination program.

a. Additional Identifying Information

We are adopting several amendments to Item 1 of Part 1A of Form ADV as proposed to improve certain identifying information that we obtain about advisers. Item 1 currently requires an adviser to provide a Central Index Key number (''CIK Number'') in Item 1.N. only if the adviser is a public reporting company under Sections 12 or 15(d) of the Securities Exchange Act of 1934.[82] We are removing this question from Item 1.N. and adding a question to Item 1.D. that requires an adviser to provide all of its CIK Numbers if it has one or more such numbers assigned,[83] regardless of public reporting company status.[84] As we explained in the Proposing Release, requiring registrants to provide all of their assigned CIK Numbers, if any, will improve our staff's ability to use and coordinate Form ADV information with information from other sources.[85] The commenter who weighed in on the reporting of CIK Numbers did not object to this amendment, which we are adopting as proposed.

Item 1.I. of Part 1A of Form ADV currently asks whether an adviser has one or more Web sites, and Section 1.I. of Schedule D requests the addresses of each Web site. We are amending Item 1.I. largely as proposed to also ask whether the adviser has one or more accounts on social media platforms, such as Twitter, Facebook or LinkedIn, and requesting the address of each of the adviser's social media pages in addition to the address of each of the adviser's Web sites in Section 1.I. of Schedule D.[86] As discussed in the Proposing Release, our staff may use this information to help prepare for examinations of investment advisers and compare information that advisers disseminate across different social media platforms, as well as to identify and monitor new platforms. Current and prospective clients may use this information to learn more about advisers and make more informed decisions regarding the selection of advisers.[87]

Several commenters were generally supportive of our proposed approach to social media reporting,[88] but some commenters were concerned that it would be too burdensome for advisers and not useful to investors.[89] Several commenters requested clarification on the types of social media platforms that trigger the reporting requirement,[90] and some commenters recommended that we limit required reporting to accounts on social media platforms where the adviser controls the content.[91] These commenters pointed out that there may be social media platforms that reference an adviser over which the adviser has no control and of which the adviser may not even be aware.[92] We agree, and we have revised Item 1.I. of Part 1A and Section 1.I. of Schedule D to note that the required reporting is limited to accounts on social media platforms where the adviser controls the content.[93] Commenters generally agreed with the proposal's approach of not requiring information about the social media accounts of an adviser's employees.[94]

A commenter requested that we limit required reporting to accounts on public-facing social media platforms used to promote the adviser's business.[95] We did not intend to require reporting on information posted on an adviser's internal social media platform or information not intended to promote the adviser's business to potential clients (*e.g.,* information posted on a job board intended to attract job applicants). We have revised the text preceding Item 1.I. of Part 1A and Section 1.I. of

[76] AIMA Letter; PEGCC Letter; Shearman Letter.

[77] *See infra* Section II.A.3 for a discussion of the application of the Advisers Act to non-U.S. advisers.

[78] Proposing Release, *supra* footnote 3 at Section II.A.1.

[79] CFA Letter; SRC Letter.

[80] JAG Letter; NRS Letter; Comment Letter of The Risk Management Association, Committee on Securities Lending (Aug. 10, 2015) (''RMA Committee Letter''); Comment Letter of State Street Corporation (Aug. 11, 2015) (''State Street Letter'').

[81] MFA Letter: PCA Letter. *See also* ASG Letter.

[82] Form ADV, Part 1A, Item 1.N.

[83] The SEC assigns CIK Numbers in EDGAR not only to identify entities as public reporting companies, but also when an entity is registered with the SEC in certain other capacities, such as a transfer agent.

[84] Amended Form ADV, Part 1A, Item 1.D.(3).

[85] Proposing Release, *supra* footnote 3 at Section II.A.2.

[86] Amended Form ADV, Part 1A, Item 1.I. and Section 1.I. of Schedule D.

[87] Proposing Release, *supra* footnote 3 at Section II.A.2.

[88] CFA Letter; IAA Letter; LPL Letter; Morningstar Letter; NASAA Letter. *See also* BlackRock Letter (understood our rationale for requesting this information).

[89] Comment Letter of TMorgan Advisers, LLC (June 28, 2015) (''Morgan Letter''); NRS Letter; NYSBA Committee Letter; Oppenheimer Letter.

[90] ASG Letter; IAA Letter; MMI Letter; SIFMA Letter.

[91] ASG Letter; MMI Letter; SIFMA Letter.

[92] MMI Letter. *See also* ASG Letter.

[93] An adviser may control its social media content, notwithstanding the fact that a social media platform has a policy to edit or remove content (such as offensive content) across the platform.

[94] ASG Letter; MFA Letter; MMI Letter; Morgan Letter; Morningstar Letter; NRS Letter; NYSBA Committee Letter.

[95] IAA Letter.

Schedule D to clarify that the required reporting is limited to accounts on publicly available social media platforms.

Another commenter requested that we limit required reporting to accounts on social media platforms that promote the adviser's business in the United States or are targeted towards the adviser's U.S. clients.[96] The commenter pointed out that there are circumstances in which an adviser might have additional accounts on social media platforms that are not used to promote the adviser's business in the United States or are targeted towards the adviser's non-U.S. clients and that reporting on such accounts would provide little value to the Commission and could be confusing to clients or potential clients seeking information about an adviser.[97] We believe that, to the extent an account on a social media platform is used to promote the business of an adviser registered with the Commission, the account should be disclosed in order to better inform our staff about the adviser's use of social media. However, if an account on a social media platform is used solely to promote the business of an affiliate or affiliates that are not advisers registered with the Commission, the account does not need to be disclosed on Form ADV.

A few commenters were concerned that the burden on advisers of updating social media information on Form ADV promptly if the information becomes inaccurate in any way would be great, given the frequency of changes in social media platforms and accounts.[98] We believe that, by limiting the social media information required on Form ADV to an adviser's accounts on publicly available social media platforms where the adviser controls the content, the burden associated with reporting and updating that information should be limited. Because the social media environment is rapidly evolving, we think it will be useful to the Commission and investors to have current information on an adviser's use of social media on Form ADV. Additionally, this approach to updating social media reporting is consistent with our current approach to updating the other information required in Item 1 of Part 1A, including information on advisers' Web sites.

Several commenters questioned the utility for investors of social media reporting in Part 1A of Form ADV.[99] Commenters stated that investors who are interested in an adviser's social media presence will most likely look to the adviser's Web site or conduct an internet search to find the adviser's accounts on various social media platforms.[100] We recognize that this is most likely the case. However, we believe that having current information on an adviser's social media presence collected in one place on Form ADV may be helpful to investors. Two commenters stated that investors generally do not read Part 1A of Form ADV and recommended that we consider including social media reporting in Part 2A of Form ADV instead.[101] We recognize that investors may not look to Form ADV for information on an adviser's social media presence, but if they do, they will likely look to Item 1.I. of Part 1A and Section 1.I. of Schedule D because those are where we currently collect identifying information about an adviser, including information on an adviser's Web site or Web sites. In addition, a primary purpose of this item is to provide the Commission and our staff with information that may be used in our examination program and for other regulatory purposes. Accordingly, we believe it will be useful to the Commission to have information on an adviser's use of social media on Form ADV, and this placement in the form is an efficient and readily identifiable location for such information that appropriately serves our regulatory purposes.

We are amending Item 1.F. of Part 1A of Form ADV and Section 1.F. of Schedule D largely as proposed to expand the information provided about an adviser's offices other than its principal office and place of business. We currently require an adviser to provide contact and other information about its principal office and place of business, and, if an adviser conducts advisory activities from more than one location, about its largest five offices in terms of number of employees.[102] In order to help Commission examination staff learn more about an investment adviser's business and identify locations to conduct examinations, we are now requiring that advisers provide us with the total number of offices at which they conduct investment advisory business and provide information in Schedule D about their 25 largest offices in terms of number of employees.[103] As discussed in the Proposing Release, we chose 25 offices as the number to be reported because it will provide a complete listing of offices for the vast majority of investment advisers, and provide valuable information about the main business locations for the few advisers that have a very large number of offices.[104]

In addition to providing contact information for the 25 largest offices in terms of number of employees, we are amending Section 1.F. of Schedule D as proposed to require advisers to report each office's CRD branch number (if applicable) and the number of employees who perform advisory functions from each office, identify from a list of securities-related activities the business activities conducted from each office, and describe any other investment-related business conducted from each office. This information will help our staff assess risk, because it provides a better understanding of an investment adviser's operations and the nature of activities conducted in its top 25 offices. This information also will assist our staff in assessing offices that conduct a combination of activities.

Two commenters provided general support for our proposed enhanced reporting of adviser offices.[105] However, several commenters expressed concern that our approach would impose a significant burden on advisers with little or no benefit to either the Commission or investors.[106] Another commenter noted the substantial burden on advisers required to report additional offices, but acknowledged that burden would ease after the initial reporting period.[107] We recognize that the burden on some large advisers might be significant, especially in the initial reporting cycle when they are required to report their additional offices for the

[96] SIFMA Letter.

[97] *Id.* The commenter also mentioned that a large advisory complex that includes multiple affiliated advisers may maintain an account on a social media platform on behalf of a parent company or another affiliate that is not designed to promote the reporting adviser's services and/or is targeted towards non-U.S. clients, perhaps in a language other than English.

[98] BlackRock Letter; Oppenheimer Letter; SIFMA Letter.

[99] Comment Letter of the Association for Corporate Growth (Aug. 11, 2015) (''ACG Letter''); ASG Letter; JAG Letter; Morningstar Letter; PCA Letter.

[100] ASG Letter; JAG Letter; Morningstar Letter; Oppenheimer Letter; PCA Letter.

[101] Morningstar Letter; PCA Letter. *See also* Comment Letter of Jeff J. Diercks (May 22, 2015) (''Diercks Letter'').

[102] Form ADV, Part 1A, Item 1.F. and Section 1.F. of Schedule D.

[103] Amended Form ADV, Part 1A, Item 1.F. and Section 1.F. of Schedule D.

[104] *See* Proposing Release, *supra* footnote 3 at Section II.A.2. IAPD Investment Adviser Registered Representative State Data as of May 2, 2016 shows that a majority of SEC-registered advisers (approximately 98%) have 25 or fewer offices, but that many of the remaining two percent have many multiples of 25 offices.

[105] LPL Letter; NASAA Letter.

[106] ACG Letter; CFA Letter; Morningstar Letter; NRS Letter; NYSBA Committee Letter.

[107] Morningstar Letter.

first time. However, we believe that the burden will decrease after the initial filing because in subsequent filings, advisers will only be reporting changes to their previously reported additional office information. Two commenters requested clarification on how often the additional office information should be updated.[108] One commenter felt that annual updating of office locations would not be unduly burdensome but more frequent than annual updates would be burdensome.[109] We agree and are requiring that Section 1.F. of Schedule D be updated as part of an adviser's annual updating amendment and not more frequently.[110]

One commenter expressed concern about our proposal's impact on smaller advisers and suggested that, as an alternative, we require advisers to (a) continue to provide information about their five largest additional offices, (b) report their total number of additional offices, and (c) report additional information only for their additional offices that meet a certain threshold of regulatory assets under management or that engage in certain enumerated practices of interest to the Commission.[111] We currently require advisers to track their additional offices based upon number of employees.[112] We understand that many advisers do not currently track their additional offices based upon the amount of regulatory assets under management attributable to each office and we believe that requiring them to do so would place an additional burden on advisers. For this reason, we are not changing our approach to additional office reporting.

One commenter requested that we simplify the reporting of information about additional offices for firms that are dually registered as investment advisers with the Commission and as broker-dealers with FINRA by allowing them to cross-reference to information submitted on their Uniform Branch Office Registration Form filed with FINRA.[113] We agree and we are updating the IAPD system so that by entering a branch's CRD number, the address, phone number, and facsimile number of all additional offices will automatically populate on Section 1.F. of Schedule D.

Item 1.J. of Form ADV currently requires each adviser to provide the name and contact information for the adviser's chief compliance officer. We proposed amending Item 1.J. to require an adviser to report whether its chief compliance officer is compensated or employed by any person other than the adviser (or a related person of the adviser) for providing chief compliance officer services to the adviser, and if so, to report the name and IRS Employer Identification Number (if any) of that other person. We are adopting the amendments to Item 1.J. largely as proposed, but in addition to related persons of the adviser, as discussed below, advisers will not be required to disclose the identity of the other person compensating or employing the chief compliance officer if that other person is an investment company registered under the Investment Company Act of 1940 advised by the adviser.[114]

As discussed in the Proposing Release, our examination staff has observed a wide spectrum of both quality and effectiveness of outsourced chief compliance officers and firms.[115] Identifying information for these third-party service providers, like others on Form ADV,[116] will allow us to identify all advisers relying on a particular service provider and could be used to improve our ability to assess potential risks.

Two commenters expressed general support for our proposal to identify if chief compliance officers are compensated or employed by other parties for providing chief compliance officer services,[117] and others expressed concern that the requirement would be unduly burdensome on advisers or that the information would be of little or no use to the Commission or investors.[118] We are not persuaded that this requirement would be unduly burdensome because the adviser should have or be able to easily obtain the necessary information, and we continue to believe that this information will be valuable for the reasons discussed above.

One commenter felt that our inquiry should focus not on the chief compliance officer's other employment and/or compensation, but rather on the details of the compliance program and resources committed to address compliance risk (*e.g.,* the chief compliance officer's education and professional designations, the number of other compliance employees, the estimated total hours spent on compliance, and the other duties of the chief compliance officer).[119] We agree with the commenter's suggestion that evaluating the overall effectiveness of an adviser's compliance program relies heavily on the facts and circumstances specific to that adviser.[120] However, we are adopting the amendments to Item 1.J. largely as proposed, because we believe that they meet our regulatory objective of identifying all advisers relying on particular service providers and may improve our ability to assess potential risks related to outsourced chief compliance officers and firms.

One commenter expressed concern that identifying outsourced chief compliance officers would invite additional scrutiny about an adviser's judgment in hiring externally versus internally.[121] While we understand the commenter's concerns, we continue to believe that identifying information for these third-party service providers, like others on Form ADV, will allow us to identify all advisers relying on a particular service provider and to address potential risks associated with that service provider.

Two commenters agreed with our proposal to specifically exclude situations where the chief compliance officer is paid or employed by a related person of the adviser.[122] Two other commenters recommended that we specify that a related person includes a registered investment company advised by the adviser.[123] These commenters noted that in many instances an individual may serve as the chief compliance officer of both an adviser and a registered investment company advised by the adviser and receive compensation from both the adviser and the registered investment company.[124] These commenters stated that requiring advisers to disclose these arrangements does not further our objective of assessing the use of third party service

[108] ASG Letter; Morningstar Letter.

[109] ASG Letter.

[110] Amended Form ADV, General Instruction 4.

[111] NRS Letter.

[112] Form ADV, Part 1A, Item 1.F. and Section 1.F. of Schedule D.

[113] MMI Letter.

[114] Amended Form ADV, Part 1A, Item 1.J.

[115] Proposing Release, *supra* footnote 3 at Section II.A.2.

[116] For example, advisers provide the names and addresses of independent public accountants that perform audits or surprise examinations and that prepare internal control reports on Form ADV, Part 1A, Schedule D, Section 9.C.

[117] CFA Letter; NASAA Letter.

[118] ACG Letter; Comment Letter of L.A. Schnase (Jul. 2, 2015) (''Schnase Letter'') (would be duplicative of already reported information, raises privacy concerns with the chief compliance officer's other clients, would become inaccurate or out-of-date quickly, and would miss the situation of firms hiring comprehensive external compliance support with an in-house chief compliance officer in name only). *See also* NRS Letter (adviser may not have access to this information).

[119] Morgan Letter.

[120] *Id.*

[121] Shearman Letter.

[122] MMI Letter; Morningstar Letter.

[123] Dechert Letter; IAA Letter.

[124] *Id.*

providers.[125] We agree and we have updated Item 1.J.(2) to exclude chief compliance officers compensated or employed by an investment company registered under the Investment Company Act of 1940 advised by the adviser.

In the Proposing Release, we asked whether we should require information about an adviser's use of third-party compliance auditors. Two commenters supported such disclosure,[126] but several commenters felt the disclosure would either not be useful or lead to incorrect inferences about the decision to use, or not use, external compliance support.[127] Several commenters expressed concern that, due to the diversity of services provided by third-party compliance auditors, requiring an adviser to state whether or not it uses them would not be useful to the Commission from a risk monitoring perspective.[128] Commenters also expressed concern that requiring an adviser to report on its use of third-party compliance auditors could lead to incorrect inferences about the adviser's compliance program. For example, advisers hiring third-party compliance auditors might be viewed as signaling a compliance issue, whereas advisers not hiring them might be viewed as not sufficiently focused on compliance.[129] Two commenters expressed concern about confidentiality issues implicated by third-party compliance auditor reporting.[130] We are not requiring advisers to report information on Form ADV regarding third-party compliance auditors at this time.

We are amending Item 1.O. as proposed to require advisers with assets of $1 billion or more to report their assets within three ranges: (1) $1 billion to less than $10 billion; (2) $10 billion to less than $50 billion; and (3) $50 billion or more.[131] We added Item 1.O. in 2011 in connection with the Dodd-Frank Act's [132] requirements concerning certain incentive-based compensation arrangements.[133] Advisers are currently required to check a box to indicate if they have assets of $1 billion or more. Requiring advisers to report their assets within one of the three specified ranges will provide more precise data for use in Commission rulemaking arising from ongoing Dodd-Frank Act implementation.[134]

Two commenters expressed general support for our proposal to require advisers to report their own assets within specified ranges.[135] Two commenters did not believe that the information would be useful.[136] However, we continue to believe that requiring advisers to report their assets as described above will provide more accurate data for use in Commission rulemaking arising from ongoing Dodd-Frank Act implementation. Another commenter felt our proposal raised privacy issues for investors in an adviser where the adviser is privately held.[137] While we are sensitive to privacy concerns, we believe that we have narrowly tailored our proposal to address these concerns. We are only requiring that advisers with significant assets (at least $1 billion) report them and even then only within one of the three specified ranges. One commenter asked for clarification on the timing of the calculation of assets.[138] The item, as proposed and adopted today, specifies that an adviser should use the total assets shown on the adviser's balance sheet for the most recent fiscal year end.[139] We did not receive comments on the specific asset ranges.

b. Additional Information About Advisory Business

In addition to the amendments to Item 5 regarding separately managed accounts discussed above, we are adopting a number of other amendments to Item 5. Item 5 currently requires an adviser to provide approximate ranges for three data points concerning the adviser's business—the number of advisory clients, the types of advisory clients, and regulatory assets under management attributable to client types.[140] As proposed, we are amending these items to require an adviser to report the number of clients [141] and amount of regulatory assets under management attributable to each category of clients as of the date the adviser determines its regulatory assets under management.[142] As we discussed in the Proposing Release, replacing ranges with more precise information will provide more accurate information about investment advisers and will significantly enhance our ability to analyze data across investment advisers because providing actual numbers of clients and regulatory assets under management will allow us to see the scale and concentration of assets by client type.[143] It will also allow us to determine the regulatory assets under management attributable to separately managed accounts. We believe that the information needed for providing the number of clients and amount of regulatory assets under management by client type should be readily available to advisers because advisers are producing this data to answer the current iterations of these questions on Form ADV and advisers typically base their advisory fees on client assets under management.

We also are adding to Item 5 as proposed a requirement for advisers to report the number of clients for whom they provided advisory services but do not have regulatory assets under management in order to obtain a more complete understanding of each

[125] *Id.*

[126] Comment Letter of Brown & Associates LLC (Aug. 10, 2015) (''Brown Letter''); NASAA Letter.

[127] ASG Letter; IAA Letter; MFA Letter; MMI Letter; NRS Letter; NYSBA Committee Letter; PEGCC Letter.

[128] IAA Letter; MFA Letter; NRS Letter; PEGCC Letter. *See also* ASG Letter (requested that we more clearly define ''auditor''); JGAS Letter; MMI Letter.

[129] IAA Letter; NYSBA Committee Letter; PEGCC Letter.

[130] Anonymous Letter; MMI Letter (these relationships are often confidential, such as where law firms are involved).

[131] Amended Form ADV, Part 1A, Item 1.O.

[132] Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law 111–203, 124 Stat. 1376 (2010).

[133] *See Rules Implementing Amendments to the Investment Advisers Act of 1940,* Investment Advisers Act Release No. 3221 (June 22, 2011) [76 FR 42950 (Jul. 19, 2011)] (''Implementing Release'') at Section II.C.6; section 956 of the Dodd-Frank Act. We are also moving the instruction for how to report ''assets'' for the purpose of Item 1.O. from the Instructions for Part 1A to Form ADV to Item 1.O. in order to emphasize this instruction.

[134] *See, e.g.,* section 165(i) of the Dodd-Frank Act (requires the Commission and other financial regulators to establish methodologies for the conduct of stress tests by financial companies with consolidated assets of over $10 billion); *Incentive-based Compensation Arrangements,* Exchange Act Release No. 34–77776 (May 6, 2016) (identifies three categories of covered institutions based on average total consolidated assets, ranging from $1 billion to $250 billion) (re-proposal of Exchange Act Release No. 34–64140); *Incentive-Based Compensation Arrangements,* Exchange Act Release No. 34–64140 (Mar. 29, 2011) [76 FR 21170 (Apr. 14, 2011)].

[135] CFA Letter; PCA Letter.

[136] NRS Letter; NYSBA Committee Letter.

[137] Anonymous Letter.

[138] PEGCC Letter.

[139] Amended Form ADV, Part 1A, Item 1.O.

[140] Form ADV, Part 1A, Item 5.C.(1), Item 5.D.(1)–(2).

[141] Amended Form ADV, Part 1A, Item 5.D.(1)–(2). Advisers with fewer than five clients in a particular category (other than investment companies, business development companies and other pooled investment vehicles) may check Item 5.D.(2) indicating that fact rather than report the actual number of clients in the particular category in Item 5.D.(1).

[142] Amended Form ADV, Part 1A, Item 5.D.(3). The categories of clients are the same as those in Item 5.D. of the current Form ADV, except that we are adding ''sovereign wealth funds and foreign official institutions'' as a client category, and specifying that state or municipal government entities include government pension plans, and that government pension plans should not be counted as pension and profit sharing plans.

[143] Proposing Release, *supra* footnote 3 at Section II.A.2.

adviser's advisory business.[144] As we explained in the Proposing Release, this information will assist in our risk assessment process and increase the effectiveness of our examinations.[145]

Some commenters were generally supportive of our proposal to replace ranges with more precise information.[146] Several commenters stated that advisers would need to update computer systems to obtain this data, and raised concerns about the increased burden that our proposal would place on advisers.[147] One commenter felt that removing an adviser's ability to rely on estimates of the amount of regulatory assets under management would increase the time required to prepare Item 5.D.[148] We are not convinced that the burden placed on advisers by the requirement to report precise information will be significant. We continue to believe that the required information should be readily available to advisers because advisers are producing this data to answer the current iterations of these questions on Form ADV and advisers typically base their advisory fees on client assets under management.

Some commenters suggested that our proposal to replace ranges with more precise information would heighten the risk of inaccurate reporting on Form ADV.[149] Commenters suggested that instead of requiring more precise information, we require advisers to report only an approximate number of clients and regulatory assets under management so as not to penalize advisers for ''minor or inadvertent inaccuracies'' [150] and one commenter suggested using narrower ranges.[151] Our goal in collecting more precise information is not to penalize advisers for minor inaccuracies but to enhance our ability to analyze data across investment advisers and allow us to see the scale and concentration of assets by client type. We collect numerical data throughout Form ADV, and we believe that advisers have access to the information required to accurately complete Item 5.

One commenter expressed skepticism that the amendments would provide new, meaningful information to investors.[152] However, we believe that investors potentially will benefit from having a more complete understanding of an investment adviser's business. In addition, we believe that investors will indirectly benefit from our enhanced ability to analyze data across investment advisers, including the scale and concentration of assets by client type.

One commenter expressed concern that the reporting of precise numbers might reveal confidential client relationships or the amount of regulatory assets under management attributable to specific clients.[153] We are sensitive to these privacy concerns, and, as noted above, we are revising Form ADV, Part 1A, Item 5.D. to allow advisers with fewer than five clients in a particular category (other than investment companies, business development companies and other pooled investment vehicles) to check Item 5.D.(2) indicating that fact rather than report the actual number of clients in the particular category in Item 5.D.(1).[154]

Several commenters requested clarification in situations where a client fits into more than one client category.[155] Specifically, two commenters requested that the Commission clarify whether an adviser that has contracts with other advisers to sub-advise registered investment companies, business development companies or pooled investment vehicles should categorize those clients as either (1) ''other investment advisers'' because other investment advisers hold the contracts, or as (2) ''investment companies,'' ''business development companies,'' or ''pooled investment vehicles,'' as applicable, because those entities hold the regulatory assets under management.[156] We are updating the instructions to Item 5.D. to state that, to the extent that the adviser advises a registered investment company, business development company, or pooled investment vehicle, the adviser should report those sub-advised assets in categories (d), (e), or (f) as applicable.[157] We also are amending the instructions in the text preceding Item 5.D., in response to a comment that we received,[158] to state that if a client fits into more than one category, then the adviser should select the category that most accurately represents the client in order to avoid double counting clients and assets.[159]

Some commenters requested more specific definitions for the categories of clients.[160] However, most of the categories have not changed from current Form ADV and, based upon our experience with Form ADV, we believe that they are sufficiently clear. At the suggestion of two commenters,[161] we are moving the category labeled ''Corporations or other businesses not listed above'' down in the table so that it appears just above the category labeled ''Other.'' [162]

We are adopting, largely as proposed, several targeted additions to Item 5 and Section 5 of Schedule D to inform our risk-based exam program and other risk monitoring initiatives. An adviser that elects to report client assets in Part 2A of Form ADV differently from the regulatory assets under management it reports in Part 1A of Form ADV is now required to check a box noting that election.[163] As discussed in the Proposing Release, this information will allow our examination staff to review across advisers the extent to which advisers report assets under management in Part 2A that differ from the regulatory assets under management reported in Part 1A of Form ADV.[164] Having this information will allow our staff to better understand the situations

[144] Amended Form ADV, Part 1A, Item 5.C.(1). An example of a situation where an adviser provides investment advice but does not have regulatory assets under management is a nondiscretionary account or a one-time financial plan, depending on the facts and circumstances.

[145] Proposing Release, *supra* footnote 3 at Section II.A.2.

[146] NRS Letter; PCA Letter; CFA Letter (generally supportive but questions the usefulness of actual numbers rather than ranges); NASAA Letter (supports reporting the number of clients for whom an adviser provides advisory services but does not have regulatory assets under management).

[147] ASG Letter; MMI Letter. *See* LPL Letter.

[148] ASG Letter.

[149] ASG Letter; LPL Letter; MMI Letter.

[150] LPL Letter. *See also* IAA Letter.

[151] MMI Letter.

[152] ACG Letter.

[153] Anonymous Letter.

[154] Amended Form ADV, Part 1A, Item 5.D.(1)–(2).

[155] Anonymous Letter; ASG Letter; IAA Letter; SIFMA Letter.

[156] ASG Letter; IAA Letter.

[157] Amended Form ADV, Part 1A, Item 5.D.

[158] SIFMA Letter.

[159] Amended Form ADV, Part 1A, Item 5.D.

[160] IAA Letter (Commission should clarify whether a ''sovereign wealth fund and foreign official institution'' includes the account of any government or quasi-government entity). Morningstar Letter (Commission should add definitions for categories, including ''other,'' and provide a list of common custodian account types and how they map to the client categories).

[161] IAA Letter; SIFMA Letter.

[162] Amended Form ADV, Part 1A, Item 5.D.

[163] Amended Form ADV, Part 1A, Item 5.J.(2). Form ADV, Part 2A, Item 4.E. requires an investment adviser to disclose the amount of client assets it manages on a discretionary basis and on a non-discretionary basis. The method used by an adviser to compute the amount of client assets it manages can be different from the method used to compute regulatory assets under management required for Item 5.F. in Part 1A. As discussed in the proposing release for Part 2, the regulatory assets under management calculation for Part 1A is designed for a particular purpose (*i.e.,* for making a bright line determination about whether an adviser should register with the Commission or with the states) and permitting a different calculation for Part 2 disclosure may be appropriate to enable advisers to make disclosure that is more indicative to clients about the nature of their business. *See Amendments to Form ADV,* Investment Advisers Act Release No. 2711 (Mar. 3, 2008) [73 FR 13958 (Mar. 14, 2008)].

[164] Proposing Release, *supra* footnote 3 at Section II.A.2.

in which the calculations differ, and assist us in analyzing whether those differences require a regulatory response.

One commenter asserted that this information would not be meaningful to investors.[165] Another commenter noted that advisers may report additional assets in Part 2A of Form ADV, rather than calculate regulatory assets under management differently than they do in Part 1A of Form ADV.[166] We continue to believe that Item 5.J.(2) will provide the staff with helpful information regarding these calculations.

In addition, largely as proposed, we are adding a question asking the approximate amount of an adviser's total regulatory assets under management that is attributable to clients that are non-United States persons[167] to complement the current requirement that each adviser report the percentage of its clients that are non-United States persons, which, based on our experience, is not always a reliable indicator of an adviser's relationships with non-U.S. clients.[168] As noted in the Proposing Release, our examination staff can use this information to better understand the extent of investment advice provided to non-U.S. clients which will assist in our risk assessment process.[169] In our proposal, we used the term ''non-U.S. client'' and commenters sought clarification of the definition of ''non-U.S. client.''[170] In response, the amendments that we are adopting today use the term ''non-United States person'' in Item 5.F.(3). The Glossary to Form ADV provides that ''United States person'' has the same meaning as in rule 203(m)–1 under the Advisers Act, which includes any natural person that is resident in the United States.

Section 5.G.(3) of Schedule D currently requires advisers to report the SEC File Number for registered investment companies and business development companies that they advise. Largely as proposed, we are adding to Section 5.G.(3) a requirement that advisers report the regulatory assets under management of all parallel managed accounts related to a registered investment company (or series thereof) or business development company that they advise.[171] As described in the Proposing Release, this information will permit our staff to assess the accounts and consider how an adviser manages conflicts of interest between parallel managed accounts and registered investment companies or business development companies advised by the adviser.[172] This information also will show the extent of any shift in assets between parallel managed accounts and registered investment companies or business development companies.

Some commenters questioned the usefulness of collecting information on parallel managed accounts[173] or thought that disclosures about parallel managed accounts would not produce meaningful results or could be misleading.[174] We recognize that there may be different reasons for assets to shift between parallel managed accounts and registered investment companies or business development companies, but that does not make the additional information less useful to the staff in considering how advisers manage conflicts of interest and assessing the extent of any shift in assets for risk monitoring purposes.

Some commenters noted that registered investment companies often have multiple series, each with its own portfolio manager, investment strategy, and holdings; and that the concept of a parallel managed account could only be applied in the registered investment company context on a series-by-series basis.[175] In response, we have updated Section 5.G.(3) to clarify that parallel managed accounts related to a registered investment company (or a series thereof) should be reported.

One commenter felt that advisers would have difficulty interpreting the requirement that a parallel managed account pursue ''substantially the same investment objective and strategy'' as the relevant investment company or business development company.[176] Advisers should use their best judgment and make a good faith determination as to whether the investment objectives and strategies in question are ''substantially the same.'' We note that many private fund advisers already make this determination when filling out Form PF.[177]

One commenter asked for confirmation that the value of derivatives held in a parallel managed account should be calculated using the market value of the derivatives rather than the gross notional value, if that is how the value of the account is reported to the account holder.[178] We agree that market value should be used in such a case.[179]

Finally, we are amending Item 5, largely as proposed, to obtain additional information concerning wrap fee programs.[180] Item 5.I. of Part 1A currently requires an adviser to indicate whether it serves as a sponsor of or portfolio manager for a wrap fee

[165] ACG Letter.

[166] PCA Letter (stating that when advisers report different client assets in Part 2A than regulatory assets under management in Part 1A of Form ADV, it is frequently due to additional assets being included in the Part 2A calculation, such as non-discretionary assets that are under ''advisement,'' rather than a different method of calculating assets under management).

[167] Amended Form ADV, Part 1A, Item 5.F.(3).

[168] Form ADV, Part 1A, Item 5.C.(2). For example, an adviser may report a significant percentage of clients that are non-United States persons, but the regulatory assets under management attributable to those clients is a small percentage of the adviser's regulatory assets under management.

[169] Proposing Release, *supra* footnote 3 at Section II.A.2.

[170] Oppenheimer Letter; SIFMA Letter.

[171] Amended Form ADV, Part 1A, Section 5.G.(3) of Schedule D. The Glossary to Amended Form ADV includes ''parallel managed account,'' which is defined as: ''With respect to any registered investment company or series thereof or business development company, a parallel managed account is any managed account or other pool of assets that you advise and that pursues substantially the same investment objective and strategy and invests side by side in substantially the same positions as the identified investment company or series thereof or business development company that you advise.''

[172] Proposing Release, *supra* footnote 3 at Section II.A.2.

[173] BlackRock Letter (suggesting that asking during examinations for an adviser's policies related to fair treatment of all accounts, and testing of compliance with those policies, would better achieve the objective); IAA Letter; Comment Letter of Small Business Investor Alliance (Aug. 11, 2015) (''SBIA Letter'') (opining that the proposal adds unnecessary reporting for advisers of business development companies and is duplicative of Form N–2). We believe the information to be collected in Section 5.G.(3) is different from the information collected on Form N–2 regarding closed-end funds and business development companies because the information collected on Form N–2 regarding management of other accounts focuses on individual portfolio managers, while the information collected on Form ADV is reported at the adviser level.

[174] Anonymous Letter (stating there are many reasons assets could shift between parallel managed accounts and registered investment companies or business development companies); BlackRock Letter.

[175] IAA Letter; Oppenheimer Letter; SIFMA Letter.

[176] PCA Letter.

[177] The definition of ''parallel managed account,'' *supra* footnote 171, is consistent with the Form PF definition of ''parallel managed account.'' Form PF, Glossary of Terms.

[178] IAA Letter.

[179] This approach is consistent with the staff's view on how the value of a parallel managed account should be calculated on Form PF. *See* Form PF, Frequently Asked Questions. The staff's response to Question 11 on reporting value states that ''When calculating the value of a parallel managed account for purposes of either determining whether it is a dependent parallel managed account that is aggregated with the reporting fund or reporting its value in Question 11, you should use the market value of the derivatives held in the parallel managed account, instead of the gross notional value, if that is how the value of the account is reported to the account holder.''

[180] The Glossary to Form ADV defines a wrap fee program as ''[a]ny advisory program under which a specified fee or fees not based directly upon transactions in a *client's* account is charged for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of *client* transactions.'' We are not amending this definition.

program. We are amending Item 5.I. to ask whether the adviser participates in a wrap fee program, and if so, the total amount of regulatory assets under management attributable to acting as a sponsor to or portfolio manager for a wrap fee program.[181] One commenter noted that many advisers act as both the sponsor of and a portfolio manager for the same wrap fee program and that this could cause those advisers to double count their regulatory assets under management attributable to wrap fee programs in Item 5.I.[182] We agree and have added a question to Item 5.I. that asks for the total amount of regulatory assets under management attributable to the adviser acting as both sponsor to and portfolio manager for the same wrap fee program. To prevent advisers from double-counting assets, we added an instruction that assets reported in this new category should not be reported elsewhere in Item 5.I.(2).

Section 5.I.(2) of Schedule D currently requires an adviser to list the name and sponsor of each wrap fee program for which the adviser serves as portfolio manager. We are amending Section 5.I.(2), as proposed, to add questions that require an adviser to provide any SEC File Number and CRD Number for sponsors to those wrap fee programs.[183] As discussed in the Proposing Release, this information will help us better understand a particular adviser's business and assist in our risk assessment and examination process by making it easier for our staff to identify the extent to which the firm acts as sponsor or portfolio manager of wrap fee programs and collect information across investment advisers involved in a particular wrap fee program.[184]

One commenter was generally supportive of our proposed reporting on wrap fee programs, but questioned its usefulness to investors and market participants.[185] As discussed above, our enhanced wrap fee reporting is designed to assist our staff in its risk assessment and examination process. Three commenters requested further clarification regarding the existing definition of a wrap fee program.[186] We are not changing or clarifying the existing definition of a ''wrap fee program'' that is included in Form ADV because, based on our experience with the Form, we believe it has been sufficiently clear.

c. Additional Information About Financial Industry Affiliations and Private Fund Reporting

Part 1A, Section 7.A. of Schedule D requires information on an adviser's financial industry affiliations and Section 7.B.(1) of Schedule D requires information on private funds managed by the adviser. We are adopting as proposed amendments to Sections 7.A. and 7.B.(1) of Schedule D that require an adviser to provide identifying numbers (*i.e.*, Public Company Accounting Oversight Board (''PCAOB'')-assigned numbers [187] and CIK Numbers [188]) in response to two questions to allow us to better compare information across data sets and understand the relationships of advisers to other financial service providers.

Two commenters were concerned that, by requiring an adviser to report the PCAOB-assigned number of its auditing firm (if applicable), we are suggesting that using a PCAOB-registered auditing firm is required by the Commission.[189] This is not our intent. An auditing firm performing a surprise examination is not required to be registered with the PCAOB unless the adviser or its related person is serving as qualified custodian.[190]

In addition, we are adding a question to Section 7.B.(1) of Schedule D to require an adviser to a private fund that qualifies for the exclusion from the definition of investment company under section 3(c)(1) of the Investment Company Act of 1940 (a ''3(c)(1) fund'') to report whether it limits sales of the fund to qualified clients, as defined in rule 205–3 under the Advisers Act.[191] As proposed, the question would have required an adviser to report, for every private fund that it advises (including any private fund that qualifies for the exclusion from the definition of ''investment company'' under section 3(c)(7) of the Investment Company Act of 1940 (''3(c)(7) fund''), the approximate percentage of the private fund beneficially owned (in the aggregate) by qualified clients.[192] One commenter supported the rationale for our proposal; [193] however other commenters questioned the value of the question and were concerned about situations where the qualified client status of an investor is not known, or does not need to be determined.[194] We continue to believe that this information will give us a better sense of the financial sophistication and nature of investors in private funds, but in response to comments, we are making two changes from our proposal.

First, we are limiting the question to 3(c)(1) funds because each investor in a 3(c)(7) fund is required to meet the higher ''qualified purchaser'' standard.[195] Second, we are revising the question to require a simple yes or no response as to whether the adviser limits sales of a fund to qualified clients instead of requiring advisers to report the percentage of ownership of the fund by qualified clients. Commenters noted that many advisers that are not registered with the Commission (*e.g.*, exempt reporting advisers [196]) are not required to determine whether the fund's investors are qualified clients.[197] These advisers may simply respond ''No'' to the revised question. Other commenters asked us to clarify whether advisers must re-certify the qualified client status of their investors annually.[198] As long as an investor met

[181] Amended Form ADV, Part 1A, Item 5.I.

[182] MMI Letter.

[183] Amended Form ADV, Part 1A, Section 5.I.(2) of Schedule D.

[184] Proposing Release, *supra* footnote 3 at Section II.A.2.

[185] CFA Letter.

[186] ASG Letter (asking whether an adviser will be deemed to participate in a wrap fee program if the adviser negotiates an asset-based fee with a broker and pays that fee rather than having the client pay that fee); PCA Letter (asking whether an adviser will be deemed to ''participate'' in a wrap fee program as a result of placing client funds (or recommending that clients place non-discretionary funds) in one or more programs sponsored by unaffiliated third parties, but in which the adviser does not serve as the sponsor or a portfolio manager). *See also* NRS Letter (suggesting that we require wrap fee program sponsors to report the combined regulatory assets under management for themselves and any independent portfolio managers in their program).

[187] Amended Form ADV, Part 1A, Section 7.B.(1) of Schedule D, Question 23(e).

[188] Amended Form ADV, Part 1A, Section 7.A of Schedule D, Question 4(b).

[189] Shearman Letter. *See* Comment Letter of American Institute of Certified Public Accountants, Financial Reporting Executive Committee (Aug. 17, 2015) (''AICPA Letter'').

[190] Rules 206(4)–2(a)(4) and 206(4)–2(a)(6)(i).

[191] Amended Form ADV, Part 1A, Section 7.B.(1) of Schedule D, Question 15(b). Current Question 15 will become Question 15(a).

[192] Proposed Form ADV, Part 1A, Section 7.B.(1) of Schedule D, Question 15(b).

[193] CFA Letter.

[194] ACG Letter; Anonymous Letter; SBIA Letter.

[195] ''Qualified purchaser'' is defined in Section 2(a)(51) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a)(51)).

[196] An exempt reporting adviser is an investment adviser that qualifies for the exemption from registration under section 203(l) of the Advisers Act because it is an adviser solely to one or more venture capital funds, or under rule 203(m)–1 under the Advisers Act because it is an adviser solely to private funds and has assets under management in the United States of less than $150 million. *See* Form ADV, Glossary.

[197] ACG Letter; SBIA Letter. *See also* Anonymous Letter. Section 205(a) of the Advisers Act only applies to advisers who are registered or required to be registered with the Commission and generally restricts advisers from entering into, extending, renewing, or performing any advisory contract that provides for performance-based compensation. Rule 205–3 permits advisers to charge performance-based compensation to ''qualified clients,'' as defined in the rule. Advisers who are registered or required to be registered with the Commission are otherwise prohibited from charging performance-based compensation.

[198] JGAS Letter; SBIA Letter. *See also* PCA Letter.

the definition of a ''qualified client'' when it entered into the advisory contract with the adviser, then the investor is considered a ''qualified client'' even if it no longer meets the dollar amount thresholds of the rule. This is consistent with our existing approach to the definition of qualified client.[199]

3. Umbrella Registration

We are adopting, as proposed, amendments to Form ADV that codify umbrella registration for certain advisers to private funds. We are adopting the amendments today because we believe that umbrella registration should be made available to those private fund advisers that are registered with us and operate a single advisory business through multiple legal entities. Umbrella registration is not mandatory, but we believe it will simplify the registration process for these advisers, and provide additional and more consistent data about, and create a clearer picture of, groups of private fund advisers that operate a single advisory business through multiple legal entities. The amendments also will allow for greater comparability across private fund advisers.

As we discussed in the Proposing Release, the Dodd-Frank Act repealed the private adviser exemption that used to be in section 203(b)(3) of the Advisers Act.[200] As a result, many previously unregistered advisers to private funds,[201] including hedge funds and private equity funds, were required to register under the Advisers Act. Today, about 4,469 registered investment advisers provide advice on approximately $10.5 trillion in assets to approximately 30,896 private funds clients.[202]

For a variety of tax, legal and regulatory reasons, advisers to private funds may be organized as a group of related advisers that are separate legal entities but effectively operate as—and appear to investors and regulators to be—a single advisory business. Although these separate legal entities effectively operate as a single advisory business,[203] Form ADV was designed to accommodate the registration request of an adviser structured as a single legal entity. As a result, private fund advisers that operated as a single advisory business but were organized as separate legal entities may have had to file multiple registration forms, even though the registration effectively was for the same advisory business. Multiple Form ADVs for a single advisory business may distort the data we collect on Form ADV and use in our regulatory program, be less efficient and more costly for advisers, and may be confusing to the public researching an adviser on our Web site.

Our staff provided guidance to private fund advisers before the compliance date of the Dodd-Frank Act private fund adviser registration requirements designed to address concerns raised by advisers.[204] The guidance provided conditions under which the staff believed one adviser (the ''filing adviser'') could file a single Form ADV on behalf of itself and other advisers that were controlled by or under common control with the filing adviser (each, a ''relying adviser''), provided that they conducted a single advisory business (collectively an ''umbrella registration'').

We believe that most advisers that can rely on umbrella registration are doing so, with approximately 743 filing advisers and approximately 2,587 relying advisers filing umbrella registrations.[205] However, the method outlined in the staff guidance for filing an umbrella registration was limited by the fact that the form was designed for a single legal entity. This created confusion for filers and the public. It also complicated our staff's data collection and analysis on umbrella registrants.[206] Today's amendments are designed to ameliorate these issues.

We are adopting, as proposed, amendments to Form ADV's General Instructions that establish conditions for an adviser to assess whether umbrella registration is available. The conditions we are adopting today are the same as the conditions set forth in the staff's guidance that many investment advisers have relied on since 2012 (except that the staff's guidance also included disclosure conditions for Form ADV, the substance of which is covered elsewhere in this Release).[207] The conditions are as follows:

1. The filing adviser and each relying adviser advise only private funds and clients in separately managed accounts that are qualified clients (as defined in rule 205–3 under the Advisers Act) and are otherwise eligible to invest in the private funds advised by the filing adviser or a relying adviser and whose accounts pursue investment objectives and strategies that are substantially similar or otherwise related to those private funds;

2. The filing adviser has its principal office and place of business in the United States and, therefore, all of the substantive provisions of the Advisers Act and the rules thereunder apply to the filing adviser's and each relying adviser's dealings with each of its clients, regardless of whether any client or the filing adviser or relying adviser providing the advice is a United States person; [208]

3. Each relying adviser, its employees and the persons acting on its behalf are subject to the filing adviser's supervision and control and, therefore, each relying adviser, its employees and

[199] *See Investment Adviser Performance Compensation,* Investment Advisers Act Release No. 3372 (Feb. 15, 2012) [77 FR 10358 (Feb. 22, 2012)].

[200] Section 403 of the Dodd-Frank Act. Section 203(b)(3) of the Advisers Act (the ''private adviser exemption'') previously exempted any investment adviser from registration if the investment adviser (i) had fewer than 15 clients in the preceding 12 months, (ii) did not hold itself out to the public as an investment adviser and (iii) did not act as an investment adviser to a registered investment company or a company that elected to be a business development company.

[201] Section 202(a)(29) of the Advisers Act defines the term ''private fund'' as ''an issuer that would be an investment company, as defined in section 3 of the Investment Company Act of 1940 (15 U.S.C. 80a–3), but for section 3(c)(1) or 3(c)(7) of that Act.''

[202] Based on IARD system data as of May 16, 2016.

[203] We treat as a single adviser two or more affiliated advisers that are separate legal entities but are operationally integrated, which could result in a requirement for one or both advisers to register. *See Exemptions for Advisers to Venture Capital Funds, Private Fund Advisers With Less Than $150 Million in Assets Under Management, and Foreign Private Advisers*, Investment Advisers Act Release No. 3222 (June 22, 2011) [76 FR 39646 (Jul. 6, 2011)] (''Exemptions Release''). *See also In the Matter of TL Ventures Inc.*, Investment Advisers Act Release No. 3859 (June 20, 2014) (settled action).

[204] *See* 2012 ABA Letter, *supra* footnote 5. The Division of Investment Management previously provided no-action relief to enable a special purpose vehicle (''SPV'') that acts as a private fund's general partner or managing member to essentially rely upon its parent adviser's registration with the Commission rather than separately register. *See* American Bar Association Subcommittee on Private Investment Entities, SEC Staff Letter (Dec. 8, 2005), *available at http://www.sec.gov/divisions/investment/noaction/aba120805.htm* (''2005 ABA Letter'') at Question G1.

[205] Based on IARD system data as of May 16, 2016.

[206] Under the guidance provided by the staff, for example, umbrella registration was appropriate where a relying adviser was not prohibited from registering with the Commission by section 203A of the Advisers Act. *See* 2012 ABA Letter, *supra* footnote 5. However, a relying adviser did not have a way to answer Item 2 regarding the basis on which it was eligible for SEC registration. In addition, relying advisers often had to list owners and executive officers in a confusing manner in Schedules A and B which were not designed to accommodate multiple advisers and did not always provide the Commission staff with useful information on the owners of each relying adviser. Also, the filing adviser disclosed its reliance on the 2012 ABA Letter in the Miscellaneous Section of Schedule D.

[207] *See* 2012 ABA Letter, *supra* footnote 5 at Question 4.

[208] The Glossary to Form ADV provides that ''United States person'' has the same meaning as in rule 203(m)–1 under the Advisers Act, which includes any natural person that is resident in the United States.

the persons acting on its behalf are ''persons associated with'' the filing adviser (as defined in section 202(a)(17) of the Advisers Act);

4. The advisory activities of each relying adviser are subject to the Advisers Act and the rules thereunder, and each relying adviser is subject to examination by the Commission; and

5. The filing adviser and each relying adviser operate under a single code of ethics adopted in accordance with rule 204A–1 under the Advisers Act and a single set of written policies and procedures adopted and implemented in accordance with rule 206(4)–(7) under the Advisers Act and administered by a single chief compliance officer in accordance with that rule.[209]

The conditions are designed to limit eligibility for umbrella registration to groups of private fund advisers that operate as a single advisory business. For purposes of umbrella registration, we consider the following factors as indicia of a single advisory business: Commonality of advisory services and clients; a consistent application of the Advisers Act and the rules thereunder to all advisers in the business; and a unified compliance program. The conditions that we are adopting today are designed to demonstrate these factors. Condition 1 limits eligibility for umbrella registration to private fund advisers with a commonality of advisory services and clients. Conditions 2 and 4 are designed to provide assurance that our staff has access to and can readily examine the filing and relying advisers and that the Advisers Act and the rules thereunder fully apply to all advisers under the umbrella registration and clients of those advisers. Conditions 3 and 5 are designed to provide assurance that the filing and relying advisers are subject to a unified compliance program. Based on our experience, we believe that the conditions, when taken together, are a strong indication of the existence of a single private fund advisory business operating through the use of multiple legal entities.

In addition, we are amending the General Instructions as proposed to provide advisers using umbrella registration directions on completing Form ADV for the filing adviser and each relying adviser, including details for filing umbrella registration requests and the timing of filings and amendments in connection with an umbrella registration.[210] To satisfy the requirements of Form ADV while using umbrella registration, the filing adviser is required to file, and update as required, a single Form ADV (Parts 1 and 2) that relates to, and includes all information concerning, the filing adviser and each relying adviser, and must include this same information in any other reports or filings it must make under the Advisers Act or the rules thereunder (*e.g.*, Form PF). The revisions to the form's Instructions and Form ADV further specify those questions that should be answered solely with respect to the filing adviser and those that require the filing adviser to answer on behalf of itself and its relying adviser(s).[211] Additionally, we are amending the Glossary as proposed to add the following three terms: (i) ''filing adviser;'' [212] (ii) ''relying adviser;'' [213] and (iii) ''umbrella registration.'' [214]

We also are adopting as proposed a new schedule to Part 1A—Schedule R—that must be filed for each relying adviser.[215] Schedule R requires identifying information, basis for SEC registration, and ownership information about each relying adviser, some of which was already filed by an adviser relying on the staff guidance.[216] This new schedule consolidates in one location information for each relying adviser and addresses the problem the staff faced in its guidance that resulted in information regarding relying advisers being submitted in response to a number of different items on the Form, in ways not consistent across advisers, due to the fact that Form ADV was not designed to accommodate umbrella registration.[217] We believe that certain information that we are requiring (such as mailing address and basis for registration) is the same for nearly all relying advisers, and the filing adviser can check a box indicating that the mailing address of the relying advisers is the same as that of the filing adviser. Finally, we are adding, as proposed, a new question to Schedule D that requires advisers to identify the filing advisers and relying advisers that manage or sponsor private funds reported on Form ADV.[218] This information will allow us to identify the specific adviser managing the private fund reported on Form ADV if it is part of an umbrella registration. We believe that this information will help us better understand the management of private funds, will provide information to contact relying advisers, and will help us better understand the relationship between relying advisers and filing advisers.

We received multiple comment letters regarding our proposal to codify umbrella registration, the vast majority of which expressed support for umbrella registration.[219] Several commenters also agreed that umbrella registration should not be mandatory.[220] However, several commenters urged the Commission to expand the eligibility for umbrella registration to additional advisers including non-U.S. filing advisers, exempt reporting advisers, advisers to other types of clients, and advisers not independently eligible to register with the Commission.[221]

Many commenters encouraged us to permit umbrella registration for non-

[209] The code of ethics and written policies and procedures must be administered as if the filing adviser and each relying adviser are part of a single entity, although they may take into account, for example, that a relying adviser operating in a different jurisdiction may have obligations that differ from the filing adviser or another relying adviser.

[210] *See* Form ADV, General Instruction 5.

[211] *See, e.g.*, statements added to Form ADV, Instructions and Part 1A, Items 1, 2, 3, 7, 10 and 11.

[212] ''Filing Adviser'' means: ''An investment adviser eligible to register with the SEC that files (and amends) a single *umbrella registration* on behalf of itself and each of its *relying advisers*.'' See Form ADV, Glossary.

[213] ''Relying Adviser'' means: ''An investment adviser eligible to register with the SEC that relies on a *filing adviser* to file (and amend) a single *umbrella registration* on its behalf.'' *See* Form ADV, Glossary.

[214] ''Umbrella Registration'' means: ''A single registration by a *filing adviser* and one or more *relying advisers* who collectively conduct a single advisory business and that meet the conditions set forth in General Instruction 5.'' *See* Form ADV, Glossary.

[215] Advisers that choose to file an umbrella registration are directed by Item 1.B. to complete a new Schedule R for each relying adviser. Form ADV, Part 1A, Item 1.B.(2).

[216] Schedule R requires the following information for each relying adviser: Identifying information (Section 1); basis for SEC registration (Section 2); form of organization (Section 3) and control persons (Section 4). For basis for SEC registration (Section 2), we did not include categories that would make the relying adviser ineligible for umbrella registration, such as serving as an adviser to a registered investment company.

[217] Under the staff's guidance in the 2012 ABA Letter, an adviser reported in its Form ADV (Miscellaneous Section of Schedule D) that it and its relying advisers were together filing a single Form ADV in reliance on the position expressed in the letter and identified each relying adviser by completing a separate Section 1.B., Schedule D, of Form ADV for each relying adviser and identified it as such by including the notation ''(relying adviser).'' *See* 2012 ABA Letter, *supra* footnote 5 at Question 4.

[218] Form ADV, Part 1A, Section 7.B.(1) of Schedule D, Question 3(b).

[219] *See, e.g.,* ABA Committee Letter; ACG Letter; AIMA Letter; ASG Letter; BlackRock Letter; CFA Letter; Dechert Letter; MFA Letter; NASAA Letter; NRS Letter; NYSBA Committee Letter; PCA Letter; PEGCC Letter; SBIA Letter; Schulte Letter; Shearman Letter; SIFMA Letter.

[220] ABA Committee Letter; ASG Letter; BlackRock Letter; Dechert Letter.

[221] One commenter suggested that advisers that can, but do not elect to, file an umbrella registration be required to note that on Form ADV. CFA Letter.

U.S. filing advisers.[222] However, as we previously have expressed, we remain concerned that, absent Condition 2 (which requires that the filing adviser have its principal place of business in the United States), a group of related advisers based inside and outside of the United States could designate a non-U.S. adviser as a filing adviser, and could assert, based on the theory of operating a single advisory business, that the Advisers Act's substantive provisions generally would not apply to the U.S.-based relying advisers' dealings with their non-U.S. clients.[223] Many commenters acknowledged this concern.[224] Some commenters suggested that we address the concern by requiring that advisers indicate on their umbrella registration that they will follow applicable law.[225] We believe that Condition 2 eliminates the difficult determinations of the Advisers Act's application to these advisory relationships. The amendments we are adopting today do not change the Commission's statements with respect to the cross-border application of the Advisers Act.[226]

Two commenters suggested permitting umbrella registration for an organization where all of the advisers have their principal office and place of business outside of the United States.[227] However, umbrella registration is intended to apply only where our staff has access to and can readily examine the filing and relying advisers and where the Advisers Act and the rules thereunder fully apply to all advisers (and clients) under the umbrella registration.[228] This would not be the case for a group of non-U.S. advisers.

Several commenters[229] argued that we should expand the concept of umbrella registration by registered advisers to include ''umbrella reporting'' by exempt reporting advisers. Many of these commenters stated, and we acknowledge, that allowing exempt reporting advisers that operate a single advisory business through multiple legal entities to file an ''umbrella report'' would provide many of the same benefits as umbrella registration.[230] However, we are not expanding the concept of umbrella registration to include ''umbrella reporting'' by exempt reporting advisers at this time. Some of the conditions required for umbrella registration reflect certain requirements that apply only to registered advisers.[231] Different conditions might be more appropriate for ensuring that a group of exempt reporting advisers is operating a single advisory business and therefore should be able to take advantage of ''umbrella reporting.''

Certain commenters questioned the status of a set of Frequently Asked Questions [232] that permits certain exempt reporting advisers to file a single Form ADV on behalf of multiple special purpose entities.[233] The views of the staff as expressed in these Frequently Asked Questions are not withdrawn as a result of today's amendments to Form ADV.

Two commenters disagreed with Condition 5's requirement that the filing adviser and each relying adviser operate under a single code of ethics adopted in accordance with rule 204A–1 under the Advisers Act and a single set of written policies and procedures adopted and implemented in accordance with rule 206(4)–(7) under the Advisers Act and administered by a single chief compliance officer in accordance with that rule.[234] One commenter argued that Condition 5 was too restrictive and suggested that we allow groups of related advisers with ''substantially similar'' codes of ethics and sets of policies and procedures administered by several chief compliance officers operating under a ''common compliance regime'' to file an umbrella registration.[235] Based on our experience with private fund advisers that operate a single private fund advisory business through multiple legal entities, we believe that they commonly have a unified compliance program which is characterized by a single code of ethics and a single set of compliance policies and procedures administered by a single chief compliance officer. Because we believe that the existence of a unified compliance program that meets the requirements of Condition 5 is a meaningful indicia of a single private fund advisory business, we are not modifying Condition 5 at this time.

Several commenters disagreed with limiting umbrella registration eligibility to advisers operating a single private fund advisory business as described in Condition 1.[236] Some commenters urged the Commission to make umbrella registration available where the advisers operate a single advisory business for types of clients other than those described in Condition 1, including registered investment companies and business development companies.[237] Another commenter disagreed with limiting eligibility to a single advisory business of any kind and suggested that umbrella registration apply to all related persons of a filing adviser.[238] However, as we stated in the Proposing Release, we do not believe umbrella registration is appropriate for advisers that are related but that operate separate advisory businesses as it would compromise data quality and complicate analyses that rely on data from Form ADV.[239] We believe that by adopting umbrella registration as proposed, we are best able to accommodate the unique needs of

[222] ABA Committee Letter; AIMA Letter; Dechert Letter; NYSBA Committee Letter; Schulte Letter. *See also* Shearman Letter.

[223] 2012 ABA Letter, *supra* footnote 5 at n.9; *See* Exemptions Release, *supra* footnote 203 at Section II.D.

[224] ABA Committee Letter; AIMA Letter; NYSBA Committee Letter; Schulte Letter; Shearman Letter.

[225] AIMA Letter; NYSBA Committee Letter. *See also* Dechert Letter; ABA Committee Letter (suggesting that we state on Form ADV that the Advisers Act applies with respect to all U.S. clients of every registered investment adviser, and with respect to all of the activities of registered investment advisers that have their principal place of business in the United States).

[226] Certain commenters discussed our cross-border application of the Advisers Act. ABA Committee Letter; Dechert Letter; Schulte Letter. Most of the substantive provisions of the Advisers Act are not applied to the non-U.S. clients of a non-U.S. adviser registered with the Commission but non-U.S. advisers registered with the Commission must comply with the Advisers Act and the Commission's rules thereunder with respect to any U.S. clients (and any prospective U.S. clients) they may have. *See* Proposing Release, *supra* footnote 3 at n.57 and Exemptions Release, *supra* footnote 203 at Section II.D.

[227] Schulte Letter; Shearman Letter.

[228] Proposing Release, *supra* footnote 3 at Section II.A.3.

[229] ABA Committee Letter; ACG Letter; AIMA Letter; ASG Letter; MFA Letter; NYSBA Committee Letter; SBIA Letter; Schulte Letter; Shearman Letter.

[230] ABA Committee Letter; AIMA Letter; MFA Letter; SBIA Letter; Schulte Letter. *See also* ACG Letter.

[231] Specifically, exempt reporting advisers are not subject to the requirement for compliance policies and procedures pursuant to rule 206(4)–7 under the Advisers Act or for a code of ethics pursuant to rule 204A–1 under the Advisers Act. *See* ACG Letter.

[232] Frequently Asked Questions on Form ADV and IARD, *Reporting to the SEC as an Exempt Reporting Adviser* (Mar. 2012), *available at https://www.sec.gov/divisions/investment/iard/iardfaq.shtml#exemptreportingadviser.*

[233] ABA Committee Letter; AIMA Letter; NYSBA Committee Letter.

[234] Capital Research Letter. *See* ACG Letter (stating that Condition 5 would have the practical effect of excluding exempt reporting advisers from eligibility for umbrella registration because exempt reporting advisers are not required by Advisers Act rule 204A–1 to adopt a code of ethics, nor are they required by Advisers Act rule 206(4)–7 to adopt compliance policies and procedures).

[235] Capital Research Letter.

[236] ASG Letter; BlackRock Letter; Capital Research Letter; Dechert Letter; Comment Letter of Tannenbaum Helpern Syracuse & Hirschtritt LLP (Aug. 5, 2016) (''Tannenbaum Letter'') (disagreed with ''substantially similar or otherwise related'' language, because advisers may operate a single business with different investment strategies).

[237] ASG Letter; Dechert Letter. *See also* BlackRock Letter.

[238] Capital Research Letter.

[239] Proposing Release, *supra* footnote 3 at Section II.A.3.

private fund advisers that operate a single advisory business through multiple legal entities without compromising the data quality or analyses that rely on data from Form ADV.

Several commenters took issue with the proposal's requirement to determine asset-based eligibility for umbrella registration on an entity-by-entity, rather than consolidated, basis.[240] These commenters suggested that the goals of providing a clearer picture of groups of related advisers that operate as a single business and establishing a more efficient method for registration for separate legal entities that collectively conduct a single advisory business would be better served by allowing the group to determine asset-based eligibility for umbrella registration on a consolidated basis.[241] Umbrella registration was intended to consolidate the multiple registration forms that may otherwise have been required by a single advisory business. It was not intended to alter or modify the eligibility for registration with the Commission.[242]

Some commenters disagreed with the requirement contained in Condition 1 that separately managed accounts be owned by qualified clients.[243] One commenter stated that the qualified client requirement for separately managed accounts is not related to the single business requirement.[244] Condition 1 also requires that the qualified clients be otherwise eligible to invest in the private funds advised by the filing adviser or a relying adviser and that their accounts pursue investment objectives and strategies that are substantially similar or otherwise related to those private funds. Condition 1, including the qualified client requirement, is intended to ensure the commonality of clients that we believe is an important indicia of a single private fund advisory business. For example, if a group of advisers advised private funds as well as separately managed accounts held by non-qualified clients or separately managed accounts that pursue investment objectives or strategies that differ from the private funds they advise, we do not believe they would be operating a single private fund advisory business. The offering of separately managed accounts to clients other than qualified clients (such as retail clients) or separately managed accounts that pursue investment objectives or strategies that differ from the private funds they advise indicate that the group of advisers is engaged in lines of business that differ from a single private fund advisory business that we intend to cover with umbrella registration. Accordingly, at this time, we continue to believe that a group of advisers' ability to comply with Condition 1, including the qualified client requirement for separately managed accounts, is a meaningful indicia of a single private fund advisory business, and we are therefore adopting Condition 1 as proposed.

We also received several comments on the new amendments to Form ADV to accommodate umbrella registration. Two commenters generally supported the benefits of new Schedule R, which requires separate reporting of indirect and direct ownership for relying advisers (similar to current Schedules A and B of Form ADV).[245] One commenter was concerned that relying advisers, which may act as special purpose general partners or similar entities and may be owned by employees sharing in the performance-based compensation paid by the fund, would in effect be forced to share the details of employee compensation on a public filing.[246] The ownership information required of relying advisers is consistent with the ownership information required of filing advisers. We believe this information will more accurately reflect the full nature and scope of the single advisory business conducted by the group of related advisers and will be more informative for advisory clients and private fund investors as well as the Commission.[247]

4. Clarifying, Technical and Other Amendments to Form ADV

We are adopting, largely as proposed, several amendments to Form ADV that are designed to clarify the form and its instructions. As noted in the Proposing Release, we believe these amendments to Form ADV will make the filing process clearer and more efficient for advisers and increase the reliability and the consistency of information provided by investment advisers. More reliable and consistent information will improve our staff's ability to interpret, understand, and place in context the information provided by advisers, allow our staff to make comparisons across investment advisers and improve the risk assessment and examination program. Many of these amendments are derived from questions frequently received by our staff. Except where noted, we did not receive comments on these amendments.

a. Amendments to Item 2

Item 2.A. of Part 1A of Form ADV requires an adviser to select the basis upon which it is eligible to register with the Commission, and Item 2.A.(9) includes as a basis that the adviser is eligible for registration because it is a ''newly formed adviser'' relying on rule 203A–2(c) because it expects to be eligible for SEC registration within 120 days.[248] Section 2.A.(9) of Schedule D is entitled ''Newly Formed Adviser'' and requests the adviser to make certain representations. As noted in the Proposing Release, our staff has received questions about whether the exemption from the prohibition on Commission registration contained in rule 203A–2(c) under the Advisers Act applies only to entities that have been ''newly formed,'' *i.e.*, newly created as corporate or other legal entities. It does not only apply to newly created entities and therefore, as proposed, we are deleting the phrase ''newly formed adviser'' from Item 2.A.(9) and Section 2.A.(9) of Schedule D. Section 2.A.(9) will be renamed ''Investment Adviser Expecting to be Eligible for Commission Registration within 120 Days.'' [249]

b. Amendments to Item 4

Item 4 of Part 1A of Form ADV addresses successions of investment advisers, and the Instructions to Item 4 provide that a new organization has been created under certain circumstances, including if the adviser has changed its structure or legal status (*e.g.*, form of organization or state of incorporation). As noted in the Proposing Release, our staff frequently receives questions from investment advisers regarding this item and, as proposed, we are adding to Item 4 and Section 4 of Schedule D text that is currently contained in the Instructions to Item 4 that succeeding to the business of a registered investment adviser includes, for example, a change of

[240] Dechert Letter; Morgan Letter; NRS Letter; NYSBA Committee Letter. *See* MFA Letter (arguing that a registered private fund adviser that serves as a filing adviser should be able to add a relying adviser that is an exempt reporting adviser to its umbrella registration).

[241] *Id.*

[242] *See* Proposing Release, *supra* footnote 3 at Section II.A.3. To the extent there is concern about the eligibility of SEC registration for newly-formed relying advisers, rule 203A–2(c) provides an exemption for advisers that expect to be eligible for Commission registration within 120 days.

[243] Morgan Letter; NYSBA Committee Letter; Tannenbaum Letter. *See also* PCA Letter.

[244] NYSBA Committee Letter.

[245] ASG Letter; PEGCC Letter.

[246] Shearman Letter.

[247] *See* Proposing Release, *supra* footnote 3 at Section II.A.3.

[248] Form ADV, Part 1A, Item 2.A.(9) and Section 2.A.(9) of Schedule D.

[249] Amended Form ADV, Part 1A, Item 2.A.(9); *see* rule 203A–2(c) under the Advisers Act.

structure or legal status (*e.g.*, form of organization or state of incorporation).[250]

c. Amendments to Item 7

Item 7 of Part 1A of Form ADV and corresponding sections of Schedule D require advisers to report information about their financial industry affiliations and the private funds they advise. We are adopting several technical amendments to Item 7. As proposed, we are revising Item 7.A., which requires advisers to check whether their related persons are within certain categories of the financial industry, to clarify that advisers should not disclose in response to this item that some of their employees perform investment advisory functions or are registered representatives of a broker-dealer, because this information is required to be reported on Items 5.B.(1) and 5.B.(2) of Part 1A, respectively. Items 5.B.(1) and 5.B.(2) request information about an adviser's employees. Adding this text to Form ADV should assist filers in filling out the form as well as provide more accurate data to us and the general public.[251]

Item 7.B. of Part 1A of Form ADV asks whether the adviser serves as adviser to any private fund. Section 7.B.(1) of Schedule D requires advisers to provide information about the private funds they manage. We are adding text to Item 7.B. clarifying that Section 7.B.(1) of Schedule D should not be completed if another SEC-registered adviser or SEC exempt reporting adviser reports the information required by Section 7.B.(1) of Schedule D. Currently the instructions only refer to another adviser. We are also adopting, as proposed, several amendments to Section 7.B.(1) of Schedule D. Question 8 of Section 7.B.(1) currently asks whether the private fund is a ''fund of funds,'' and if it is, whether the private fund invests in funds managed by the adviser or a related person of the adviser. Below those two questions there is a note informing advisers when they should answer yes to the first question regarding whether the private fund is a ''fund of funds.'' We are moving the note to directly after Question 8.(a).[252] We believe this change will assist filers in answering Question 8.

Question 10 of Section 7.B.(1) of Schedule D asks the adviser to identify the category of the private fund. As proposed, we are deleting text in Question 10 that directs advisers to refer to the underlying funds of a fund of funds when selecting the type of fund, in order to reconcile differences with Form PF, which permits advisers to disregard any private fund's equity investments in other private funds.[253] Question 19 of Section 7.B.(1) of Schedule D asks whether the adviser's clients are solicited to invest in the private fund. We are adding text to Question 19, as proposed, to make clear that the adviser should not consider feeder funds as clients of the adviser to a private fund when answering whether the adviser's clients are solicited to invest in the private fund.[254] As noted in the Proposing Release, this is a common question that our staff receives and the intent of Question 19 is not to capture affiliated feeder funds. Question 21 of Section 7.B.(1) of Schedule D asks whether the private fund relies on an exemption from registration of its securities under Regulation D of the Securities Act of 1933 and Question 22 asks for the private fund's Form D file number. We are adopting a clarifying revision to Question 21 as proposed to ask if the private fund has ever relied on an exemption from registration of its securities under Regulation D, in order to better reflect the intention of the Question.[255] The current Question 21, if answered in the negative, would not require the adviser to provide the private fund's Form D file number in Question 22, meaning we would not receive Form D file numbers in the event there was past reliance on Regulation D.[256]

We are adopting revisions to Question 23.(a)(2) as proposed. Currently, this question requires an adviser to check a box to indicate whether the private fund's financial statements are prepared in accordance with U.S. generally accepted accounting principles (''GAAP'').[257] We are adding text instructing advisers that they are required to answer Question 23.(a)(2) only if they answer ''yes'' to Question 23.(a)(1), which asks whether the private fund's financial statements are subject to an annual audit.[258] This revision will clarify when an adviser is actually required to answer Question 23.(a)(2). We are also revising Question 23.(g) as proposed. The question currently asks whether the private fund's audited financial statements are distributed to the private fund's investors. We are adding ''for the most recently completed fiscal year'' to clarify the question. In addition, we are revising Question 23.(h) as proposed. This question currently asks whether the report prepared by the auditing firm contains an unqualified opinion.[259] As noted in the Proposing Release, this question has prompted questions from advisers regarding which report and what timeframe the question refers to. To clarify, we are revising the question, as proposed, to ask whether all of the reports prepared by the auditing firm since the date of the adviser's last annual updating amendment contain unqualified opinions.[260] Finally, as proposed, we are adding Question 25.(g), which requests the legal entity identifier, if any, for a private fund custodian that is not a broker-dealer, or that is a broker-dealer but does not have an SEC registration number. The legal entity identifier is a unique identifier associated with a single entity and is intended to provide a uniform international standard for identifying parties to financial transactions. Furthermore, the reporting of legal entity identifier information on Form ADV facilitates the ability of investors and the Commission to link the data reported with data from other filings or sources that is reported elsewhere as legal entity identifiers become more widely used by regulators and the financial industry. This information will help our examination staff more readily identify the use of particular custodians by private funds.

d. Amendments to Item 8

Based on inquiries from filers, we are adopting the proposed amendments to Item 8 with a modification to clarify that newly-formed advisers should answer questions in the item based on the types of participation and interest they expect to engage in during the next year. In the Proposing Release, we did not specify that the instruction was for newly-formed advisers, and commenters expressed concern that the proposal

[250] Amended Form ADV, Part 1A, Item 4.A. and Section 4 of Schedule D.

[251] Amended Form ADV, Part 1A, Item 7. The staff has provided this clarification and it is currently available online at our staff's Frequently Asked Questions on Form ADV and IARD, *available at http://www.sec.gov/divisions/investment/iard/iardfaq.shtml.*

[252] Amended Form ADV, Part 1A, Section 7.B.(1) of Schedule D, Questions 8.(a)–(b).

[253] Amended Form ADV, Part 1A, Section 7.B.(1) of Schedule D, Question 10. *See* Form PF, General Instruction 7.

[254] Amended Form ADV, Part 1A, Section 7.B.(1) of Schedule D, Question 19.

[255] Amended Form ADV, Part 1A, Section 7.B.(1) of Schedule D, Question 21.

[256] Form ADV, Part 1A, Section 7.B.(1) of Schedule D, Question 21.

[257] Form ADV, Part 1A, Section 7.B.(1) of Schedule D, Question 23.(a)(2).

[258] Amended Form ADV, Part 1A, Section 7.B.(1) of Schedule D, Question 23.(a)(2).

[259] Form ADV, Part 1A, Section 7.B.(1) of Schedule D, Question 23.(h).

[260] Amended Form ADV, Part 1A, Section 7.B.(1) of Schedule D, Question 23.(h).

would make Item 8 the only section in Part 1A requesting forward-looking information, and were concerned about the difficulty around gauging the likelihood of future events and the possibility for ''false positives.'' [261] We agree and, as adopted here, we have updated the Item to address commenters' concerns.

Item 8.B.(2) of Part 1A of Form ADV currently asks whether the adviser or any related person of the adviser recommends the purchase of securities to advisory clients for which the adviser or any related person of the adviser serves as underwriter, general or managing partner, or purchaser representative.[262] The current wording has caused confusion regarding the treatment of purchaser representatives. As proposed, we are rewording the question to ask whether the adviser or any related person of the adviser recommends to advisory clients or acts as a purchaser representative for advisory clients with respect to the purchase of securities for which the adviser or any related person of the adviser serves as underwriter or general or managing partner. As noted in the Proposing Release, this edit is designed to clarify that the question applies to any related person who recommends to advisory clients or acts as a purchaser representative for advisory clients with respect to the purchase of securities for which the adviser or any related person of the adviser serves as underwriter or general or managing partner.[263]

Item 8.H. of Part 1A of Form ADV asks whether the adviser or any related person of the adviser, directly or indirectly, compensates any person for client referrals. We are revising Item 8.H. as proposed to break the question into two parts to increase our understanding of compensation for client referrals. Revised Item 8.H.(1) will cover compensation to persons other than employees for client referrals.[264] Revised Item 8.H.(2) will cover compensation to employees, in addition to employees' regular salaries, for obtaining clients for the firm.[265] Item 8.I. asks whether the adviser or any related person of the adviser directly or indirectly receives compensation from any person other than the adviser or related person of the adviser for client referrals. We are also adding text to Item 8.I., as proposed, to clarify that advisers should not include the regular salary that the adviser pays to an employee in responding to this item.[266]

Two commenters thought that the proposed amendment to Item 8.H was highly subjective and needed additional guidance.[267] In addition, one commenter suggested that Part 2B of Form ADV provided adequate disclosure of employee compensation.[268] While we appreciate these comments, we are adopting these amendments as proposed. We continue to believe Item 8.H and the accompanying instructions are sufficiently clear and are appropriate to accommodate responses from and provide flexibility to varying types of advisory businesses and compensation arrangements. As noted in the Proposing Release, we are adopting these amendments to Item 8.H to better understand how advisers compensate both their staff and third parties for client referrals. The revisions to this item do not change the scope of the information collected, but instead provide more precise information about compensation for client referrals.

e. Amendments to Section 9.C. of Schedule D

Section 9.C. of Schedule D requests information about independent public accountants that perform surprise examinations in connection with the Advisers Act custody rule, rule 206(4)–2. We are adopting two changes to Section 9.C. of Schedule D as proposed. First, we are adding text requiring an adviser to provide the PCAOB-assigned number of the adviser's independent public accountant. This will improve our staff's ability to cross-reference information submitted through other systems and evaluate compliance with the custody rule.[269] Section 9.C.(6) currently requires advisers to report whether any report prepared by an independent public accountant that audited a pooled investment vehicle or examined internal controls contained an unqualified opinion. We are amending Section 9.C.(6) in a manner similar to Section 7.B.(1) of Schedule D, Question 23.(h) as described above to provide clarity to filers. Accordingly, the question will now ask whether all of the reports prepared by the independent public accountant since the date of the last annual updating amendment have contained unqualified opinions.[270]

We received requests from multiple commenters to amend Item 9 of Part 1A and Section 9.C. of Schedule D related to custody.[271] We appreciate commenters' suggestions, but these suggested amendments to Item 9 or Section 9.C. are outside the scope of this rulemaking and we are not amending them at this time.

f. Amendments to Disclosure Reporting Pages

Item 11 of Part 1A of Form ADV requires registered advisers and exempt reporting advisers to provide information about their disciplinary history and the disciplinary history of their advisory affiliates. Those advisers who report an event for purposes of Item 11 are directed to complete a Disclosure Reporting Page (''DRP'') to provide the details of the event. DRPs can be removed from Form ADV under certain circumstances, including when ''the adviser is registered or applying for registration with the SEC and the event was resolved in the adviser's or advisory affiliate's favor.'' [272] As proposed, we are amending this text in each DRP to add ''or reporting as an exempt reporting adviser with the SEC'' after ''applying for registration with the SEC'' to clarify that both registered and exempt reporting advisers may remove a DRP from their Form ADV record if a criminal, regulatory or civil judicial action was resolved in the adviser's (or advisory affiliate's) favor.[273] As discussed in the Proposing Release, these amendments will make disciplinary reporting uniform across registered and exempt reporting advisers, consistent with requiring exempt reporting advisers to report disciplinary events on Form ADV.

g. Amendments to Instructions and Glossary

Together with the amendments to Part 1A, we are also adopting, as proposed, conforming amendments to the General Instructions and the Glossary for Form ADV. As discussed above, we are amending the General Instructions to include instructions regarding umbrella registration. As proposed, we are also removing outdated references to

[261] *See* IAA Letter; Oppenheimer Letter; SIFMA Letter.

[262] Form ADV, Part 1A, Item 8.B.(2).

[263] Amended Form ADV, Part 1A, Item 8.B.(2).

[264] Amended Form ADV, Part 1A, Item 8.H.(1).

[265] Amended Form ADV, Part 1A, Item 8.H.(2).

[266] Amended Form ADV, Part 1A, Item 8.I.

[267] *See* MMI Letter (Item 8.H.(2) should be modified to conform with Item 5 of Part 2B, where economic benefits for providing advisory services are disclosed, but not regular salaries or bonuses). *See also* PCA Letter.

[268] JAG Letter.

[269] Amended Form ADV, Part 1A, Section 9.C.(3) of Schedule D.

[270] Amended Form ADV, Part 1A, Section 9.C.(6) of Schedule D.

[271] *See* ASG Letter; Comment Letter of Pat Hyman (June 11, 2015) (''Hyman Letter''); IAA Letter; PCA Letter and Schwab & Co. Letter.

[272] Form ADV, Part 1A, Criminal, Regulatory Action and Civil Judicial Action Disclosure Reporting Pages.

[273] Amended Form ADV, Part 1A, Criminal, Regulatory Action and Civil Judicial Action Disclosure Reporting Pages.

''Special One-Time Dodd-Frank Transition Filing for SEC Registered Advisers'' and ''recent'' amendments to Form ADV Part 2 that are no longer needed. We retained one sentence from those instructions that specifies that every application for registration must include a narrative brochure prepared in accordance with the requirements of Part 2A of Form ADV.[274] We also added clarifying language that exempt reporting advisers submitting other than annual amendments should update corresponding sections of Schedules A, B, C and D,[275] and provided updated mailing instructions for FINRA.[276] In the glossary, we are updating the definition of ''Legal Entity Identifier'' to reflect recent advancements in this protocol.[277]

Where applicable, we are making technical revisions, as proposed, to specify that an adviser must ''apply for registration'' (rather than simply ''register'') to more accurately reflect the rule text. As proposed, we are also deleting text in the instructions related to Item 1.O. because this text is going to appear directly in the corresponding section of Part 1 of Form ADV. We are adding text clarifying that a change in information related to Item 1.O. does not necessitate a prompt other-than-annual amendment (as changes to Item 1 otherwise do).

We have also received numerous comment letters recommending additional amendments to clarify other sections of Form ADV.[278] While we appreciate commenters raising their concerns with us, these suggested recommendations are outside the scope of this rulemaking and we decline to take action to further modify Form ADV based on these comments.

[274] Amended Form ADV, General Instructions, Instruction 3.

[275] Amended Form ADV, General Instructions, Instruction 4.

[276] Amended Form ADV, General Instructions, Instruction 9.

[277] The definition of Legal Entity Identifier is: A ''legal entity identifier'' assigned by a utility endorsed by the Global LEI Regulatory Oversight Committee (ROC) or accredited by the Global LEI Foundation (GLEIF). *See* Amended Form ADV, Glossary. In Item 1.P., we are removing outdated text referring to the ''legal entity identifier'' as being ''in development'' in the first half of 2011.

[278] *See, e.g.,* ASG Letter (Items 6 and 7); JGAS Letter; PCA Letter (Item 8); NYSBA Committee Letter (Items 5 and 8 and Schedule D); PCA Letter (Items 5 and 8); T. Rowe Price Letter (definition of ''regulatory assets under management'' in subadvisory arrangements). BlackRock also recommended we use XML format for Form ADV filings. *See* BlackRock Letter.

B. Amendments to Investment Advisers Act Rules

1. Amendments to Books and Records Rule

We are adopting two amendments to the Advisers Act books and records rule, rule 204–2, largely as proposed, that will require advisers to maintain additional materials related to the calculation and distribution of performance information.

Rule 204–2(a)(16) currently requires advisers that are registered or required to be registered with us to maintain records supporting performance claims in communications that are distributed or circulated to ten or more persons.[279] Consistent with the proposal, we are amending rule 204–2(a)(16) by removing the ten or more persons condition and replacing it with ''any person.'' Accordingly, under the amended rule, advisers will be required to maintain the materials listed in rule 204–2(a)(16) that demonstrate the calculation of the performance or rate of return in any communication that the adviser circulates or distributes, directly or indirectly, to any person.

We are also adopting amendments to rule 204–2(a)(7). Rule 204–2(a)(7) currently requires advisers that are registered or required to be registered with us to maintain certain categories of written communications received and copies of written communications sent by such advisers.[280] Consistent with the proposal, we are amending rule 204–2(a)(7) to require advisers to also maintain originals of all written communications received and copies of written communications sent by an investment adviser relating to the performance or rate of return of any or all managed accounts or securities recommendations.

Several commenters expressed general support for the proposed amendments to the books and records rule,[281] while other commenters felt the proposed amendments would be unnecessary and a significant burden on advisers.[282] Several commenters also suggested the proposed amendments be modified to exclude one-on-one communications that are customized responses from investors or communications with sophisticated investors or clients.[283] In addition, two commenters raised concerns about the applicability of the amendments to rule 204–2 to performance information that predated the effective date of the amendments.[284]

Based on a comment we received,[285] we are making one non-substantive modification to the proposed amendments. To clarify and avoid confusion, we are adding the new subsection (iv) of rule 204–2(a)(7) immediately following subsection (iii) of the rule and preceding the proviso regarding unsolicited market letters and

[279] Rule 204–2(a)(16) requires advisers to make and keep ''All accounts, books, internal working papers, and any other records or documents that are necessary to form the basis for or demonstrate the calculation of the performance or rate of return of any or all managed accounts or securities recommendations in any notice, circular, advertisement, newspaper article, investment letter, bulletin or other communication that the investment adviser circulates or distributes, directly or indirectly, to 10 or more persons (other than persons connected with such investment adviser); provided, however, that, with respect to the performance of managed accounts, ''the retention of all account statements, if they reflect all debits, credits, and other transactions in a client's account for the period of the statement, and all worksheets necessary to demonstrate the calculation of the performance or rate of return of all managed accounts shall be deemed to satisfy the requirements of this paragraph.''

[280] Rule 204–2(a)(7) requires advisers to make and keep: ''Originals of all written communications received and copies of all written communications sent by such investment adviser relating to (i) any recommendation made or proposed to be made and any advice given or proposed to be given, (ii) any receipt, disbursement or delivery of funds or securities, or (iii) the placing or execution of any order to purchase or sell any security.''

[281] *See, e.g.,* ABA Committee Letter; CFA Letter; LPL Letter (supporting the proposed amendments to rule 204–2(a)(7) but suggesting an exception to rule 204–2(a)(16) for communications addressed to a single client regarding that client's particular account or security in the account); NASAA Letter; PCA Letter (finding the proposed rule change sufficient but expressing concern with the Commission linking the requirement to maintain records pertaining to calculation of individual client account performance history, which are communications and not advertising, to the enforcement of rule 206(4)–1); Comment Letter of Wells Fargo Funds Management, LLC (Aug. 11, 2015) (''Wells Fargo Letter'').

[282] *See, e.g.,* ACG Letter; Anonymous Letter (citing specific costs of increased training needed to implement and possible software updates); ASG Letter (asserting the amended requirement is burdensome because advisers do not always maintain copies of individual performance provided on an ad hoc basis); PEGCC Letter (stating the Commission significantly understates the burden of complying with the proposed amendments); SBIA Letter (noting that while the amendments themselves are not burdensome, when they are aggregated with other recordkeeping obligations, they could lead to overall compliance burdens for smaller advisers); Schnase Letter (advisers may find it difficult to discern whether particular materials are subject to the rule). One commenter suggested that the amendments to rule 204–2(a)(7) are not necessary because other recordkeeping provisions already require advisers to maintain those records. *See* IAA Letter.

[283] PEGCC Letter. *See also* Comment Letter of Michael D. Berlin (June 8, 2015) (''Berlin Letter''); LPL Letter.

[284] *See* Comment Letter of Arnstein & Lehr LLP (Dec. 3, 2015); NRS Letter.

[285] *See* IAA Letter (noting that the new subsection (iv) of rule 204–2(a)(7), as it currently appears, is unclear on whether an adviser would be required to maintain records relating to unsolicited market letters or other communications discussing the performance of securities that the adviser recommended to its clients).

records of names and addresses of persons to whom an adviser sent particular items. A commenter noted that this placement of the new subsection raised questions about whether the proviso also applied to new subsection (iv). The proviso does apply to new subsection (iv) and we believe that, by moving subsection (iv) to immediately after subsection (iii) and before the proviso, we have addressed the commenter's concern.

We are adopting the rest of the amendments to rule 204–2 as proposed. While we appreciate the concerns raised by commenters, we continue to believe the veracity of performance information is important regardless of whether it is a personalized client communication or in an advertisement sent to ten or more persons. As noted in the Proposing Release, a recent enforcement action demonstrated to us the disadvantages of not requiring investment advisers to maintain records forming the basis of performance calculations or performance communications sent to individuals.[286] Moreover, it has been our staff's experience that investment advisers routinely make and preserve communications containing performance information and records to support the performance claims. Based on our staff's experience and the confirmation of several commenters, we believe that most advisers already maintain this information.[287]

We believe these records will be useful in examining and evaluating adviser performance claims. Investors will benefit to the extent that the amendments reduce the incidence of misleading or fraudulent advertising and communications. For these reasons, we are adopting the amendments to the Adviser Act books and records rule, rule 204–2, as proposed.

These amendments will apply to communications circulated or distributed after the compliance date of amended rule 204–2. Advisers that circulate or distribute communications after the compliance date that include performance information, including information on performance that predates the effective date of these amendments, will be required to maintain materials listed in rule 204–2(a)(16) that demonstrate the calculation of the performance.[288]

2. Technical Amendments to Advisers Act Rules

We are adopting the proposed technical amendments to several rules under the Advisers Act and withdrawing transition rule 203A–5 under the Advisers Act. Consistent with the proposal, we are removing transition provisions from rules where the transition process is complete. Three of the provisions were added as part of the implementation of the Dodd-Frank Act. Two of the provisions were added when we amended Form ADV and several Advisers Act rules to require advisers to electronically file their brochures with the Commission. One commenter specifically supported removal of the transition provisions.[289]

a. Rule 203A–5

The Dodd-Frank Act amended section 203A of the Advisers Act to prohibit from SEC registration ''mid-sized'' advisers that generally have assets under management of between $25 million and $100 million.[290] Rule 203A–5 provided a temporary exemption from the prohibition on registration for mid-sized advisers to facilitate their transition to state registration.[291] As proposed, we are withdrawing rule 203A–5 because the transition of mid-sized advisers from SEC to state registration was completed in June 2012.

b. Rule 202(a)(11)(G)–1(e)

Section 409 of the Dodd-Frank Act created a new exclusion from the definition of ''investment adviser'' in section 202(a)(11)(G) of the Advisers Act for family offices. The Commission adopted rule 202(a)(11)(G)–1 [292] defining a family office and provided two extended transition periods for family offices with certain charitable organization clients and family offices relying on the rescinded ''private adviser'' exemption.[293] As proposed, we are removing paragraph (e) of rule 202(a)(11)(G)–1 because subparagraph (1) of the transition provisions provided for by it expired on December 31, 2013, and subparagraph (2) expired on March 30, 2012.

c. Rule 203–1(e)

Rule 203–1 outlines the procedures for advisers to register with the Commission. Paragraph (e) of the rule was added as part of the implementation of the Dodd-Frank Act and allowed companies that were relying on the rescinded ''private adviser'' exemption [294] to remain exempt from registration until March 30, 2012 under certain conditions.[295] As proposed, we are removing paragraph (e) from Rule 203–1 because the transition for private advisers is now complete.

d. Rule 203–1(b), Rule 204–1(c) and Rule 204–3(g)

Rule 203–1 and Rule 204–1 were amended in 2010 to provide transition periods for advisers to file narrative brochures required by Part 2A of Form ADV electronically with the Investment Adviser Registration Depository (''IARD'').[296] Rule 203–1(b), entitled ''transition to electronic filing,'' requires investment advisers applying for registration after January 1, 2011 to file their brochures electronically unless they receive a continuing hardship exemption.[297] Rule 204–1(c) requires investment advisers that are required to file a brochure and had a fiscal year that ended on or after December 31, 2010 to electronically file a Part 2A brochure as part of their next annual updating amendment. As proposed, we are removing paragraph (b) from rule 203–1 and paragraph (c) from rule 204–1 because the transition to electronic filing is now complete.[298] We also are making a technical, conforming additional change by removing rule 204–3(g) because it refers to the transition provision in rule 204–1(c).[299]

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[286] *In the Matter of Michael R. Pelosi,* Investment Advisers Act Release No. 3141 (Jan. 14, 2011); Initial Decision Release No. 448 (Jan. 5, 2012); Investment Advisers Act Release No. 3805 (Mar. 27, 2014) (Commission opinion dismissing proceeding against associated person of registered investment adviser charged with providing false and misleading performance information because the record lacked an evidentiary basis from which to determine that the performance information was materially false or misleading).

[287] *See, e.g.,* ABA Committee Letter; Morningstar Letter; PCA Letter. *See also* IAA Letter.

[288] We note that to the extent this information was previously or is currently included in an advertisement, the adviser is already required to maintain the information under rule 204–2(a)(16).

[289] *See* NRS Letter.

[290] *See* Section 410 of the Dodd-Frank Act.

[291] *See* Implementing Release, *supra* footnote 133.

[292] *Family Offices,* Investment Advisers Act Release No. 3220 (June 22, 2011) [76 FR 37983 (June 29, 2011)].

[293] Section 203(b)(3) of the Advisers Act as in effect before Jul. 21, 2011, repealed by section 403 of the Dodd-Frank Act.

[294] *Id.*

[295] *See* Implementing Release, *supra* footnote 133. The rule 203–1(e) exemption from registration requires not only reliance on the former private adviser exemption but also that an adviser have fifteen or fewer clients in the preceding twelve months and neither hold itself out to the public as an investment adviser nor act as an investment adviser to a registered investment company or business development company.

[296] *Amendments to Form ADV,* Investment Advisers Act Release No. 3060 (Jul. 28, 2010) [75 FR 49233 (Aug. 12, 2010)].

[297] The continuing hardship exemption under rule 203–3 will not be withdrawn by these technical amendments.

[298] Current paragraphs (c) and (d) of Rule 203–1 are redesignated as (b) and (c) and current paragraphs (d) and (e) of Rule 204–1 are redesignated as (c) and (d).

[299] Current paragraph (h) of Rule 204–3 is redesignated as (g).

III. Effective and Compliance Dates

A. Effective Date

The effective date of the amendments to rules 204–2, 202(a)(11)(G)–1, 203–1, 204–1 and 204–3, and the amendments to Form ADV is October 31, 2016. Rule 203A–5 is removed effective October 31, 2016.

B. Compliance Dates

1. Amendments to Form ADV

Several commenters requested a compliance date of at least one year after adoption.[300] Any adviser filing an initial Form ADV or an amendment to an existing Form ADV on or after October 1, 2017 will be required to provide responses to the form revisions we are adopting today. Our staff is working closely with FINRA to re-program IARD and we understand that the system is expected to be able to accept filings of revised Form ADV by October 1, 2017. This date is over one year from adoption. In addition, most advisers will not be filing their annual updating amendment until the first quarter of 2018, and therefore we believe this compliance period is appropriate.

2. Amendments to Investment Advisers Act Rules

Our amendments to the books and records rule, 275.204–2, will apply to communications circulated or distributed after October 1, 2017. As discussed in Section II.B.(1), advisers that circulate or distribute communications after October 1, 2017 that include performance information, including information on performance that predates that date, will be required to maintain the materials listed in 275.204–2(a)(16) that demonstrate the calculation of the performance.

IV. Economic Analysis

A. Introduction

We are sensitive to the benefits and costs imposed by our rules and understand that there will be costs associated with complying with the amendments. The following economic analysis identifies and considers the benefits and costs—including the effects on efficiency, competition, and capital formation—that will result from the amendments to Form ADV and the amendments to and rescission of certain rules under the Investment Advisers Act. The economic effects considered in adopting the amendments are discussed below.

We are adopting amendments to Form ADV and the Advisers Act books and records rule 204–2, and technical amendments to several other rules under the Advisers Act. In summary, and as discussed in greater detail in Section II. above, we are adopting the following amendments to Form ADV and Advisers Act rules:

- Amendments to Form ADV designed to fill certain data gaps and enhance current reporting provided by investment advisers in order to improve the depth and quality of the information we collect on investment advisers and to facilitate our risk monitoring objectives;
- Amendments to Form ADV to incorporate ''umbrella registration'' for private fund advisers;
- Clarifying, technical and other amendments to Part 1A of Form ADV;
- Amendments to the Advisers Act books and records rule to require advisers to make and keep supporting documentation that demonstrates performance calculations or rates of return in any written communications that the investment adviser circulates or distributes; and
- Technical amendments to several rules under the Advisers Act to remove transition provisions that are no longer necessary.

As discussed in the Proposing Release, we rely on information reported by investment advisers on Form ADV to monitor trends, assess emerging risks, inform policy choices and rulemaking, and assist our staff in examination and enforcement efforts.[301] We believe that the amendments to Form ADV will improve the information provided by investment advisers to the Commission, clients and prospective clients, and may improve investor protection by informing policy choices and focusing examination activities. We also believe that the amendments to the Advisers Act books and records rule may improve investor protections by providing useful information to our examination and enforcement staff in evaluating advisers' performance claims. While, as stated above, we believe that most that can rely on umbrella registration are doing so, incorporating umbrella registration into Form ADV will make the existence of umbrella registration more widely known to advisers, which may result in more eligible advisers taking advantage of the opportunity to umbrella register. This could, make filing ADV more efficient for such advisers, reducing their filing costs. In addition, we believe that incorporating umbrella registration into Form ADV will benefit the Commission, clients and prospective clients by improving the consistency and quality of the information that private fund advisers disclose about their business.

The regulatory regime as it exists today for investment advisers serves as the economic baseline against which the costs and benefits, as well as the impact on efficiency, competition, and capital formation of the amendments are discussed. The baseline includes the current requirement for investment advisers to file Form ADV, the staff guidance regarding a filing adviser filing a single Form ADV on behalf of itself and each relying adviser,[302] the current requirements for investment advisers to maintain books and records, and other current rules under the Advisers Act. The parties that will be affected by the amendments are: investment advisers that file Form ADV, including private fund advisers that rely on, or will rely on, umbrella registration, and investment advisers that currently manage, or will manage, separately managed accounts; the Commission; current and future advisory clients; and other current and future users of investment adviser information reported on Form ADV, including third-party information providers.

Based on IARD system data as of May 16, 2016, approximately 12,024 investment advisers are registered with the Commission, and 3,248 exempt reporting advisers file reports with the Commission. Approximately 8,718 investment advisers registered with the Commission (73%) reported assets under management attributable to separately managed account clients. Of those 8,718 advisers, approximately 2,538 advisers reported regulatory assets under management attributable to separately managed account clients of at least $500 million and less than $10 billion and approximately 545 advisers reported regulatory assets under management attributable to separately managed account clients of at least $10 billion.[303] Advisers with at least $10 billion in regulatory assets under management attributable to separately managed accounts will be subject to

[300] *See* Anonymous Letter; Capital Research Letter; Dechert Letter; IAA Letter; MMI Letter; SIFMA Letter.

[301] Proposing Release, *supra* footnote 3 at Section III.A.

[302] *See* 2012 ABA Letter, *supra* footnote 5.

[303] Based on IARD system data as of May 16, 2016. These estimates are approximations because Form ADV currently collects information about assets under management by client type and the number of clients of each type in broad ranges. Item 5.D.(1)–(3) will require advisers to specify their assets under management and number of clients by client type, which will benefit our ability to understand and oversee the investment advisers that advise these accounts and recognize potential risks.

additional reporting on separately managed accounts on Form ADV. Approximately 743 registered advisers to private funds currently submit a single Form ADV on behalf of themselves and 2,587 relying advisers, relying on the 2012 ABA Letter. All investment advisers registered or required to be registered with the Commission are subject to the Advisers Act books and records rule.

As we explained in the Proposing Release, we have sought, where possible, to quantify the costs, benefits, and effects on efficiency, competition, and capital formation expected to result from the amendments to Form ADV and Investment Advisers Act rules, and reasonable alternatives.[304] In many cases, however, we are unable to quantify the economic effects because we lack the information necessary to provide reasonable estimates. The economic effects of the amendments also depend upon a number of factors which we often cannot estimate. Examples include the extent to which investor protection and our ability to oversee investment advisers will improve, and the extent to which investors will utilize the information in Form ADV to choose or retain an investment adviser. Therefore, some of the discussion below is qualitative in nature. Several commenters raised concerns about the burdens and costs associated with these amendments, and in some cases suggested that our quantitative estimates in the Proposing Release underestimated these costs. We describe their comments below, and have modified certain provisions in response to the comments.

B. Amendments to Form ADV

Certain amendments to Form ADV are designed to address potential gaps in information, such as information about advisers' separately managed accounts, and obtain additional information on areas such as social media, additional offices, foreign clients, and wrap fee accounts. We believe this information will improve the depth and quality of information that we collect on investment advisers, which will assist the Commission in our oversight activities and clients and potential clients in assessing advisers.[305] We also are adopting amendments to Form ADV to establish a more efficient method for multiple private fund adviser entities operating a single advisory business to register with us using a single Form ADV. Finally, we are adopting several clarifying, technical and other amendments to Form ADV.

1. Economic Baseline and Affected Market Participants

As noted above and in the Proposing Release, the investment adviser regulatory regime currently in effect serves as the economic baseline against which the costs and benefits, as well as the impact on efficiency, competition and capital formation, of the amendments to Form ADV are discussed. Investment advisers use Form ADV to register with the Commission and with the states. Once registered, an investment adviser is required to file an annual amendment within 90 days of the end of its fiscal year, and more frequently if required by the instructions to Form ADV.[306] Form ADV is also used by exempt reporting advisers to submit, and periodically update, reports to the Commission by completing a limited subset of items on Form ADV. Information filed on Form ADV is publicly available through the IAPD Web site.[307] The parties that will be affected by the amendments to Form ADV are: Investment advisers that file Form ADV with the Commission; the Commission; current and future advisory clients; and other current and future users of information filed on Form ADV, including third-party information providers.

2. Analysis of the Amendments to Form ADV and Alternatives

As discussed in Section II. above, we believe the amendments to Form ADV will improve our ability to oversee investment advisers and identify potential risks by increasing the amount, consistency, and reliability of the information disclosed by investment advisers, which will enhance our staff's ability to effectively carry out the risk-based examination program and other risk monitoring activities, and may improve investor protection by informing policy choices and focusing examination activities. The amendments to Form ADV will address certain data gaps by requiring advisers to report additional information. Clients and potential clients may indirectly benefit to the extent that the amendments improve our oversight of investment advisers.

The enhanced reporting requirements also may directly improve the ability of clients and potential clients of investment advisers to make more informed decisions about the selection and retention of investment advisers.[308] To the extent that clients and future clients use the information investment advisers file in Form ADV to differentiate between investment advisers, the enhanced reporting requirements may result in a limited increase in competition among investment advisers for clients. The amendments will likely not have a significant effect on capital formation or on the ability of investors to efficiently allocate capital across investments because the amendments do not directly relate to the amount of capital investors allocate to investments or their ability to allocate capital across investments. We further identify effects on efficiency, competition, and capital formation in the discussion below.

a. Information Regarding Separately Managed Accounts

We are adopting amendments to Form ADV that will require investment advisers to report information regarding separately managed accounts, which are managed for clients other than pooled investment vehicles.[309] Based on IARD system data, approximately 73% of investment advisers registered with the Commission reported assets under management attributable to separately managed accounts.[310]

We do not currently collect information from investment advisers specific to separately managed accounts, but we currently collect detailed information about an adviser's registered investment company and private fund clients. The absence of detailed information about separately managed accounts limits the ability of our staff to understand, monitor and oversee the investment advisers that advise these accounts and recognize the risk exposures relating to these accounts. The newly reported information on Form ADV regarding separately managed accounts is intended to enhance the ability of our staff to effectively carry out our risk-based examination program and other risk-monitoring activities, as it does with other information on ADV and other filings by the Commission. The additional information regarding separately managed accounts will also assist us in addressing regulatory issues and identifying areas for additional examination and enforcement activities.

The additional information investment advisers will file relating to separately managed accounts will be

[304] Proposing Release, *supra* footnote 3 at Section III.A.

[305] *See supra* Section I.

[306] *See* rule 204–1(a) under the Advisers Act.

[307] Certain personal identifying information is not made public.

[308] *See supra* Section II.A.2.a.

[309] *See supra* Section II.A.1.

[310] Based on IARD system data as of May 16, 2016.

publicly available.[311] As discussed above, we continue to believe that public disclosure of information about separately managed accounts on Form ADV is appropriate in the public interest as well as for the protection of investors. Commenters expressed concern relating to the public disclosure of the separately managed account information and its potential impact on competition between investment advisers. Many commenters opposing the public disclosure of separately managed account information cited the potential cost of disclosure of confidential information, particularly for advisers with a small number of separately managed account clients.[312] In addition, other commenters cited the potential disclosure of proprietary investment or trading strategies as a potential cost of publicly releasing the separately managed account information.[313]

We revised certain items on the form to address commenters' concerns regarding the potential disclosure of confidential or proprietary information. As proposed, Item 5.D. would have required investment advisers to report the number of clients even for investment advisers that manage fewer than five accounts. In addition, under the proposed amendments, Section 5.K.(2) of Schedule D would have required investment advisers to report the number of accounts and the net asset value of the accounts.[314] In response to comments, we have revised Item 5.D. by adding a ''Fewer than 5 clients'' column, which allows advisers with fewer than five clients in a particular category to avoid reporting the exact number of clients in that category. In addition, Section 5.K.(2) in Schedule D will not require investment advisers to report the number of separately managed accounts. We believe that these changes mitigate the risk of any client-specific information being disclosed. In addition, as we discussed in Section II.A., this information would be reported for one or two data points per year, depending on the amount of regulatory assets under management attributable to separately managed accounts, ninety days after the end of the adviser's fiscal year, and only on an aggregate basis for all the separately managed account clients that an adviser manages. Given the limited number of data points that advisers to separately managed accounts must report on, the fact that the information is reported in aggregate across an adviser's separately managed accounts, and the time lag between those data points and any public reporting, we do not believe that this reporting could compromise trading strategies.

In the Proposing Release, we also discussed other alternatives. For example, we could have required different information regarding separately managed account regulatory assets under management such as information at different time intervals or with different asset categories. We have determined not to require reporting at a higher frequency or in a more granular manner, because, as discussed above, we believe that the information we are requiring today will appropriately enhance our staff's ability to effectively carry out our risk-based examination program and other risk assessment and monitoring activities, and that more frequent or granular reporting requirements may increase the costs to investment advisers to report the information. One commenter suggested as an alternative a separate form for separately managed account reporting that would be filed on a confidential basis, but, as discussed above, we believe that given the changes discussed above, we have mitigated concerns about client confidentiality.

We proposed to require at least some information about separately managed accounts from all advisers, and additional information from advisers with at least $150 million in regulatory assets under management. In response to commenters who requested modifications to alleviate potential reporting burdens on smaller advisers relative to the proposal, we are adopting amendments that require less information about separately managed accounts than what was proposed for investment advisers managing at least $150 and less than $500 million in regulatory assets.[315] Another alternative would be to require, as proposed, investment advisers with at least $150 million in separately managed account regulatory assets under management to provide this additional information regarding these accounts. However, the higher threshold we are adopting will reduce the number of investment advisers required to provide this additional information by approximately 2,800 advisers, thereby reducing costs for those advisers with at least $150 million but less than $500 million in assets under management that would no longer have to report the additional information. As discussed in Section II.A.1.c., the $500 million threshold was suggested by commenters and will provide us information with respect to over 98% of the separately managed account assets that would have been reported under the proposed approach.[316]

Another alternative would be to collect different information regarding derivatives in separately managed accounts. For example, commenters raised concerns about the utility of gross notional exposure as a measure of derivative risk exposures. Several commenters stated that gross notional metrics are not accurate measures of risk or leverage,[317] and expressed concern that gross notional metrics could be misleading to or misunderstood by investors without additional context.[318] Other commenters suggested alternative measures of derivative risk exposures.[319] We recognize that gross notional metrics do not always reflect the way in which derivatives are used in a separately managed account and are not a risk measure, but rather they are commonly used metrics that are comparable to information collected in Form PF regarding private funds. On balance, therefore, we continue to believe that, for most types of derivatives the gross notional metrics generally provide a measure of the scale of an account's derivatives activities that is sufficient for this regulatory purpose, which is to collect information about the scale of an account's derivatives activities, rather than to collect specific risk metrics or more granular information regarding the ways

[311] *See supra* Section II.A.1.e.

[312] AIMA Letter; BlackRock Letter; IAA Letter; Invesco Letter; NYSBA Committee Letter; Oppenheimer Letter; PEGCC Letter; Shearman Letter; SIFMA Letter. One commenter suggested that investors may instead invest in a fund structure, or forego investment opportunities with an investment adviser altogether, rather than place assets in a separately managed account and risk the disclosure of separately managed account information. Schulte Letter. As discussed above, the modifications from the proposal should reduce the potential for the disclosure of private or sensitive information relating to separately managed accounts, and should alleviate potential investor concerns and the effect of the disclosure on their investment decisions.

[313] ABA Committee Letter; Dechert Letter; IAA Letter; Invesco Letter; MFA Letter; NYSBA Committee Letter; Oppenheimer Letter; Schulte Letter; Shearman Letter; SIFMA Letter.

[314] Also, investment advisers will be required to report the total dollar amount of borrowings that correspond to ranges of gross notional exposure and not the weighted average amount. *See supra* Section II.A.1.c.

[315] *See supra* Section II.A.1.c.

[316] *See* IAA Letter; NYSBA Committee Letter; Schwab & Co. Letter.

[317] *See* BlackRock Letter; Dechert Letter; IAA Letter; MFA Letter.

[318] *See* Dechert Letter; IAA Letter; Invesco Letter; MFA Letter; NYSBA Committee Letter.

[319] *See* AIMA Letter; BlackRock Letter; Dechert Letter.

in which derivatives are used in a separate account.[320]

We are also adopting, as proposed, amendments that will require investment advisers to report the identity of the custodians that account for at least ten percent of each adviser's total separately managed account regulatory assets under management, and the amount held at such custodians. As discussed in the Proposing Release,[321] alternatives to the custodian reporting requirements include collecting different information, changing reporting thresholds, changing the frequency of reporting, obtaining information from other parties and not requiring certain information, such as the location of the custodian's office.[322] Although requiring less information would decrease the reporting requirements and the costs to investment advisers to file Form ADV, as discussed above, we believe that the reporting requirements as adopted will provide information important to us and improve the ability of our examination staff to identify advisers whose clients use the same custodian in the event a concern is raised about a particular custodian. One commenter suggested that we should collect data about custodians of separately managed accounts from the custodians themselves, but considering that the Commission does not directly regulate all custodians (including banks), we do not think this alternative appropriately addresses our regulatory objective.

b. Additional Information Regarding Investment Advisers

In addition to information regarding separately managed accounts, we are also adopting amendments to collect additional information about the business of investment advisers and other additional identifying information. For example, we are adopting amendments to require investment advisers to disclose information regarding their use of social media platforms. We are also adopting amendments to request additional information about an adviser's participation in and assets under management attributable to wrap fee programs. Other amendments include replacing ranges with more precise information about the number of advisory clients and the amount of assets under management, the total number of offices that conduct investment advisory business, and information regarding each adviser's top twenty-five largest offices in terms of numbers of employees. For several items we are requiring additional identifying information. The additional identifying information includes the CIK Numbers for all advisers that have obtained one or more such numbers, PCAOB-assigned numbers for auditing firms, and the SEC file number and the CRD number for sponsors of wrap fee programs.

We believe the additional information describing the adviser's business and the additional identifying information will be useful to the risk assessment, examination, and oversight of investment advisers. For example, the information regarding social media platforms will improve our understanding of how advisers use social media to communicate with current and potential clients. The additional identifying information will improve the ability of our staff and other current and future users of Form ADV information to cross-reference information from Form ADV with information from filings and other sources to investigate and obtain a more complete understanding of the business and relationships of investment advisers, and improve our oversight of investment advisers. In addition, to the extent that current and future investment advisory clients are interested in the information, the information may improve their ability to make informed decisions about the selection and retention of investment advisers.

Several commenters expressed concern that the additional information describing the advisory business and the additional identifying information would increase the burden on investment advisers to file Form ADV.[323] In addition, commenters questioned the benefits of the additional information and the additional identifying information to clients or potential clients and to the Commission. For example, one commenter raised concern regarding the usefulness of replacing ranges with the number of advisory clients and the regulatory assets under management attributable to each client type.[324] In addition, commenters believed that information regarding social media would not be informative to investors, who may be more likely to obtain the information through the adviser's Web site or internet searches.[325] Several commenters also expressed concern that the reporting of adviser offices would impose a significant burden on advisers with little or no benefit to either the Commission or investors.[326]

Alternatives to the amendments regarding disclosure of additional information about advisers include the disclosure of different information, more information, or less information on topics such as social media or advisers' offices.[327] When determining the specific amendments to Form ADV for adoption, we considered what information would be important for our oversight activities and for advisory clients and prospective clients to make decisions regarding the selection or retention of investment advisers against the costs to investment advisers to report this information. We believe that the amendments we are adopting today strike an appropriate balance of providing important information to the Commission, advisory clients and prospective clients while mitigating the burden on investment advisers to report the information. As noted above, however, we recognize that the burden on some large advisers might be significant, especially in the initial reporting cycle when they are required to report the additional information for the first time. However, we believe that the burden will decrease after the initial filing because in subsequent filings, advisers will only be reporting changes to their previously reported information.

Another alternative to the amendments to Form ADV would be for us not to require investment advisers to report additional information but instead for us to undertake targeted examinations of investment advisers. We believe it is more efficient to compile information about advisers that can then be utilized to identify specific advisers for examinations. An absence of information about advisers also would reduce our ability to identify industry trends and assess risks.

[320] *See supra* Section II.A.1.c.

[321] *See* Proposing Release, *supra* footnote 3 at Section II.A.1.

[322] *See* AIMA Letter; IAA Letter; MMI Letter; NRS Letter; Oppenheimer Letter; SIFMA Letter regarding the custodian's office location. *See also supra* Section II.A.1.d.

[323] Several commenters stated that advisers would need to update computer systems to obtain this data, and raised concerns about the increased burden that our proposal would place on advisers. ASG Letter; IAA Letter; LPL Letter; MMI Letter. Commenters also expressed concerns that investment advisers would need to update the additional information on more than an annual basis which would increase the burden on investment advisers. *See* BlackRock Letter; Morningstar Letter; NRS Letter; SIFMA Letter. We have clarified that certain information, such as information about additional offices, must only be updated on an annual basis, which should help address these concerns.

[324] ACG Letter.

[325] ASG Letter; JAG Letter; Morgan Letter; Morningstar Letter; NRS Letter; NYSBA Committee Letter.

[326] ACG Letter; CFA Letter; Morningstar Letter; NRS Letter; NYSBA Committee Letter.

[327] *See supra* footnote 111 and accompanying text.

c. Costs Applicable to Reporting Information Regarding Separately Managed Accounts and Additional Information on Form ADV

The amendments that will require investment advisers to provide additional information about certain aspects of their business will impose additional costs, at least initially, for investment advisers to file Form ADV, but we believe based on our experience that much of the information we are requiring is readily available because it is used by investment advisers to conduct their business. Costs will vary across advisers, depending on the nature and size of an adviser's business.[328] For example, advisers that manage a limited number of separately managed accounts or that have smaller amounts of assets under management in those accounts will have fewer reporting requirements than advisers that manage a large number of separately managed accounts or that have larger amounts of assets under management in those accounts. In addition, investment advisers with a larger number of offices will have greater reporting requirements than investment advisers with fewer offices, particularly in the case of the initial filing. The one-time costs to initially report the information on Form ADV will also be greater for those investment advisers that currently do not collect or maintain the information. In addition, some amendments to Form ADV will require information that will impose a fixed filing cost that is not scalable with size, and therefore will have a relatively greater impact on small investment advisers.

To the extent possible, we have attempted to quantify the costs of these amendments to Form ADV. Certain commenters questioned the cost estimates of the amendments to Form ADV, and some commenters noted that advisers will have to create new systems or processes to capture the additional information required and that the Commission underestimated these costs.[329] We believe that much of the information, such as regulatory assets under management, should be readily available to advisers, and that modifications to the proposed amendments, such as the reporting requirements relating to separately managed accounts, help mitigate the costs to investment advisers of reporting the additional information. As discussed in Section V., for purposes of the increased Paperwork Reduction Act (''PRA'') burden for Form ADV, we estimate that each adviser will incur average costs in connection with the amendments to Form ADV of approximately $1,273,[330] for a total aggregate cost of $15,306,552.[331]

d. Umbrella Registration

The amendments to Form ADV that will incorporate the concept of umbrella registration and establish a method on Form ADV for certain private fund advisers to use umbrella registration will simplify, and therefore make more efficient the filing procedures for these advisers and provide greater certainty about the availability of umbrella registration. The amendments will also improve the consistency and quality of the information that private fund advisers disclose about their business and provide a more complete picture of groups of private fund advisers that operate as a single business, thus allowing for greater comparability across private fund advisers that rely on umbrella registration.[332] As of May 16, 2016, approximately 743 registered advisers indicated on Form ADV that they relied on the 2012 ABA Letter. Additional advisers may be eligible to use umbrella registration but do not currently do so.

Several commenters suggested that the Commission expand the eligibility for umbrella registration to even more advisers. For example, many commenters recommended expanding eligibility for umbrella registration to non-U.S. filing advisers,[333] and other commenters suggested expanding eligibility for umbrella registration to exempt reporting advisers.[334] Other commenters recommended that we expand the eligibility for umbrella registration to apply to all related persons of a filing adviser.[335] Although expanding the eligibility for umbrella registration to all related persons might decrease the aggregate costs of filing Form ADV, as we discussed above, we do not believe umbrella registration is appropriate for advisers that are related but that operate separate advisory businesses as it would compromise data quality and complicate analyses that rely on data from Form ADV.

For purposes of the PRA, we estimate that each adviser that files Schedule R will incur average costs of approximately $255,[336] for a total aggregate cost of $189,465.[337] We do not believe the amendments to provide for umbrella registration will impose significant costs on investment advisers because advisers currently relying on the 2012 ABA Letter are already reporting much of the information that will be reported on Schedule R. We believe that the additional information that will be reported for relying advisers on Schedule R, such as the basis for SEC registration and form of organization, will be readily available to filing advisers.[338]

[328] Several commenters expressed concern that the proposed amendments would increase the costs for small advisers. *See* Comment Letter of Adrian Day Asset Management (May 21, 2015) (''Adrian Day Letter''); AIMA Letter; Diercks Letter; IAA Letter; SBIA Letter; Schwab & Co. Letter. For a discussion of these comments, please see the Final Regulatory Flexibility Analysis in Section V *infra.*

[329] Adrian Day Letter; Financial Engines Letter; IAA Letter; NRS Letter; PCA Letter; SBIA Letter. One commenter noted that it would require significant systems work to aggregate gross notional exposure calculations at the investment adviser level. SIFMA II Letter. Other commenters also noted that investment advisers would need to modify or update computer software systems. ASG Letter; MMI Letter.

[330] We estimate that each adviser will spend, on average, 3 hours to complete the questions regarding separately managed accounts. We further estimate that the amendments to Part 1A that request other additional information will take each adviser, on average, 2 hours to complete. As a result, we estimate a 5 hour increase in the total average time burden related to the amendments to Form ADV. We expect that the performance of this function will most likely be equally allocated between a senior compliance examiner and a compliance manager. Data from the Securities Industry Financial Markets Association's *Management & Professional Earnings in the Securities Industry 2013* (''SIFMA *Management and Professional Earnings Report*''), modified by Commission staff to account for an 1,800-hour work-year and inflation, and multiplied by 5.35 to account for bonuses, firm size, employee benefits, and overhead, suggest that costs for a senior compliance examiner and a compliance manager are $221 and $288 per hour, respectively. [2.5 hours × $221 = $553] + [2.5 hours × $288 = $720] = $1,273.

[331] 12,024 advisers × $1,273 = $15,306,552.

[332] *See supra* Section II.A.3.

[333] ABA Committee Letter; AIMA Letter; Dechert Letter; NYSBA Committee Letter; Schulte Letter; Shearman Letter.

[334] ABA Committee Letter; ACG Letter; AIMA Letter; ASG Letter; MFA Letter; NYSBA Committee Letter; SBIA Letter; Schulte Letter; Shearman Letter.

[335] ACG Letter; Capital Research Letter; Dechert Letter; Morgan Letter; NRS Letter; NYSBA Committee Letter.

[336] We estimate that for purposes of the PRA, the filing adviser will spend on average 1 hour completing Schedule R on behalf of its relying advisers. We expect that the performance of this function will most likely be equally allocated between a senior compliance examiner and a compliance manager. Data from the SIFMA *Management and Professional Earnings Report*, modified by Commission staff to account for an 1,800-hour work-year and inflation, and multiplied by 5.35 to account for bonuses, firm size, employee benefits and overhead, suggest that costs for a senior compliance examiner and a compliance manager are $221 and $288 per hour, respectively. (.5 hours × $221 = $111) + (.5 hours × $288 = $144) = $255.

[337] 743 advisers × $255 = $189,465.

[338] One commenter was concerned that relying advisers would in effect be forced to share the details of employee compensation on a public filing. *See* Shearman Letter. The ownership information required of relying advisers, however, is consistent with the ownership information currently required of filing advisers.

e. Clarifying, Technical and Other Amendments to Form ADV

The clarifying, technical and other amendments to Form ADV will make the filing process clearer and therefore more efficient for advisers, and increase the reliability and the consistency of information provided by investment advisers. More reliable and consistent information will improve our staff's ability to interpret and evaluate the information provided by advisers, make comparisons across investment advisers, and better identify the investment advisers that may need additional outreach or examination. To the extent the clarifying and technical amendments we adopt today would make Form ADV easier to understand and complete, the amendments will decrease future filing costs, especially for those investment advisers registering with us for the first time.

As proposed, we are adding questions to Form ADV that request an entity's legal entity identifier, if any.[339] As discussed above, the legal entity identifier is a unique identifier associated with a single entity and is intended to provide a uniform international standard for identifying parties to financial transactions. This information will help our examination staff more readily identify the use of particular custodians by separately managed accounts and private funds. Furthermore, the reporting of legal entity identifier information on Form ADV facilitates the ability of investors and the Commission to link the data reported with data from other filings or sources that is reported elsewhere as legal entity identifiers become more widely used by regulators and the financial industry. For example, this could aid in the performance of market analysis studies, surveillance activities, and systemic risk monitoring by the Commission.[340]

We do not believe that the clarifying, technical and other amendments to Form ADV will result in any additional costs for investment advisers and could result in some cost savings to the extent that advisers have fewer questions to research when completing the form. We have identified provisions of Form ADV that have caused confusion among filers in the past or that have resulted in inconsistent or unreliable information. As we discussed above, we believe that the clarifications and revisions to the questions and instructions of Form ADV will increase the efficiency of investment advisers to disclose information, and our ability to oversee investment advisers. Finally, given the nature of the clarifying, technical and other amendments to Form ADV that we are adopting today, we do not believe that these amendments will have an impact on capital formation or competition in the asset management industry or the markets in general.

f. Exempt Reporting Advisers

We believe the amendments to Form ADV will have a limited economic effect on exempt reporting advisers, including on their costs.[341] Exempt reporting advisers are currently required to complete only a limited number of items in Part 1A of Form ADV (consisting of Items 1, 2.B., 3, 6, 7, 10, 11 and corresponding schedules). We are adopting limited amendments to the items that exempt reporting advisers are required to complete, including the amendments to Item 1 regarding the use of social media and the reporting of information on up to 25 offices.[342] We do not know the extent of social media use by exempt reporting advisers, and we recognize that these advisers will incur some costs associated with social media account reporting. We believe these costs will be limited based on the nature of exempt reporting adviser clients, which include venture capital funds and private funds. Approximately 15 of the approximately 3,248 exempt reporting advisers that file information with the Commission on Form ADV reported that they had five or more other offices. Thus, although exempt reporting advisers will incur costs to report the additional information, based on our staff's experience and given the nature of the clients these funds advise, we expect that the amendments should result in a limited increase in reporting costs relative to other advisers.

C. Amendments to Investment Advisers Act Rules

As discussed above, we are adopting amendments to the Advisers Act books and records rule, and technical amendments to several other rules to remove transition provisions where the transition process is complete. The discussion below focuses on the amendments to the Advisers Act books and records rule, because the technical amendments are clarifying or ministerial in nature and therefore should have little, if any, economic effects.

The amendments to rule 204–2 will require investment advisers to maintain additional materials related to the calculation and distribution of performance information. The amendments to rule 204–2(a)(16) will require each adviser to maintain the materials listed in rule 204–2(a)(16) that demonstrate the calculation of the performance or rate of return in any communication that the adviser circulates or distributes, directly or indirectly, to any person, rather than ten or more persons as currently required by the rule. The amendments to rule 204–2(a)(7) will require each adviser to maintain originals of all written communications received and copies of written communications sent by the adviser relating to the performance or rate of return of any or all managed accounts or securities recommendations. We believe, based on our staff's experience, and several commenters agreed, that most investment advisers currently maintain the information that will be required to be maintained under amended rule 204–2.[343] Under the amendments, each respondent will be required to retain records in the same manner and for the same period of time as currently required under rule 204–2.

1. Economic Baseline and Affected Market Participants

As noted above, the regulatory regime as it exists today for investment advisers serves as the economic baseline against which the costs and benefits, as well as the impact on efficiency, competition, and capital formation, of the amendments to the Advisers Act books and records rule (rule 204–2) will be evaluated. The parties that will be directly affected by the amendments to rules under the Advisers Act include: Investment advisers registered with the Commission; the Commission; and current and future investment advisory clients. As discussed above, approximately 12,024 investment advisers are currently registered with the Commission.

[339] Amended Form ADV, Part 1A, Schedule D, Sections 5.K.(3)(f) (requesting the LEI, if any, for a custodian of separately managed accounts that is not a broker-dealer or that is a broker-dealer but does not have an SEC registration number) and 7.B.(1), Question 25g (similar question for private fund custodians); Schedule R, Section 1.G. (requesting LEI for relying adviser).

[340] We note that, as of May 31, 2016, approximately 6.80% of all registered investment advisers report a legal entity identifier when filing Form ADV.

[341] *See supra* Section II.A.2.c. for a discussion of exempt reporting advisers and Amended Form ADV, Part 1A, Schedule D, Section 7.B.(1), Question 15(b).

[342] Exempt reporting advisers will not be eligible to file new Schedule R.

[343] ABA Committee Letter; Morningstar Letter; PCA Letter.

2. Analysis of the Effects of the Amendments to the Advisers Act Books and Records Rule

The amendments to the Advisers Act books and records rule (rule 204–2) will benefit the clients and prospective clients of investment advisers by improving our ability to oversee investment advisers and making available to our examination staff all records necessary to evaluate performance information.

The amendments to the books and records rule will provide our enforcement and examination staff with additional information to review an adviser's performance communications, regardless of the number of clients or prospective clients that receive performance communications. The rule amendments may increase investor protection by increasing the disincentive for misleading or fraudulent communications, which may reduce incidents of fraud. In addition, investors may benefit from the amendments to the recordkeeping rule as these records will assist our staff in uncovering fraudulent or misleading communications regarding performance.

As we discussed in the Proposing Release, to the extent that the amendments to the rule reduce misleading or fraudulent communications, the competitive position of investment advisers could be improved because clients and potential clients will receive more accurate information regarding an adviser's performance and thus will be better able to differentiate among advisers.[344] In addition, to the extent that the amendments to the rule improve the ability of clients and potential clients to differentiate among advisers, potential clients may be more likely to obtain investment advice from an investment adviser, which will increase the ability of investment advisers to compete for investor capital. The amendments could improve the ability of investors to better or more efficiently allocate capital across investments to the extent that the current allocation of capital is based on misleading or fraudulent information, which in turn could promote capital formation.

An alternative suggested by several commenters would be to exclude from the rule one-on-one communications that are ''customized responses from investors or one-on-one communications with sophisticated investors or clients'' about their own account performance.[345] Another alternative would be to require maintenance of records supporting performance claims in communications that are distributed or circulated to less than the current threshold of ten persons. As discussed above, we believe the veracity of performance information is important regardless of whether it is a personalized client communication or in an advertisement sent to ten or more persons, and the absence of such records can reduce our ability to examine and monitor advisers.[346]

Several commenters felt the proposed amendments would be unnecessary and a burden on investment advisers. Some raised concerns regarding the potential burden to comply with the amendments to rule 204–2,[347] and one commenter noted that while the amendments were not themselves burdensome, when aggregated with other recordkeeping obligations, could lead to overall compliance burdens for smaller advisers.[348] Based on our staff's experience and our analysis of the comments to the Proposing Release, however, we believe that most advisers already maintain this information.[349] We also believe that this information is useful to the examination and oversight of advisers.[350]

We estimate that, for purposes of the PRA, advisers will incur an aggregate cost of approximately $1,071,338 per year for the total hours advisory personnel will spend in complying with the amended recordkeeping requirements.[351] A possible non-quantifiable cost as a result of the amended recordkeeping requirements will be discouraging advisers from creating and communicating custom performance information to individual clients, who will then lose the benefit of having that information available to them. Although we believe that such a response to the rule will be unlikely, a decrease in communications could reduce the ability of clients and potential clients to compare advisers and potentially decrease competition.

We expect that these costs will vary among firms, depending on a number of factors, including the degree to which advisers already maintain correspondence, performance information, and the inputs and worksheets used to generate performance information. Compliance costs also will vary depending on the degree to which performance figure determination and the recordkeeping process is automated, and the amount of updating to the adviser's recordkeeping policy that will be required.

V. Paperwork Reduction Act Analysis

The amendments that we are adopting today contain ''collection of information'' requirements within the meaning of the Paperwork Reduction Act of 1995 (''PRA'').[352] In the Proposing Release, we solicited comment on the proposed collection of information requirements. We also submitted the proposed collections of information to the Office of Management and Budget (''OMB'') for review in accordance with 44 U.S.C. 3507 and 5 CFR 1320.11. The titles for the collections of information we are amending are: (i) ''Form ADV;'' and (ii) ''Rule 204–2 under the Investment Advisers Act of 1940.'' An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

A. Form ADV

Form ADV (OMB Control No. 3235–0049) is the two-part investment adviser registration form. Part 1 of Form ADV contains information used primarily by Commission staff, and Part 2 is the client brochure. We are not adopting changes to Part 2. We use the information to determine eligibility for registration with us and to manage our regulatory and examination programs. Clients use certain of the information to determine whether to hire or retain an adviser. The collection of information is necessary to provide advisory clients, prospective clients, and the Commission with information about the adviser and its business, conflicts of interest and personnel. Rule 203–1 under the Advisers Act requires every person applying for investment adviser registration with the Commission to file Form ADV. Rule 204–4 under the

[344] Proposing Release, *supra* footnote 3 at Section III.C.2.

[345] PEGCC Letter. *See also* Berlin Letter; LPL Letter.

[346] *See supra* Section II.B.1.

[347] *See* ACG Letter; Anonymous Letter; ASG Letter; NRS Letter; PEGCC Letter; SBIA Letter.

[348] SBIA Letter.

[349] ABA Committee Letter; Morningstar Letter; PCA Letter.

[350] *See, e.g.*, ABA Committee Letter; Morningstar Letter; PCA Letter. *See also* IAA Letter.

[351] We estimate that for purposes of the PRA, the amendments to rule 204–2 will increase the burden by 1.5 hours per adviser annually. We expect that the function of recording and maintaining records of performance information and communications will be performed by a combination of compliance clerks and general clerks at a cost of $65 per hour and $58 per hour, respectively. We anticipate that compliance clerks would perform an estimated 0.3 hours of the work created by the amendments to rule 204–2 and general clerks would perform the additional 1.2 hours. Therefore, the total cost per adviser would be (0.3 hours × $65 = $19.50) + (1.2 hours × $58 = $69.60) = approximately $89.10 for a total cost of $1,071,338 (12,024 advisers × $89.10).

[352] 44 U.S.C. 3501–3520.

Advisers Act requires certain investment advisers exempt from registration with the Commission (''exempt reporting advisers'') to file reports with the Commission by completing a limited number of items on Form ADV. Rule 204–1 under the Advisers Act requires each registered and exempt reporting adviser to file amendments to Form ADV at least annually, and requires advisers to submit electronic filings through the IARD. The paperwork burdens associated with rules 203–1, 204–1, and 204–4 are included in the approved annual burden associated with Form ADV and thus do not entail separate collections of information.

These collections of information are found at 17 CFR 275.203–1, 275.204–1, 275.204–4 and 275.279.1 and are mandatory. Responses are not kept confidential. The respondents are investment advisers registered with the Commission or applying for registration with the Commission and exempt reporting advisers. Based on IARD system data as of May 16, 2016, approximately 12,024 investment advisers are registered with the Commission, and 3,248 exempt reporting advisers file reports with the Commission.

The currently approved total annual aggregate burden estimate for all advisers completing, amending and filing Form ADV (Part 1 and Part 2) with the Commission is 154,402 hours with a monetized cost of $36,670,427. This collection is based on: (i) Total annual collection of information burden for SEC-registered advisers to file and complete Form ADV (Part 1 and Part 2), including private fund reporting, plus the burden associated with amendments to the form, preparing brochure supplements and delivering codes of ethics to clients; and (ii) the total annual collection of information burden for exempt reporting advisers to file and complete the required items of Part 1A of Form ADV, including the private fund reporting, plus the burden associated with amendments to the form.

As discussed above, we are adopting amendments to Form ADV that are designed to provide additional information about investment advisers and their clients, including clients in separately managed accounts, provide for umbrella registration for private fund advisers and clarify and address technical and other issues in certain Form ADV items and instructions. The amendments we are adopting will increase the information requested in Part 1A of Form ADV, and we expect that this will correspondingly increase the average burden on an adviser filing Form ADV.

As discussed in Sections II.A. and II.B. of this Release, we received several comments that addressed whether the amendments to Form ADV and Rule 204–2 are necessary, whether there are ways to enhance the quality, utility, and clarity of the information to be collected, and whether we could further minimize the burden. Certain commenters addressed the accuracy of our burden estimates for the proposed collections of information, suggesting in general that our estimates were too low.[353] We have considered these comments and have made certain modifications designed to address these and other comments received, and we are increasing our PRA burden estimates related to the amendments.

We discuss below, in three subsections, the estimated revised collection of information requirements for Form ADV: First, we provide estimates for the revised burdens resulting from the amendments to Part 1A; second, we determine how those estimates will be reflected in the annual burden attributable to Form ADV; and third, we calculate the total revised burdens associated with Form ADV. The paperwork burdens of filing an amended Form ADV, Part 1A will vary among advisers, depending on factors such as the size of the adviser, the complexity of its operations, and the number or extent of its affiliations.

1. Changes in Average Burden Estimates

As a result of the differing burdens on advisers to complete Form ADV, we have divided the effect of the amendments to the form into three subsections; first we address the change to the collection of information for registered advisers as a result of our amendments to Part 1A of Form ADV excluding those changes related to private funds; second, we discuss the amendments to Form ADV related to registered advisers to private funds, including the amendments to Section 7.B. of Schedule D and the new Schedule R that will implement umbrella registration; and third, we address the amendments to Form ADV affecting exempt reporting advisers.

[353] ACG Letter; Adrian Day Letter; ASG Letter; Anonymous Letter; IAA Letter; NRS Letter; PEGCC Letter; PCA Letter; SBIA Letter. *See also* AIMA Letter (discussed reputational and marketing costs associated with separately managed account reporting).

a. Estimated Change in Burden Related to Part 1A Amendments (Not Including Private Fund Reporting)

We are adopting amendments to Part 1A, some of which are merely technical changes or very simple in nature, and others that will require more time for an adviser to prepare a response. Advisers should have ready access to all the information necessary to respond to the items we are adopting today in their normal course of operations, because they likely maintain and use the requested information in connection with managing client assets. We anticipate that the responses to many of the questions will be unlikely to change from year to year, which will minimize the ongoing reporting burden associated with these questions.

i. Amendments Related to Reporting of Separately Managed Account Information

The amendments to Part 1A, Items 5.K.(1), 5.K.(2), 5.K.(3) and 5.K.(4) and Schedule D, Sections 5.K.(1), 5.K.(2) and 5.K.(3) are designed to collect information about the separately managed accounts managed by advisers. These amendments will enhance existing information we receive and permit us to conduct more robust risk monitoring with respect to advisers of separately managed accounts. As discussed above, the information collected about separately managed accounts will include regulatory assets under management reported by asset type, borrowings and derivatives information, and the identity of custodians that hold at least ten percent of separately managed account regulatory assets under management. We believe that advisers to separately managed accounts may maintain and use this or similar information for operational reasons (*e.g.,* trading systems) and for customary account reporting to clients in separately managed accounts.

Although we understand that much of the requested information may be used by advisers for operational reasons or account reporting, we expect that these amendments may subject advisers, particularly those that advise a large number of separately managed accounts and engage in borrowings and derivatives transactions on behalf of separately managed accounts, to an increased paperwork burden. We are adopting new Items 5.K.(1) through (4) and Sections 5.K.(1) and 5.K.(3) largely as proposed with certain modifications in response to comments we received. With respect to Section 5.K.(2), in order to minimize the burden on advisers

with a smaller amount of separately managed account assets under management, we initially proposed to require: (1) Advisers with regulatory assets under management attributable to separately managed accounts of at least $150 million but less than $10 billion to report borrowings and derivatives information as of the date the adviser calculates its regulatory assets under management for purposes of its annual updating amendment; and (2) advisers with regulatory assets under management attributable to separately managed accounts of at least $10 billion to report information as of that date and six months before that date. As we discussed above,[354] at the suggestion of several commenters,[355] we increased the proposed $150 million reporting threshold to $500 million in order to further alleviate the reporting burdens on smaller advisers without compromising our objectives.[356] In response to commenters, we modified Section 5.K.(2) to base the reporting of borrowings and derivatives on regulatory assets under management in separately managed accounts, rather than the net asset value of the accounts, as proposed, because advisers may not characterize their separately managed accounts using net asset value.[357] We also eliminated the requirement to report number of accounts. We believe that these changes will further decrease the burden on advisers to report information on separately managed accounts.

In the Proposing Release, we estimated that each adviser would spend, on average, 2 hours completing the questions regarding separately managed accounts in the first year a new or existing investment adviser completes these questions.[358] A number of commenters expressed concern that our estimate of the paperwork burdens associated with our proposed questions regarding separately managed accounts was too low.[359] We are revising our estimate of the time that that it will take each adviser to complete the questions regarding separately managed accounts in the first year a new or existing adviser completes these questions from 2 hours to 3 hours.[360] We have arrived at this burden estimate by considering the following: (1) The changes we are making to Part 1A, Items 5.K.(1), 5.K.(2), 5.K.(3) and 5.K.(4) and Schedule D, Sections 5.K.(1), 5.K.(2) and 5.K.(3); (2) our efforts to further alleviate the reporting burden on advisers that manage a smaller amount of separately managed account regulatory assets under management; and (3) the comments we received on our proposed burden estimate. We recognize that burdens will vary across advisers. Advisers that advise a large number of separately managed accounts, or that have significant regulatory assets under management attributable to separately managed accounts, will incur a greater burden than advisers that have no separately managed account clients or a limited number of such clients. Based on our review of advisers' separately managed account business and the new reporting requirements, we believe that, on average, 3 hours is an appropriate estimate.

ii. Other Additional Information Regarding Investment Advisers

We are adding several new questions and amending existing questions on Form ADV regarding an adviser's identifying information, advisory business, and financial industry affiliations. The revised questions primarily refine or expand existing questions or request information we believe that advisers already have for compliance purposes. For example, we are requiring each adviser to provide CIK Numbers if it has one or more such numbers and to provide the address of each of the adviser's social media pages. Other questions require advisers to provide readily available or easily accessible information, such as the amendment to Part IA, Item 1.O. that requires advisers to report their assets within ranges. However, some of the revised questions may take longer for advisers to complete, such as the amendments to Schedule D, Section 1.F that require information about an adviser's 25 largest offices other than its principal office and place of business. While this information should be readily available to an adviser because it should be aware of its offices, a clerk will be required to manually enter expanded information about the adviser's offices in the first year the adviser responds to the item and then make updates in subsequent years. Some commenters thought that additional office reporting would be a significant burden on advisers.[361] As discussed above in Section II.A.2.a., we recognize that the burden on some large advisers might be significant, especially in the initial reporting cycle when they are required to report their additional offices for the first time. However, we believe that the burden will decrease after the initial filing because in subsequent filings, advisers will only be reporting changes to their previously reported additional office information. We have clarified that advisers will only be required to update the information in Section 1.F. on an annual basis, which should help address some of the concerns raised by commenters about the burden associated with this amendment.[362]

We are adopting a number of amendments to Item 5 in addition to the questions relating to separately managed accounts discussed above. Like other new or revised items, we believe several of these new Item 5 questions will require advisers to provide readily available information, such as the number of clients and regulatory assets under management attributable to each category of clients during the last fiscal year. Advisers currently provide this information in ranges, and therefore likely already have available to them the more precise numbers to report. In addition, information such as whether the adviser uses different assets under management numbers in Part 1A vs. Part 2A of Form ADV should be readily available. Other revised items will likely present greater burdens for some

[354] *Supra* Section II.A.1.

[355] IAA Letter; NYSBA Committee Letter; Schwab & Co. Letter.

[356] Amended Form ADV, Part 1A, Schedule D, Section 5.K.(2).

[357] *See* IAA Letter.

[358] Proposing Release, *supra* footnote 3 at Section IV.A.1.a.i.

[359] Adrian Day Letter; ASG Letter (one adviser suggested that outsourcing the work might be costly; another adviser reported having the required data but estimated that it would take approximately 1 hour to compile data in response to Sections 5.K.1(a) and (b)); IAA Letter. *See* also NYSBA Committee Letter (the proposed amendments to Form ADV and the Advisers Act will significantly increase the reporting obligations for many advisers); NRS Letter (burden estimate for proposed amendments is completely unrealistic and extremely low); SIFMA II Letter (most exposure data is gathered at the client or account level and it would require significant systems work to aggregate these values at the adviser level).

[360] Based on IARD system data as of May 16, 2016, approximately 8,718 registered investment advisers, or approximately 73% of all investment advisers registered with us, reported assets under management from clients other than registered investment companies, business development companies and pooled investment vehicles, indicating that they have assets under management attributable to separately managed accounts. Of those approximately 8,718 advisers, we estimate that 2,538 (approximately 29%) reported at least $500 million and less than $10 billion in regulatory assets under management from separately managed accounts and 545 (approximately 6%) reported at least $10 billion in regulatory assets under management from separately managed account clients.

[361] ACG Letter; CFA Letter; Morningstar Letter (for larger advisers, additional office reporting would require substantial time, although that burden would ease after the initial reporting period); NYSBA Committee Letter.

[362] ASG Letter (updating additional office reporting more than annually would be burdensome); Morningstar Letter (the Commission should clarify how often additional office reporting needs to be updated).

advisers but not others, depending on the nature and complexity of their businesses. For instance, the burden associated with the revised disclosure regarding wrap fee programs or non-U.S. clients will depend on whether and to what extent an adviser allocates client assets to wrap fee programs or the extent to which the adviser has non-U.S. clients.

In the Proposing Release, we estimated that the proposed revisions to Part 1A of Form ADV and Schedule D would take each adviser approximately 1 hour, on average, to complete in the first year a new or existing adviser responds to the questions.[363] Some commenters expressed concern that our burden estimate was too low,[364] while others expressed concern about the impact of the increased overall compliance burden on smaller advisers.[365] We are revising our estimate of the time that these amendments to Part 1A of Form ADV and Schedule D will take each adviser to complete in the first year a new or existing adviser responds to these questions from 1 hour to 2 hours. We have arrived at this revised burden estimate, in part, by considering the following: (1) The relative complexity and availability of the information required by the revised items to the current form and its approved burden; (2) the number and types of advisers affected by the proposed amendments; and (3) the comments we received on our proposed burden estimate. We understand that the burden will vary across advisers depending on their business and the factors discussed in this section. The burden for some advisers will exceed our estimate, and the burden for others will be less due to the nature of their business. We believe, on balance, that 2 hours is a reasonable estimate.

iii. Clarifying, Technical and Other Amendments

As discussed above, we are adopting several further amendments to Form ADV that are designed to clarify the Form and its instructions and address technical issues. These changes primarily refine existing questions. For example, we are deleting the phrase ''newly formed adviser'' from Part IA, Item 2.A.(9) because of questions from filers about whether that phrase refers to only newly formed corporate entities. Similarly, we are amending Part IA, Item 8.B.(2) to clarify that the question applies to any related person who recommends the adviser to advisory clients or acts as a purchaser representative. Because these amendments do not change the scope or amount of information required to be reported on Form ADV, we do not believe that these clarifying, technical, and other amendments to Part 1A of Form ADV will increase or decrease the average total collection of information burden for advisers in their first year filing Form ADV. We did not receive comments regarding reporting burdens associated with these technical and clarifying amendments.

As a result of the amendments to Form ADV Part 1A discussed above, including the amendments related to separately managed accounts, additional items, and technical and clarifying amendments, we estimate the average total collection of information burden will increase 5 hours to 45.74 hours per adviser for the first year that an adviser completes Form ADV (Part 1 and Part 2).[366]

b. Estimated Changes in Burden Related to Private Fund Reporting Requirements

We are adopting several amendments to Part 1A, Schedule D, Section 7.B. that will refine and enhance existing information we receive about advisers to private funds. In addition, as part of our codification of umbrella registration, we are adding a new schedule to Part 1A—Schedule R—to be submitted by advisers to private funds that use umbrella registration to file a single Form ADV. We believe the information required by the amendments to Part 1A, Schedule D, Section 7.B will be readily available or easily accessible to advisers to private funds. For example, the PCAOB assigned number for a private fund auditor should be readily available or easily accessible to that private fund's adviser. As discussed in Section II.A.2.c., we modified Part 1A, Schedule D, Section 7.B.(1). Question 15(b) regarding sales of private funds to qualified clients in response to commenters' concerns. The question is now limited to 3(c)(1) funds, and requires only a ''yes'' or ''no'' answer, rather than requiring advisers to report the percentage of a private fund held by qualified clients. Other amendments to Section 7.B. are designed to make the questions easier to answer, but do not cause a change in reporting burden, including moving certain ''notes'' to questions and changes to the current question regarding unqualified opinions. The currently approved total annual burden estimate for advisers making their initial filing in completing Item 7.B. and Schedule D, Section 7.B. is 1 hour per private fund. We do not estimate that the amendments to Schedule D, Section 7.B, including the changes from the proposal, will increase or decrease the total annual burden because the information is readily available to advisers. Most of the comments on the amendments to Part 1A, Schedule D, Section 7.B. concerned the qualified client question, Question 15(b), which we modified as discussed above.

The incorporation of umbrella registration into Form ADV will codify a staff position and provide a method for certain private fund advisers that operate as a single advisory business to file a single registration form. Umbrella registration will only be available if the filing adviser and each relying adviser advise only private funds and clients in separately managed accounts that are qualified clients, as defined in rule 205–3 under the Advisers Act, that are otherwise eligible to invest in the private funds advised by the filing or a relying adviser. The filing and relying advisers will also have to satisfy certain requirements, including that each relying adviser is controlled by or under common control with the filing adviser. There has been staff guidance for single registration under defined circumstances since 2012,[367] and the amendments to Form ADV will provide for umbrella registration and simplify the process of umbrella registration for advisers that operate as a single advisory business. We are adding a new schedule to Part 1A, Schedule R, that will need to be filed with respect to each relying adviser, as well as a new question to Schedule D, that will link a private fund reported on Form ADV to the specific (filing or relying) adviser that advises it. Schedule R will require identifying information, basis for Commission registration, and ownership information about each relying adviser.

We believe that much of the information we are requiring in

[363] Proposing Release, *supra* footnote 3 at Section IV.A.1.a.ii.

[364] ASG Letter (amendments will increase the time required to prepare response to Item 5). *See* NYSBA Committee Letter (the proposed amendments to Form ADV and the Advisers Act will significantly increase the reporting obligations for many advisers); NRS Letter (burden estimate for proposed amendments is completely unrealistic and extremely low).

[365] PCA Letter (Commission grossly underestimated the potential cost for many advisers, particularly small advisers); SBIA Letter (Commission should consider the impact of the increased overall compliance burden on smaller private fund advisers).

[366] Currently approved estimate of the average total collection of information burden per SEC registered adviser for the first year that an adviser completes Form ADV (40.74 hours) + 3 hours to complete the questions about separately managed accounts + 2 hours to complete other additional information regarding investment advisers = 45.74 hours.

[367] *See* 2012 ABA Letter, *supra* footnote 5.

Schedule R will be readily available to private fund advisers because it is information that they are already reporting either on Form ADV filings for separate advisers or on a single Form ADV filing, in reliance on the staff guidance. Accordingly, although these new requirements will cause an increase in the information collected, the increased burden should largely be attributable to data entry and not data collection. Furthermore, some advisers who currently separately file Form ADV for each of their advisers may cumulatively have a reduced Form ADV burden by switching to umbrella registration. We also believe that new filing advisers using umbrella registration will readily have information available about their relying advisers, because they are operating as a single advisory business. In addition, filing advisers will be able to check a box indicating that the relying adviser's address is the same as the filing adviser, rather than provide the relying adviser's address. We did not receive comments on the burdens specific to Schedule R.

There is no currently approved annual burden estimate for completing Schedule R because it is a new Schedule. Taking into account the scope of information we are requesting, our understanding that much of the information is readily available and currently required on Form ADV, and the fact that private fund advisers that file an umbrella registration in reliance on staff guidance had on average three relying advisers,[368] we continue to estimate that advisers to private funds that elect to rely on umbrella registration will spend on average 1 hour per filing adviser completing new Schedule R for the first time.

c. Estimated Changes in Burden Related to Exempt Reporting Adviser Reporting Requirements

Exempt reporting advisers are required to complete a limited number of items in Part 1A of Form ADV (consisting of Items 1, 2.B., 3, 6, 7, 10, 11 and corresponding schedules), are not required to complete Part 2 and will not be eligible to file new Schedule R. The amendments to Part 1A will revise only Items 1 and 7 for exempt reporting advisers. We believe that most exempt reporting advisers are unlikely to be required to do additional reporting in response to the new requirements. In addition, the information required by these revisions should be readily available to any adviser as part of their ongoing operations and management of client assets.[369] For instance, we estimate that almost all exempt reporting advisers currently have five or fewer offices (the number of offices currently required by Form ADV) and thus will not have to provide information on additional offices.[370] Accordingly, we do not expect that the amendments will increase or decrease the currently approved total annual burden estimate of two hours per exempt reporting adviser initially completing these items on Form ADV, other than Item 7.B. We also do not expect that the amendments will increase or decrease the currently approved total annual burden estimate of 1 hour per private fund per exempt reporting adviser initially completing Item 7.B. and Section 7.B. of Schedule D.

2. Annual Burden Estimates

a. Estimated Annual Burden Applicable to All Registered Investment Advisers

i. Estimated Initial Hour Burden (Not Including Burden Applicable to Private Funds) for First Year Adviser To Complete Form ADV (Part 1 and Part 2)

We estimate that, as a result of the amendments to Form ADV Part 1A discussed above, other than those applicable to private funds, the average total collection of information burden per respondent will increase 5 hours to 45.74 hours per adviser for the first year that an adviser completes Form ADV (Part 1 and Part 2).

Approximately 12,024 investment advisers are currently registered with the Commission.[371] Not including private fund reporting, the estimated aggregate annual burden applicable to these advisers will be 549,978 hours [372] (60,120 hours of it attributable to the amendments).[373] As with the Commission's prior Paperwork Reduction Act estimates for Form ADV, we believe that most of the paperwork burden will be incurred in advisers' initial submission of the amended Form ADV, and that over time this burden will decrease substantially because the paperwork burden will be limited to updating information.[374] Amortizing the burden imposed by Form ADV over a three-year period to reflect the anticipated period of time that advisers will use the revised Form will result in an average annual burden of an estimated 183,326 hours per year [375] (20,040 hours per year of it attributable to the amendments),[376] or approximately 15.25 hours per year for each adviser currently registered with the Commission.[377]

Based on IARD system data, we estimate that there will be approximately 1,000 new investment advisers filing Form ADV with us annually. Therefore, we estimate that the total annual aggregate burden estimate applicable to these advisers for the first year that they complete Form ADV but excluding private fund reporting requirements is 45,740 hours (1,000 advisers × 45.74 hours). Amortizing the burden imposed by Form ADV for new registrants over a three-year period to reflect the anticipated period of time that advisers will use the revised Form will result in an average annual aggregate burden estimate of 15,247 hours per year [378] (1,667 of it attributable to the amendments).[379] We therefore estimate the total annual aggregate hour burden to be 198,573 hours per year.[380]

ii. Estimated Initial Hour Burden Applicable to Registered Advisers to Private Funds

The amount of time that a registered adviser managing private funds will incur to complete Item 7.B. and Section 7.B. of Schedule D will vary depending on the number of private funds the adviser manages. Of the advisers currently registered with us, we estimate that approximately 4,469 registered advisers advise a total of 30,896 private funds, and, on average, 300 Commission-registered advisers annually will make their initial filing with us reporting approximately 1,100

[368] Based on IARD system data as of May 16, 2016, approximately 743 investment advisers rely on the 2012 ABA Letter to file Form ADV on behalf of themselves and 2,587 relying advisers, an average of approximately 3 relying advisers per filing adviser.

[369] One commenter suggested that it would be burdensome for exempt reporting advisers to begin collecting information on the qualified client status of their investors. As discussed above, we have made revisions to address this concern. SBIA Letter.

[370] Based on IARD system data as of May 16, 2016, approximately 15 exempt reporting advisers reported on Form ADV that they had five or more other offices.

[371] Based on IARD system data as of May 16, 2016. We include currently registered advisers in the estimated initial hour burden calculation because, for purposes of estimating burdens under the Paperwork Reduction Act, we assume that every new and existing registered adviser completes an initial registration in a three year period, which is the period after which estimates are required to be renewed.

[372] 45.74 hour per-adviser burden × 12,024 advisers = 549,978 hours.

[373] 5 hour per-adviser additional burden × 12,024 advisers = 60,120 hours.

[374] We discuss the burden for advisers making annual updating amendments to Form ADV in Section iii below.

[375] 549,978 hours/3 = 183,326 hours.

[376] 60,120 hours/3 = 20,040 hours.

[377] 183,326 hours/12,024 advisers = 15.25 hours.

[378] 45,740 hours/3 = 15,247 hours.

[379] 5,000 hours/3 = 1,667 hours.

[380] 15,247 hours for new registrants + 183,326 hours for existing registrants = 198,573 hours.

private funds.[381] The currently approved annual burden estimate for advisers making their initial filing in completing Item 7.B. and Schedule D, Section 7.B. is 1 hour per private fund. As a result, we estimate that the private fund reporting requirements that are applicable to registered investment advisers will add 31,996 hours to the overall annual aggregate burden estimate applicable to registered advisers.[382] As noted above, we believe most of the paperwork burden will be incurred in connection with advisers' initial submission of Form ADV, and that over time the burden will decrease substantially because it will be limited to updating (instead of compiling) information. Amortizing this burden over three years, as we did above with respect to the initial filing of the rest of the form, results in an annual aggregate average estimated burden of 10,665 hours per year.[383]

We also are adding a new Schedule R to Form ADV for umbrella registration. Of the advisers currently registered with us, we estimate based on current Form ADV filings that approximately 743 registered advisers currently submit a single Form ADV on behalf of themselves and approximately 2,587 relying advisers.[384] Taking into account the scope of information we are requesting and our understanding that much of the information is readily available and is already reported by advisers, we estimate that advisers to private funds that elect to rely on umbrella registration will spend 1 hour per filing adviser completing new Schedule R. As a result, we estimate that umbrella registration will add 743 [385] hours to the annual burden estimate applicable to registered advisers. We estimate that, on average, 51 SEC registered advisers annually will make their initial filing with us as filing advisers, increasing the overall annual burden for advisers to private funds an additional 51 hours, or 794 hours in total. Amortizing these hours for a three year period as with the rest of the burdens associated with Form ADV, results in an annual aggregate average burden of 265 additional hours per year.[386]

iii. Estimated Annual Burden Associated With Amendments, New Brochure Supplements, and Delivery Obligations

The current approved collection of information burden for Form ADV has three elements in addition to those discussed above: (1) The annual burden associated with annual and other amendments to Form ADV; (2) the annual burden associated with creating new Part 2 brochure supplements for advisory employees throughout the year; and (3) the annual burden associated with delivering codes of ethics to clients as a result of the offer of such codes contained in the brochure. We anticipate that our amendments to Form ADV will increase the currently approved annual burden estimate associated with annual amendments to Form ADV from 6 hours to 8 hours per adviser, but will not impact interim updating amendments to Form ADV.[387]

We continue to estimate that, on average, each adviser filing Form ADV through the IARD will likely amend its form two times during the year. We estimate, based on IARD system data, that advisers, on average, make one interim updating amendment (at an estimated 0.5 hours per amendment) and one annual updating amendment each year. Our estimate for the annual updating amendment in the Proposing Release was 7 hours per amendment each year. Based on the comments we received regarding separately managed account reporting that are discussed above,[388] we are increasing the estimate to 8 hours per amendment each year.[389]

In addition, the currently approved annual burden estimates are that each investment adviser registered with us will, on average, spend 1 hour per year making interim amendments to brochure supplements,[390] and an additional 1 hour per year to prepare new brochure supplements as required by Part 2.[391] The currently approved annual burden estimate is that advisers spend an average of 1.3 hours annually to meet obligations to deliver codes of ethics to clients upon request.[392] We are not changing these estimates as the amendments do not affect these requirements. The increase in the annual burden estimate associated with annual amendments to Form ADV and the increase in the number of registered investment advisers since the last approval of this collection, increase the total annual burden for advisers registered with us attributable to amendments, brochure supplements and obligations to deliver codes of ethics to 141,883 hours.[393]

iv. Estimated Annual Cost Burden

The currently approved total annual collection of information burden estimate for Form ADV has a one-time initial cost for outside legal and compliance consulting fees in connection with the initial preparation of Part 2 of Form ADV. We do not anticipate that the amendments we are adopting to Form ADV will affect the per adviser cost burden estimates for outside legal and compliance consulting fees. In addition to the estimated legal and compliance consulting fees, investment advisers of private funds incur costs with respect to the requirement for investment advisers to report the fair value of private fund assets. We did not receive any comments regarding these specific costs.

We expect that 1,000 new advisers will register annually with the Commission. We estimate that the initial cost related to preparation of Part 2 of Form ADV will be $4,400 for legal services and $5,000 for compliance consulting services, in each case, for those advisers who engage legal counsel or consultants. We anticipate that a quarter of these advisers will seek the help of outside legal services and half will seek the help of compliance consulting services. Accordingly, we estimate that 250 of these advisers will use outside legal services, for a total annual aggregate cost burden of

[381] Based on IARD system data as of May 16, 2016. We include existing funds of currently registered advisers in the estimated initial hour burden calculation because, for purposes of estimating burdens under the Paperwork Reduction Act, we assume that every existing registered adviser completes an initial filing completing Item 7.B. and Schedule D, Section 7.B. per fund in a three year period, which is the period after which estimates are required to be renewed.

[382] 1 hour × 30,896 private funds = 30,896 hours. 1 hour × 1,100 private funds = 1,100 hours. 30,896 hours + 1,100 hours = 31,996 hours.

[383] 31,996 hours/3 = 10,665 hours.

[384] Based on IARD system data as of May 16, 2016.

[385] 743 filing advisers × 1 hour per completing Schedule R = 743 hours.

[386] 794 hours/3 = 265 hours.

[387] Certain commenters were concerned about the burden on advisers of updating social media information via interim updating amendments. *See* BlackRock Letter; Oppenheimer Letter; SIFMA Letter. As discussed in Section II.A.2.a., we clarified that we are limiting the required social media reporting to an adviser's accounts on publicly available social media platforms where the adviser controls the content. We believe changes to such platforms will be less frequent than changes, for example, to platforms where an adviser does not control the content. Therefore, we do not believe that updating social media reporting via interim updating amendments will increase the currently approved annual burden estimate associated with interim updating amendments.

[388] AIMA Letter; ASG Letter; IAA Letter; SIFMA Letter. *See also* Adrian Day Letter; NRS Letter.

[389] (12,024 advisers x 0.5 hours/other than annual amendment) + (12,024 advisers × 8 hours/annual amendment) = 102,204 hours.

[390] 12,024 hours attributable to interim amendments to the brochure supplements = 12,024 advisers × 1 hour = 12,024 hours.

[391] 12,024 hours attributable to new brochure supplements = 12,024 advisers × 1 hour = 12,024 hours.

[392] 15,631 hours for the delivery of codes of ethics = 12,024 advisers × 1.3 hours = 15,631 hours.

[393] 102,204 hours + 12,024 hours + 12,024 hours + 15,631 hours = 141,883 hours.

$1,100,000,[394] and 500 advisers will use outside compliance consulting services, for a total annual aggregate cost burden of $2,500,000,[395] resulting in a total annual aggregate cost burden among all respondents of $3,600,000 for outside legal and compliance consulting fees related to drafting narrative brochures.[396]

We estimate that 6% of registered advisers have at least one private fund client that may not be audited. These advisers therefore may incur costs to fair value their private fund assets. Based on IARD system data as of May 16, 2016, 4,469 registered advisers currently advise private funds. We therefore estimate that approximately 268 registered advisers may incur costs of $37,625 each on an annual basis, for an aggregate annual total cost of $10,083,500.[397]

Together, we estimate that the total cost burden among all respondents for outside legal and compliance consulting fees related to third party or outside valuation services and for drafting outside legal and compliance consulting fees to be $13,683,500.[398]

b. Estimated Annual Burden Applicable to Exempt Reporting Advisers

i. Estimated Initial Hour Burden

Based on IARD system data as of May 16, 2016, there are approximately 3,248 exempt reporting advisers currently filing reports with the SEC.[399] The paperwork burden applicable to these exempt reporting advisers consists of the burden attributable to completing a limited number of items in Form ADV Part 1A as well as the burden attributable to the private fund reporting requirements of Item 7.B. and Section 7.B. of Schedule D.

The currently approved estimate of the average total collection of information burden per exempt reporting adviser for the first year that an exempt reporting adviser completes a limited subset of Part 1 of Form ADV, other than Item 7.B. and Section 7.B. of Schedule D, is 2 hours. As discussed above, we do not anticipate that our amendments to Form ADV will affect the per exempt reporting adviser burden estimate. Based on IARD system data, we estimate that there will be 500 new exempt reporting advisers filing Form ADV annually. Therefore, we estimate that the total aggregate annual burden applicable to the existing and new exempt reporting advisers for the first year that they complete Form ADV but excluding private fund reporting requirements increases to 7,496 hours.[400] Amortizing the burden imposed by Form ADV over a three-year period to reflect the anticipated period of time that advisers will use the revised Form ADV results in an average annual aggregate burden estimate of 2,499 hours per year.[401]

As discussed above, we estimate the burden of completing Item 7.B. and Section 7.B. of Schedule D to be 1 hour per private fund. We do not anticipate that our amendments to Form ADV will affect the per exempt reporting adviser burden of completing Item 7.B. and Section 7.B. of Schedule D. Based on IARD system data as of May 16, 2016, we estimate that, on average, the 3,248 exempt reporting advisers report 11,915 funds. In addition, we estimate that the 500 new exempt reporting advisers making their initial filing will report approximately 1,000 funds, resulting in a total aggregate annual burden of 12,915 hours.[402] Amortizing this total burden over three years as we did above for registered advisers results in an average annual aggregate burden estimate of 4,305 hours per year,[403] or approximately 1 hour per year, on average, for each exempt reporting adviser.[404]

ii. Estimated Annual Burden Associated With Amendments and Final Filings

In addition to the burdens associated with initial completion and filing of the portion of the form that exempt reporting advisers are required to prepare, we estimate that, based on IARD system data, each exempt reporting adviser will amend its form 2 times per year. On average, these consist of one interim updating amendment (at an estimated 0.5 hours per amendment) [405] and one annual updating amendment (at an estimated 1 hour per amendment) [406] each year. In addition, we anticipate 200 final filings by exempt reporting advisers annually (at an estimated 0.1 hours per filing).[407] We do not anticipate that our amendments to Form ADV will affect the per exempt reporting adviser burden for amendments or final filings. However, based on the increase in the number of exempt reporting advisers, the total annual burden associated with exempt reporting advisers filing amendments and final filings has increased to 4,892 hours.[408]

3. Total Revised Burdens

The revised total annual aggregate collection of information burden for SEC registered advisers to file and complete the revised Form ADV (Parts 1 and 2), including the initial burden for both existing and anticipated new registrants, private fund reporting, plus the burden associated with filing amendments to the form, preparing brochure supplements and delivering codes of ethics to clients, is estimated to be approximately 351,386 hours per year, for a monetized total of approximately $89,427,737.[409]

The revised total annual collection of information burden for exempt reporting advisers to file and complete the required Items of Part 1A of Form

[394] 25% × 1000 SEC registered advisers = approximately 250 advisers. $4,400 for legal services × 250 advisers = $ 1,100,000.

[395] 50% × 1000 SEC registered advisers = 500 advisers. $5,000 for consulting services × 500 advisers = $2,500,000.

[396] $1,100,000 + $2,500,000 = $3,600,000.

[397] 268 advisers × $37,625 = $10,083,500.

[398] $3,600,000 + $10,083,500 = $13,683,500.

[399] Based on IARD system data as of May 16, 2016. We include existing exempt reporting advisers and their private funds in the estimated initial hour burden calculation because, for the purpose of estimating burdens under the Paperwork Reduction Act, we assume that every new and existing exempt reporting adviser completes an initial Form ADV in a three year period, which is the period after which estimates are required to be renewed.

[400] 2 hours × (3,248 reporting exempt reporting advisers + 500 new exempt reporting advisers) = 7,496 hours.

[401] 7,496 hours/3 = 2,499 hours.

[402] 11,915 funds + 1,000 funds = 12,915 funds. 12,915 × 1 hour = 12,915 hours.

[403] 12,915 hours/3 years = 4,305 hours per year.

[404] 4,305 hours per year/3,748 exempt reporting advisers = 1.1 hours per year.

[405] 3,248 exempt reporting advisers × .5 hours = 1,624 hours.

[406] 3,248 exempt reporting advisers × 1 hour = 3,248 hours.

[407] 200 final filings × 0.1 hours = 20 hours.

[408] 1,624 hours + 3,248 hours + 20 hours = 4,892 hours. Exempt reporting advisers are not required to complete Part 2 of Form ADV and so will not incur an hour burden to prepare new brochure supplements or the cost for preparation of the brochure. Exempt reporting advisers also do not have an obligation to deliver codes of ethics to clients when requested as required by Part 2 of Form ADV.

[409] 198,573 hours per year attributable to initial preparation of Form ADV + 10,665 hours per year attributable to initial private fund reporting requirements + 265 hours per year for initial umbrella registration + 141,883 hours per year attributable to filing amendments, brochure supplements and obligations to deliver codes of ethics = 351,386 hours. One commenter stated that the work of compliance is generally carried out by the Chief Compliance Officer with limited assistance from others. PCA Letter. However, based on our experience, we expect that at most Commission registered advisers, the performance of this function will most likely be equally allocated between a senior compliance examiner and a compliance manager, or persons performing similar functions. Data from the SIFMA *Management and Professional Earnings Report,* modified by Commission staff to account for an 1,800-hour work-year and inflation, and multiplied by 5.35 to account for bonuses, firm size, employee benefits and overhead, suggest that costs for these positions are $221 and $288 per hour, respectively. (175,693 hours × $221) + (175,693 hours × $288) = $89,427,737.

ADV, including the burdens associated with private fund reporting, amendments to the form and final filings, will be approximately 11,696 hours per year, for a monetized total of $2,976,632.[410]

We estimate that with today's amendments to Form ADV, the revised total aggregate annual hour burden for the form will be approximately 363,082 hours and the monetized total will be approximately $92,404,369.[411] This is an increase of 208,680 hours and $55,733,942 from the currently approved annual aggregate burden estimates,[412] which is attributable primarily to the currently approved burden estimates not considering the amortized annual burden of Form ADV on existing registered advisers and exempt reporting advisers; but also to the larger registered investment adviser and exempt reporting adviser population since the most recent approval, adjustments for inflation, and the amendments to Form ADV. The resulting blended average per adviser burden for Form ADV is 23.77 hours (for a monetized total of $6,051),[413] which consists of an average annual burden of 29.22 hours [414] for each of the estimated 12,024 SEC registered advisers, and 3.60 hours [415] for each of the estimated 3,248 exempt reporting advisers.

Registered investment advisers are also expected to incur an annual cost burden of $13,683,500, an increase of $10,083,500 from the current approved cost burden estimate of $3,600,000. The increase in annual cost burden is attributable to the currently approved burden not considering the cost to advisers to fair value private fund assets.

B. Rule 204–2

Rule 204–2 (OMB Control No. 3235–0278) requires investment advisers registered, or required to be registered under section 203 of the Act, to keep certain books and records relating to their advisory business. The collection of information under rule 204–2 is necessary for the Commission staff to use in its examination and oversight program. The information provided to the Commission in connection with staff examinations, investigations and oversight programs would be kept confidential subject to the provisions of applicable law. The collection of information is mandatory.

The amendments to rule 204–2 will require investment advisers to make and keep the following records: (i) Documentation necessary to demonstrate the calculation of the performance the adviser distributes to any person, and (ii) all written communications received or sent relating to the adviser's performance.

The currently approved total annual burden for rule 204–2 is based on an estimate of 10,946 registered advisers subject to rule 204–2 and an estimated average burden of 181.45 burden hours each year per adviser, for a total annual aggregate burden estimate of 1,986,152 hours. Based upon updated IARD system data as of May 16, 2016, the approximate number of investment advisers is 12,024. As a result of the increase in the number of advisers registered with the Commission since the current total annual burden estimate was approved, the total burden estimate has increased by 195,603 hours.[416] We estimate that most advisers provide, or seek to provide, performance information to their clients. Under the amendments, each adviser will be required to retain the records in the same manner, and for the same period of time, as other books and records under the rule.[417] We believe based on staff experience, and several commenters confirmed,[418] that the documentation necessary to support the performance calculations is customarily maintained, or required to be maintained by advisers already in account statements or portfolio management systems. We also believe that most advisers already maintain this information in their books and records, in order to show compliance with the Advisers Act advertising rule, rule 206(4)–1. In the Proposing Release, we estimated that the proposed amendments to rule 204–2 would increase the burden by approximately .5 hours per adviser annually. We received several comments suggesting that our estimated burden increase was significantly too low.[419] While we continue to believe that most advisers currently maintain this information, after considering the commenters' concerns, we now estimate that the amendments to rule 204–2 will increase the burden by approximately 1.5 hours per adviser annually for a total annual aggregate increase of 18,036 hours.[420] The revised annual aggregate burden estimate will be 2,199,791 hours.[421] The revised average burden estimate of the recordkeeping requirements under rule 204–2 per SEC-registered adviser will be approximately 183 hours per year.[422] The burden may be less than 1.5 hours for those advisers that currently maintain this information, and we acknowledge that the burden may be greater than 1.5 hours for advisers that frequently provide performance information to clients and do not currently maintain this information. We believe that, on average, 1.5 hours is an appropriate estimate for this collection of information.

Advisers will likely use a combination of compliance clerks and general clerks to make and keep the information and records required under the rule. The currently approved total annual aggregate cost burden is $108,708,557.10. We estimate the hourly wage for compliance clerks to be $65 per hour, including benefits, and the hourly wage for general clerks to be $58 per hour, including benefits.[423] For

[410] 2,499 hours per year attributable to initial preparation of Form ADV + 4,305 hours per year attributable to initial private fund reporting requirements + 4,892 hours per year for amendments and final filings = 11,696 hours. We expect that the performance of this function will most likely be equally allocated between a senior compliance examiner and a compliance manager, or persons performing similar functions. Data from the SIFMA *Management and Professional Earnings Report,* modified by Commission staff to account for an 1,800-hour work-year and inflation, and multiplied by 5.35 to account for bonuses, firm size, employee benefits and overhead, suggest that costs for these positions are $221 and $288 per hour, respectively. (5,848 × $221) + (5,848 × $288) = $2,976,632.

[411] 351,386 hours + 11,696 hours = 363,082 hours. $89,427,737 + $2,976,632 = $92,404,369.

[412] 363,082 hours–154,402 hours = 208,680 hours. $92,404,369–$36,670,427 (currently approved monetized burden estimate) = $55,733,942.

[413] 363,082 hours/(12,024 registered advisers + 3,248 exempt reporting advisers) = 23.77 hours. $92,404,369/(12,024 registered advisers + 3,248 exempt reporting advisers) = $6,051.

[414] 351,386 hours/12,024 registered advisers = 29.22 hours.

[415] 11,696 hours/3,248 exempt reporting advisers = 3.60 hours.

[416] 12,024 advisers × 181.45 hours = 2,181,755 hours. 2,181,755 hours − 1,986,152 hours = 195,603 hours.

[417] Specifically, the records must be maintained in an easily accessible place for at least five years from the end of the fiscal year during which the last entry was made in such record, the first two years in an appropriate office of the investment adviser. *See* rule 204–2(e)(1).

[418] *See, e.g.,* ABA Committee Letter; Morningstar Letter; PCA Letter.

[419] ACG Letter; Anonymous Letter (estimates a training burden of 4–8 hours per effected employee in the first year; estimates that there will be additional expenses for data analysis and storage); PEGCC Letter (argues that, with respect to the proposed amendments to rule 204–2, the Commission significantly understated the burden on advisers and presented little evidence to support its burden estimate). *See* ASG Letter.

[420] 12,024 advisers × 1.5 hours = 18,036 hours.

[421] 1,986,152 (current approved burden) + 195,603 (burden for additional registrants) + 18,036 (burden for amendments) = 2,199,791 hours.

[422] 2,199,791 hours / 12,024 advisers = 183 hours.

[423] Our hourly wage rate estimate for a compliance clerk and general clerk is based on data from the SIFMA *Office Salaries in the Securities Industry Report 2013* (''SIFMA *Office Salaries Report''),* modified by Commission staff to account for an 1,800-hour work-year and inflation, and multiplied by 2.93, to account for bonuses, firm size, employee benefits and overhead.

each adviser, 183 annual burden hours will be required to make and keep the information and records required under the rule. We anticipate that compliance clerks will perform an estimated 32 hours of this work, and general clerks will perform the remaining 151 hours. The total annual cost per respondent therefore will be an estimated $10,838,[424] for a total annual aggregate burden cost estimate of approximately $130,316,112,[425] an increase of $21,607,555 from the currently approved total annual aggregate cost per respondent.[426] The increase in cost is attributable to a larger registered investment adviser population since the most recent PRA approval, an adjustment for inflation in the hourly wage estimates for a compliance clerk and general clerk, and the rule 204–2 amendments discussed in this Release.

VI. Final Regulatory Flexibility Analysis

The Commission has prepared the following Final Regulatory Flexibility Act Analysis, in accordance with section 4(a) of the Regulatory Flexibility Act, in relation to our amendments to Form ADV and rule 204–2 and our technical amendments to certain other rules under the Advisers Act.[427] We prepared an Initial Regulatory Flexibility Analysis (''IRFA'') in the Proposing Release.[428]

A. Need for and Objectives of the Amendments

We are adopting amendments to Form ADV that are designed to provide the Commission with additional information about registered investment advisers, including information about separately managed accounts, provide for umbrella registration for multiple investment advisers operating as a single advisory business, and provide technical, clarifying and other amendments to certain Form ADV provisions. The amendments to Form ADV will improve the depth and quality of the information provided by investment advisers to the Commission and the public.

We are also amending the Advisers Act books and records rule to require advisers to make and keep supporting documentation that demonstrates performance calculations or rates of return in any written communications that the adviser circulates or distributes, directly or indirectly, to any person. We believe that the amendments to the books and records rule will improve investor protections by providing useful information in examining and evaluating advisers' performance claims.

Finally, we are adopting technical amendments to certain rules under the Advisers Act to remove transition provisions where the transition process is complete.

B. Significant Issues Raised by Public Comments

The Commission is sensitive to the burdens that the Form ADV and rule amendments may have on small advisers. In the Proposing Release, we requested comment on matters discussed in the IRFA. In particular, we sought comments on the number of small entities, particularly small advisers, to which the amendments to Form ADV and Advisers Act rules would apply, and the impact of those amendments on the small entities, including whether the effects would be economically significant.

The Commission received one comment letter specifically addressing the IRFA [429] in addition to several comment letters that discussed the impact of the proposed amendments to Form ADV on smaller advisers.[430] With respect to the reporting on Form ADV regarding separately managed accounts, several commenters suggested decreasing the burden on small advisers by increasing the threshold for reporting derivatives and borrowings information in Schedule D, Section 5.K.(2) to $500 million from the proposed $150 million.[431] As discussed above, we are persuaded by commenters that this is a sensible accommodation that would allow us to meet our regulatory objectives while alleviating reporting burdens on smaller advisers, and have raised the minimum threshold for reporting information about the use of borrowings and derivatives in separately managed accounts to advisers with at least $500 million in separately managed account regulatory assets under management, from the proposed threshold of $150 million.[432] A commenter also suggested not requiring advisers with less than $150 million in separately managed account assets to report any separately managed account information, including in Sections 5.K.(1) and 5.K.(3).[433] As discussed in Section II.A.1. of this Release, we recognize that this reporting will impose some burden on all advisers with separately managed accounts, but we believe that gathering this information is important for us to gain a full understanding of assets held in separately managed accounts managed by investment advisers of different sizes. We also have limited both the scope of information to be reported and the frequency of reporting, which lessens the burden on small advisers.

One commenter described more generally the burdens of the amendments to Form ADV on smaller private fund advisers.[434] Other commenters noted that smaller advisers may not have additional staff to meet any increased burdens in reporting, and that smaller advisers may not have the staffing that we assume in calculating monetary burdens on advisers.[435] Another commenter noted that the requirement to report information about additional offices may have a disproportionate impact on smaller advisers.[436]

With respect to the amendments that we proposed to the Books and Records rule, one commenter noted that while the amendments were not themselves burdensome, when aggregated with other recordkeeping obligations, could lead to overall compliance burdens for smaller advisers.[437] While we acknowledge commenters' concerns, records from advisers of all sizes are required for our staff to be able to conduct its oversight of advisers, including examinations and investigations. Further, based on our staff's experience and the information provided by several commenters,[438] we believe that most advisers already maintain this information. Thus, we are adopting the amendments largely as proposed.

With respect to the amendments to Form ADV and the Advisers Act rules generally, we believe that they will improve the depth and quality of information provided by investment advisers to the Commission and the public and our oversight of advisers.

[424] (32 hours per compliance clerk × $65) + (151 hours per general clerk × $58) = ($2,080 + $8,758) = $10,838.

[425] $10,838 per adviser × 12,024 advisers = approximately $130,316,112.

[426] $130,316,112 − $108,708,557 = $21,607,555.

[427] 5 U.S.C. 604(a).

[428] *See* Proposing Release, *supra* footnote 3 at Section V.

[429] PCA Letter.

[430] Adrian Day Letter; AIMA Letter; Diercks Letter; IAA Letter; SBIA Letter; Schwab & Co. Letter.

[431] IAA Letter; NYSBA Committee Letter; Schwab & Co. Letter.

[432] *See* Amended Form ADV, Part 1A, Schedule D, Section 5.K.(2).

[433] AIMA Letter; *see also* ASG Letter (suggesting establishing a minimum regulatory assets under management threshold above which reporting requirements would be imposed).

[434] *See* SBIA Letter.

[435] Adrian Day Letter; Diercks Letter; PCA Letter.

[436] NRS Letter.

[437] SBIA Letter.

[438] *See, e.g.,* ABA Committee Letter; Morningstar Letter; PCA Letter.

Information about advisers of all sizes is required for the Commission and its staff to perform their roles in overseeing advisers. Accordingly, we are not modifying the reporting requirements for smaller advisers.

C. Small Entities Subject to the Rule and Rule Amendments

The amendments to Form ADV and the Advisers Act rules affect all advisers registered with the Commission and exempt reporting advisers, including small entities. Under Commission rules, for the purposes of the Advisers Act and the Regulatory Flexibility Act, an investment adviser generally is a small entity if it: (1) Has assets under management having a total value of less than $25 million; (2) did not have total assets of $5 million or more on the last day of the most recent fiscal year; and (3) does not control, is not controlled by, and is not under common control with another investment adviser that has assets under management of $25 million or more, or any person (other than a natural person) that had total assets of $5 million or more on the last day of its most recent fiscal year.[439]

Our rule and Form ADV amendments will not affect most advisers that are small entities (''small advisers'') because they are generally registered with one or more state securities authorities and not with us. Under section 203A of the Advisers Act, most small advisers are prohibited from registering with the Commission and are regulated by state regulators. Based on IARD system data, we estimate that as of May 16, 2016, approximately 526 advisers that are small entities are registered with the Commission.[440] Because these advisers are registered, they, like all SEC-registered investment advisers, will all be subject to the amendments to Form ADV, rule 204–2 and other Advisers Act rules.

The only small entity exempt reporting advisers that are subject to the amendments are exempt reporting advisers that maintain their principal office and place of business in Wyoming or outside the United States. Advisers with less than $25 million in assets under management generally are prohibited from registering with us unless they maintain their principal office and place of business in Wyoming or outside the United States. Exempt reporting advisers are not required to report regulatory assets under management on Form ADV and therefore we do not have a precise number of exempt reporting advisers that are small entities. Exempt reporting advisers are required to report in Part 1A, Schedule D the gross asset value of each private fund they manage.[441] Based on responses to that question, we estimate that there is approximately 1 exempt reporting adviser with its principal office and place of business in Wyoming that meets the definition of small entity. Advisers with their principal office and place of business outside the United States may have additional assets under management other than what is reported in Schedule D. Based on IARD filings, approximately 14.3% of registered investment advisers with their principal office and place of business outside the U.S. are small entities. Based on IARD system data as of May 16, 2016, there are approximately 1,428 exempt reporting advisers with their principal office and place of business outside the U.S. We estimate that 14.3% of those advisers, approximately 204 exempt reporting advisers, are small entities.

D. Projected Reporting, Recordkeeping, and Other Compliance Requirements

The amendments to Form ADV and rule 204–2 impose certain reporting, recordkeeping, and compliance requirements on all Commission-registered advisers, including small advisers. All Commission-registered small advisers are required to file Form ADV and include the new information required by the amendments, and all Commission-registered small advisers are subject to the amended recordkeeping requirements. Our technical amendments to other Advisers Act rules do not impose different reporting, recordkeeping, or other compliance requirements on small advisers.

Form ADV Amendments

The amendments to Form ADV require registered investment advisers to report different or additional information than what is currently required. Approximately 526 small advisers currently registered with us are subject to these requirements. We expect these 526 small advisers to spend, on average, 5 hours to respond to the new and amended questions, not including items relating to private fund reporting, which is discussed below.[442] We expect the aggregate cost to small advisers associated with this process is $669,335.[443]

In addition, of these 526 small advisers, we estimate that 3 small advisers currently rely on the 2012 ABA Letter to act as filing advisers for their relying advisers.[444] We expect that our changes to codify umbrella registration will take 3 hours[445] in the aggregate, at a cost to small advisers of $764.[446] We do not know how many additional small advisers will use umbrella registration as incorporated into Form ADV.

We do not estimate any increase or decrease in burden related to our amendments for small private fund advisers, other than the hours related to Schedule R, or for exempt reporting advisers. The total estimated costs associated with our amendments to Form ADV that we expect will be borne by small advisers is $670,099.[447]

Amendments to Books and Records Rule

Our amendments to rule 204–2's performance information recordkeeping provisions require investment advisers to make and keep the following records: (i) Documentation necessary to demonstrate the calculation of the performance the adviser distributes to any person, and (ii) all written communications received or sent relating to the adviser's performance. These amendments will create reporting, recordkeeping, and other compliance requirements for small advisers. As discussed in the Paperwork Reduction Act Analysis in Section V. above, the amendments to rule 204–2 will increase the burden by

[439] Rule 0–7(a) under the Advisers Act.

[440] Based on SEC-registered investment adviser responses to Form ADV, Item 5.F and Item 12.

[441] *See* Form ADV, Part 1A, Schedule D, Section 7.B.(1).A., Question 11.

[442] *See* Section V. of this Release.

[443] We expect that performance of this function will most likely be equally allocated between a senior compliance examiner and a compliance manager. Data from the SIFMA *Management and Professional Earnings Report,* modified by Commission staff to account for an 1,800-hour work year and inflation, and multiplied by 5.35 to account for bonuses, firm size, employee benefits, and overhead, suggest that costs for these positions are $221 and $288 per hour, respectively. 526 small advisers × 5 hours = 2,630 hours. [1,315 hours × $221 = $290,615] + [1,315 hours × $288 = $378,720] = $669,335.

[444] Based on IARD system data as of May 16, 2016.

[445] For purposes of the Paperwork Reduction Act, we estimated in Section V of this Release that amendments to codify umbrella registration will take an additional 1 hour per filing adviser.

[446] As discussed in connection with the Paperwork Reduction Act, we expect that performance of this function will most likely be equally allocated between a senior compliance examiner and a compliance manager. Data from the SIFMA *Management and Professional Earnings Report,* modified by Commission staff to account for an 1,800-hour work year and inflation, and multiplied by 5.35 to account for bonuses, firm size, employee benefits, and overhead, suggest that costs for these positions are $221 and $288 per hour, respectively. 3 filing advisers × 1 hour = 3 hour. [1.5 hours × $221 = $332] + [1.5 hours × $288 = $432] = $764.

[447] $669,335 + $764 = $670,099. These costs are discussed in Paperwork Reduction Act Analysis in Section V. of this Release.

approximately 1.5 hours per adviser. We expect the aggregate cost to small advisers associated with our amendments is $46,700.[448]

E. Agency Action To Minimize Effect on Small Entities

The Regulatory Flexibility Act directs the Commission to consider significant alternatives that would accomplish the stated objective, while minimizing any significant adverse impact on small entities. In connection with the Form ADV and rule amendments, the Commission considered the following alternatives: (i) The establishment of differing compliance or reporting requirements that take into account the resources available to small advisers; (ii) the clarification, consolidation, or simplification of compliance and reporting requirements under the Form ADV and rule amendments for such small entities; (iii) the use of performance rather than design standards; and (iv) an exemption from coverage of the Form ADV and rule amendments, or any part thereof, for such small entities.

Regarding the first and second alternatives, the adopted amendments require reporting on separately managed accounts on Schedule 5.K.(2) of Form ADV only for advisers with $500 million or more of regulatory assets under management attributable to separately managed accounts. Further, we require semi-annual information filed annually for those advisers with regulatory assets under management attributable to separately managed accounts of at least $10 billion, and annual information for other advisers.[449] Requiring no reporting on these items for advisers with less than $500 million, and less detailed reporting for advisers with less than $10 billion, is designed to balance our regulatory needs for this type of information while seeking to minimize the reporting burden on advisers that manage a smaller amount of separately managed account assets where appropriate.

Regarding the first and fourth alternatives for the other amendments to Form ADV and Advisers Act rules, we do not believe that different compliance or reporting requirements or an exemption from coverage of the Form ADV and rule amendments, or any part thereof, for small entities, would be appropriate. Information about advisers of all sizes is required for the Commission and its staff to perform their role in overseeing investment advisers. Accordingly, we are not modifying the reporting requirements for smaller advisers.

Regarding the second alternative for the other amendments to Form ADV and the Advisers Act rules, we considered whether further clarification, consolidation, or simplification of the compliance requirements was feasible or necessary. In response to commenters, we clarified certain instructions and items, which apply to all advisers filing Form ADV. The remaining Form ADV amendments do not change that all SEC-registered advisers use a single form, Form ADV, and an existing filing system, IARD, for reporting and registration purposes, and this does not change for small entities. With respect to the rule 204–2 amendments, we believe that the same requirements should apply to all advisers to permit our staff to more effectively examine them.

Regarding the third alternative, we considered using performance rather than design standards with respect to the amendments to Form ADV and rule 204–2 but, for the Commission and its staff to perform their role in overseeing advisers, advisers must provide certain registration information and maintain books and records in a uniform and quantifiable manner so that it is useful to our regulatory and examination program.

VII. Statutory Authority

The Commission is adopting amendments to Form ADV under section 19(a) of the Securities Act of 1933 [15 U.S.C. 77s(a)], sections 23(a) and 28(e)(2) of the Securities Exchange Act of 1934 [15 U.S.C. 78w(a) and 78bb(e)(2)], section 319(a) of the Trust Indenture Act of 1939 [15 U.S.C. 7sss(a)], section 38(a) of the Investment Company Act of 1940 [15 U.S.C. 80a–37(a)], and section 203(c)(1), 204 and 211(a) of the Investment Advisers Act of 1940 [15 U.S.C. 80b–3(c)(1), 80b–4, and 80b–11(a)]. The Commission is amending rule 204–2 pursuant to the authority set forth in sections 204 and 211 of the Advisers Act [15 U.S.C. 80b–4 and 80b–11]. The Commission is amending rule 202(a)(11)(G)–1 pursuant to authority in sections 202(a)(11)(G) and 206A of the Advisers Act [15 U.S.C. 80b–2(a)(11)(G) and 80b–6A]. The Commission is amending rule 203–1 pursuant to authority in section 206A of the Advisers Act [15 U.S.C. 80b–6A]. The Commission is rescinding rule 203A–5 and amending rule 204–1 pursuant to authority in sections 204 and 211(a) of the Advisers Act [15 U.S.C. 80b–4 and 80b–11(a)]. The Commission is amending rule 204–3 pursuant to authority in sections 204, 206(4) and 211(a) of the Advisers Act [15 U.S.C. 80b–4, 80b–6(4) and 80b–11(a)].

List of Subjects in 17 CFR Parts 275 and 279

Reporting and recordkeeping requirements; Securities.

Text of Rule and Form Amendments

For the reasons set forth in the preamble, title 17, chapter II of the Code of Federal Regulations is amended as follows.

PART 275—RULES AND REGULATIONS, INVESTMENT ADVISERS ACT OF 1940

■ 1. The general authority citation for part 275 continues to read as follows, and the sectional authority for § 275.230A–5 is removed.

Authority: 15 U.S.C. 80b–2(a)(11)(G), 80b–2(a)(11)(H), 80b–2(a)(17), 80b–3, 80b–4, 80b–4a, 80b–6(4), 80b–6a, and 80b–11, unless otherwise noted.

* * * * *

§ 275.202(a)(11)(G)–1 [Amended]

■ 2. Amend § 275.202(a)(11)(G)–1 by removing paragraph (e).

■ 3. Section 275.203–1 is amended by:

■ a. In the first sentence of paragraph (a) removing the phrase ''Subject to paragraph (b), to'' and adding in its place ''To'';

■ b. Removing paragraph (b);

■ c. In the NOTE TO PARAGRAPHS (a) AND (b), revising the paragraph heading;

■ d. Redesignating paragraphs (c) and (d) as paragraphs (b) and (c); and

■ e. Removing paragraph (e).

The revision reads as follows:

§ 275.203–1 Application for investment adviser registration.

(a) * * *

NOTE TO PARAGRAPH (a): * * *

* * * * *

§ 275.203A–5 [Removed and Reserved]

■ 4. Section 275.203A–5 is removed and reserved.

[448] As discussed in connection with the Paperwork Reduction Act, we expect that performance of this function will most likely be allocated between compliance clerks and general clerks with compliance clerks performing 17% of the function and general clerks performing 83% of the function. Data from the SIFMA *Office Salaries Report* modified by Commission staff to account for an 1,800-hour work year and inflation, and multiplied by 2.93 to account for bonuses, firm size, employee benefits, and overhead, suggest that costs for these positions are $65 per hour and $58 per hour, respectively. 526 small advisers × 1.5 hours = 789 hours. [0.17 × 789 hours × $65 = $8,718] + [0.83 × 789 hours × $58 = $37,982] = $46,700.

[449] Amended Form ADV, Part 1A, Schedule D, Sections 5.K.(1).

§ 275.204–1 [Amended]

■ 5. Section 275.204–1 is amended by:

■ a. In the first sentence of paragraph (b)(1) removing the phrase ''Subject to paragraph (c) of this section, you'' and adding in its place ''You'';

■ b. Removing paragraph (c); and

■ c. Redesignating paragraphs (d) and (e) as paragraphs (c) and (d).

■ 6. Section 275.204–2 is amended by:

■ a. Revising paragraph (a)(7); and

■ b. In paragraph (a)(16) removing the phrase ''to 10 or more persons'' and adding in its place ''to any person''.

The revision reads as follows:

§ 275.204–2 Books and records to be maintained by investment advisers.

(a) * * *

(7) Originals of all written communications received and copies of all written communications sent by such investment adviser relating to:

(i) Any recommendation made or proposed to be made and any advice given or proposed to be given;

(ii) Any receipt, disbursement or delivery of funds or securities;

(iii) The placing or execution of any order to purchase or sell any security;

(iv) The performance or rate of return of any or all managed accounts or securities recommendations: *Provided, however:*

(A) That the investment adviser shall not be required to keep any unsolicited market letters and other similar communications of general public distribution not prepared by or for the investment adviser, and

(B) That if the investment adviser sends any notice, circular or other advertisement offering any report, analysis, publication or other investment advisory service to more than 10 persons, the investment adviser shall not be required to keep a record of the names and addresses of the persons to whom it was sent; except that if such notice, circular or advertisement is distributed to persons named on any list, the investment adviser shall retain with the copy of such notice, circular or advertisement a memorandum describing the list and the source thereof.

* * * * *

§ 275.204–3 [Amended]

■ 7. Section 275.204–3 is amended by:

■ a. Removing paragraph (g); and

■ b. Redesignating paragraph (h) as paragraph (g).

PART 279—FORMS PRESCRIBED UNDER THE INVESTMENT ADVISERS ACT OF 1940

■ 8. The authority citation for Part 279 continues to read as follows:

Authority: The Investment Advisers Act of 1940, 15 U.S.C. 80b–1, *et seq.*

■ 9. Form ADV [referenced in § 279.1] is amended by:

■ a. In the instructions to the form, revising the sections entitled ''Form ADV: General Instructions.'' The revised version of Form ADV: General Instructions is attached as Appendix A;

■ b. In the instructions to the form, revising the section entitled ''Form ADV: Instructions for Part 1A.'' The revised version of Form ADV: Instructions for Part 1A is attached as Appendix B;

■ c. In the instructions to the form, revising the section entitled ''Form ADV: Glossary of Terms.'' The revised version of Form ADV: Glossary of Terms is attached as Appendix C;

■ d. In the form, revising Part 1A. The revised version of Form ADV, Part 1A, is attached as Appendix D.

Note: The text of Form ADV does not and the amendments will not appear in the Code of Federal Regulations.

By the Commission.

Dated: August 25, 2016.

Brent J. Fields,

Secretary.

BILLING CODE 8011–01–P

APPENDIX A

FORM ADV (Paper Version)

- **UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION AND**
- **REPORT FORM BY EXEMPT REPORTING ADVISERS**

Form ADV: General Instructions

Read these instructions carefully before filing Form ADV. Failure to follow these instructions, properly complete the form, or pay all required fees may result in your application or report being delayed or rejected.

In these instructions and in Form ADV, "you" means the investment adviser (*i.e.*, the advisory firm).

If you are a "separately identifiable department or division" (SID) of a bank, "you" means the SID, rather than your bank, unless the instructions or the form provide otherwise.

If you are a *private fund* adviser filing an *umbrella registration*, "you" means the *filing adviser* and each *relying adviser*, unless the instructions or the form provide otherwise. The information in Items 1, 2, 3 and 10 (including corresponding schedules) should be provided for the *filing adviser* only.

Terms that appear in *italics* are defined in the Glossary of Terms to Form ADV.

1. Where can I get more information on Form ADV, electronic filing, and the IARD?

The SEC provides information about its rules and the Advisers Act on its website: <http://www.sec.gov/iard>.

NASAA provides information about state investment adviser laws and state rules, and how to contact a *state securities authority*, on its website: <http://www.nasaa.org>.

FINRA provides information about the IARD and electronic filing on the IARD website: <http://www.iard.com>.

2. What is Form ADV used for?

Investment advisers use Form ADV to:

- Register with the Securities and Exchange Commission
- Register with one or more *state securities authorities*
- Amend those registrations;

- Report to the SEC as an *exempt reporting adviser*
- Report to one or more *state securities authorities* as an *exempt reporting adviser*
- Amend those reports; and
- Submit a final report as an *exempt reporting adviser*

3. How is Form ADV organized?

Form ADV contains four parts:

- Part 1A asks a number of questions about you, your business practices, the *persons* who own and *control* you, and the *persons* who provide investment advice on your behalf.
  - All advisers registering with the SEC or any of the *state securities authorities* must complete Part 1A.
  - *Exempt reporting advisers* (that are not also registering with any *state securities authority*) must complete only the following Items of Part 1A: 1, 2, 3, 6, 7, 10, and 11, as well as corresponding schedules. *Exempt reporting advisers* that are registering with any *state securities authority* must complete all of Form ADV.

  Part 1A also contains several supplemental schedules. The items of Part 1A let you know which schedules you must complete.

  - Schedule A asks for information about your direct owners and executive officers.
  - Schedule B asks for information about your indirect owners.
  - Schedule C is used by paper filers to update the information required by Schedules A and B (see Instruction 18).
  - Schedule D asks for additional information for certain items in Part 1A.
  - Schedule R asks for additional information about *relying advisers*.
  - Disclosure Reporting Pages (or DRPs) are schedules that ask for details about disciplinary events involving you or your *advisory affiliates*.

- Part 1B asks additional questions required by *state securities authorities*. Part 1B contains three additional DRPs. If you are applying for SEC registration or are registered only with the SEC, you do not have to complete Part 1B. (If you are filing electronically and you do not have to complete Part 1B, you will not see Part 1B).

- Part 2A requires advisers to create narrative *brochures* containing information about the advisory firm. The requirements in Part 2A apply to all investment advisers registered with or applying for registration with the SEC, but do not apply to *exempt reporting advisers*. Every application for registration must include a narrative brochure prepared in

accordance with the requirements of Part 2A of Form ADV. See Advisers Act Rule 203-1.

- Part 2B requires advisers to create *brochure supplements* containing information about certain *supervised persons*. The requirements in Part 2B apply to all investment advisers registered with or applying for registration with the SEC, but do not apply to *exempt reporting advisers*.

4. When am I required to update my Form ADV?

- SEC- and State-Registered Advisers:

  - *Annual updating amendments*: You must amend your Form ADV each year by filing an *annual updating amendment* within 90 days after the end of your fiscal year. When you submit your *annual updating amendment*, you must update your responses to all items, including corresponding sections of Schedules A, B, C, and D and all sections of Schedule R for each *relying adviser*. You must submit your summary of material changes required by Item 2 of Part 2A either in the *brochure* (cover page or the page immediately thereafter) or as an exhibit to your *brochure*.

  - Other-than-annual amendments: In addition to your *annual updating amendment*, if you are registered with the SEC or a *state securities authority*, you must amend your Form ADV, including corresponding sections of Schedules A, B, C, D, and R, by filing additional amendments (other-than-annual amendments) promptly, if:

    - you are adding or removing a *relying adviser* as part of your *umbrella registration;*

    - information you provided in response to Items 1 (except 1.O. and Section 1.F. of Schedule D), 3, 9 (except 9.A.(2), 9.B.(2), 9.E., and 9.F.), or 11 of Part 1A or Items 1, 2.A. through 2.F., or 2.I. of Part 1B or Sections 1 or 3 of Schedule R becomes inaccurate in any way;

    - information you provided in response to Items 4, 8, or 10 of Part 1A, or Item 2.G. of Part 1B, or Section 10 of Schedule R becomes materially inaccurate; or

    - information you provided in your *brochure* becomes materially inaccurate (see note below for exceptions).

  Notes: Part 1: If you are submitting an other-than-annual amendment, you are not required to update your responses to Items 2, 5, 6, 7, 9.A.(2), 9.B.(2), 9.E., 9.F., or 12 of Part 1A, Items 2.H. or 2.J. of Part 1B, Section 1.F. of Schedule D or Section 2 of Schedule R even if your responses to those items have become inaccurate.

Part 2: You must amend your *brochure supplements* (see Form ADV, Part 2B) promptly if any information in them becomes materially inaccurate. If you are submitting an other-than-annual amendment to your *brochure*, you are not required to update your summary of material changes as required by Item 2. You are not required to update your *brochure* between annual amendments solely because the amount of *client* assets you manage has changed or because your fee schedule has changed. However, if you are updating your *brochure* for a separate reason in between annual amendments, and the amount of *client* assets you manage listed in response to Item 4.E. or your fee schedule listed in response to Item 5.A. has become materially inaccurate, you should update that item(s) as part of the interim amendment.

- If you are an SEC-registered adviser, you are required to file your *brochure* amendments electronically through IARD. You are not required to file amendments to your *brochure supplements* with the SEC, but you must maintain a copy of them in your files.

- If you are a state-registered adviser, you are required to file your *brochure* amendments and *brochure supplement* amendments with the appropriate *state securities authorities* through IARD.

- *Exempt reporting advisers*:

  - *Annual Updating Amendments*: You must amend your Form ADV each year by filing an *annual updating amendment* within 90 days after the end of your fiscal year. When you submit your *annual updating amendment*, you must update your responses to all required items, including corresponding sections of Schedules A, B, C, and D.

  - Other-than-Annual Amendments: In addition to your *annual updating amendment*, you must amend your Form ADV, including corresponding sections of Schedules A, B, C, and D, by filing additional amendments (other-than-annual amendments) promptly if:

    - information you provided in response to Items 1 (except Item 1.O. and Section 1.F. of Schedule D), 3, or 11 becomes inaccurate in any way; or

    - information you provided in response to Item 10 becomes materially inaccurate.

Failure to update your Form ADV, as required by this instruction, is a violation of SEC rules or similar state rules and could lead to your registration being revoked.

5. What is SEC *umbrella registration* and how can I satisfy the requirements of filing an *umbrella registration?*

An *umbrella registration* is a single registration by a *filing adviser* and one or more *relying advisers* who advise only *private funds* and certain separately managed account *clients* that are *qualified clients* and collectively conduct a single advisory business. Absent other facts suggesting that the *filing adviser* and *relying adviser*(s) conduct different businesses, *umbrella registration* is available under the following circumstances:

i. The *filing adviser* and each *relying adviser* advise only *private funds* and *clients* in separately managed accounts that are *qualified clients* and are otherwise eligible to invest in the *private funds* advised by the *filing adviser* or a *relying adviser* and whose accounts pursue investment objectives and strategies that are substantially similar or otherwise related to those *private funds*.

ii. The *filing adviser* has its *principal office and place of business* in the United States and, therefore, all of the substantive provisions of the Advisers Act and the rules thereunder apply to the *filing adviser's* and each *relying adviser's* dealings with each of its *clients*, regardless of whether any *client* of the *filing adviser* or *relying adviser* providing the advice is a *United States person*.

iii. Each *relying adviser*, its *employees* and the *persons* acting on its behalf are subject to the *filing adviser's* supervision and *control* and, therefore, each *relying adviser*, its *employees* and the *persons* acting on its behalf are "persons associated with" the *filing adviser* (as defined in section 202(a)(17) of the Advisers Act).

iv. The advisory activities of each *relying adviser* are subject to the Advisers Act and the rules thereunder, and each *relying adviser* is subject to examination by the SEC.

v. The *filing adviser* and each *relying adviser* operate under a single code of ethics adopted in accordance with SEC rule 204A-1 and a single set of written policies and procedures adopted and implemented in accordance with SEC rule 206(4)-7 and administered by a single chief compliance officer in accordance with that rule.

To satisfy the requirements of Form ADV while using *umbrella registration* the *filing adviser* must sign, file, and update as required, a single Form ADV (Parts 1 and 2) that relates to, and includes all information concerning, the *filing adviser* and each *relying adviser* (*e.g.*, disciplinary information and ownership information), and must include this same information in any other reports or filings it must make under the Advisers Act or the rules thereunder (*e.g.*, Form PF). The *filing adviser* and each *relying adviser* must not be prohibited from registering with the SEC by section 203A of the Advisers Act (*i.e.*, the *filing adviser* and each *relying adviser* must individually qualify for SEC registration).

Unless otherwise specified, references to "you" in Form ADV refer to both the *filing adviser* and each *relying adviser*. The information in Items 1, 2, 3 and 10 (including corresponding schedules) should be provided for the *filing adviser* only. A separate Schedule R should be completed for each *relying adviser*. References to "you" in Schedule R refer to the *relying adviser* only.

A *filing adviser* applying for registration with the SEC should complete a Schedule R for each *relying adviser*. If you are a *filing adviser* registered with the SEC and would like to add or delete *relying advisers* from an *umbrella registration*, you should file an other-than-annual amendment and add or delete Schedule Rs as needed.

Note: *Umbrella registration* is not available to *exempt reporting advisers*.

6. Where do I sign my Form ADV application or amendment?

You must sign the appropriate Execution Page. There are three Execution Pages at the end of the form. Your initial application, your initial report (in the case of an *exempt reporting adviser*), and all amendments to Form ADV must include at least one Execution Page.

- If you are applying for or are amending your SEC registration, or if you are reporting as an *exempt reporting adviser* or amending your report, you must sign and submit either a:
    - Domestic Investment Adviser Execution Page, if you (the advisory firm) are a resident of the United States; or
    - *Non-Resident* Investment Adviser Execution Page, if you (the advisory firm) are not a resident of the United States.
- If you are applying for or are amending your registration with a *state securities authority*, you must sign and submit the State-Registered Investment Adviser Execution Page.

7. Who must sign my Form ADV or amendment?

The individual who signs the form depends upon your form of organization:

- For a sole proprietorship, the sole proprietor.
- For a partnership, a general partner.
- For a corporation, an authorized principal officer.
- For a "separately identifiable department or division" (SID) of a bank, a principal officer of your bank who is directly engaged in the management, direction, or supervision of your investment advisory activities.
- For all others, an authorized individual who participates in managing or directing your affairs.

The signature does not have to be notarized, and in the case of an electronic filing, should be a typed name.

8. How do I file my Form ADV?

Complete Form ADV electronically using the Investment Adviser Registration Depository (IARD) if:

- You are filing with the SEC (and submitting *notice filings* to any of the *state securities authorities*), or

- You are filing with a *state securities authority* that requires or permits advisers to submit Form ADV through the IARD.

  Note: SEC rules require advisers that are registered or applying for registration with the SEC, or that are reporting to the SEC as an *exempt reporting adviser*, to file electronically through the IARD system. See SEC rules 203-1 and 204-4.

To file electronically, go to the IARD website (<www.iard.com>), which contains detailed instructions for advisers to follow when filing through the IARD.

Complete Form ADV (Paper Version) on paper if:

- You are filing with the SEC or a *state securities authority* that requires electronic filing, but you have been granted a continuing hardship exemption. Hardship exemptions are described in Instruction 17.

- You are filing with a *state securities authority* that permits (but does not require) electronic filing and you do not file electronically.

9. How do I get started filing electronically?

First, obtain a copy of the IARD Entitlement Package from the following website: <http://www.iard.com/GetStarted.asp>. Second, request access to the IARD system for your firm by completing and submitting the IARD Entitlement Package. The IARD Entitlement Package explains how the form may be submitted. Mail the forms to: FINRA Entitlement Group, 9509 Key West Avenue, Rockville, MD 20850.

When FINRA receives your Entitlement Package, they will assign a *CRD* number (identification number for your firm) and a user I.D. code and password (identification number and system password for the individual(s) who will submit Form ADV filings for your firm). Your firm may request an I.D. code and password for more than one individual. FINRA also will create a financial account for you from which the IARD will deduct filing fees and any state fees you are required to pay. If you already have a *CRD* account with FINRA, it will also serve as your IARD account; a separate account will not be established.

Once you receive your *CRD* number, user I.D. code and password, and you have funded your account, you are ready to file electronically.

Questions regarding the Entitlement Process should be addressed to FINRA at 240.386.4848.

10. If I am applying for registration with the SEC, or amending my SEC registration, how do I make *notice filings* with the *state securities authorities*?

If you are applying for registration with the SEC or are amending your SEC registration, one or more *state securities authorities* may require you to provide them with copies of your SEC filings. We call these filings "*notice filings*." Your *notice filings* will be sent electronically to the states that you check on Item 2.C. of Part 1A. The *state securities authorities* to which you send *notice filings* may charge fees, which will be deducted from the account you establish with FINRA. To determine which *state securities authorities* require SEC-registered advisers to submit *notice filings* and to pay fees, consult the relevant state investment adviser law or *state securities authority*. See General Instruction 1.

If you are granted a continuing hardship exemption to file Form ADV on paper, FINRA will enter your filing into the IARD and your *notice filings* will be sent electronically to the *state securities authorities* that you check on Item 2.C. of Part 1A.

11. I am registered with a state. When must I switch to SEC registration?

If at the time of your *annual updating amendment* you meet at least one of the requirements for SEC registration in Item 2.A.(1) to (12) of Part 1A, you must apply for registration with the SEC within 90 days after you file the *annual updating amendment*. Once you register with the SEC, you are subject to SEC regulation, regardless of whether you remain registered with one or more states. See SEC rule 203A-1(b)(2). Each of your *investment adviser representatives*, however, may be subject to registration in those states in which the representative has a place of business. See Advisers Act section 203A(b)(1); SEC rule 203A-3(a). For additional information, consult the investment adviser laws or the *state securities authority* for the particular state in which you are "doing business." See General Instruction 1.

12. I am registered with the SEC. When must I switch to registration with a *state securities authority*?

If you check box 13 in Item 2.A. of Part 1A to report on your *annual updating amendment* that you are no longer eligible to register with the SEC, you must withdraw from SEC registration within 180 days after the end of your fiscal year by filing Form ADV-W. See SEC rule 203A-1(b)(2). You should consult state law or the *state securities authority* for the states in which you are "doing business" to determine if you are required to register in these states. See General Instruction 1. Until you file your Form ADV-W with the SEC, you will remain subject to SEC regulation, and you also will be subject to regulation in any states where you register. See SEC rule 203A-1(b)(2).

13. I am an *exempt reporting adviser*. When must I submit my first report on Form ADV?

- All *exempt reporting advisers*:
  You must submit your initial Form ADV filing within 60 days of relying on the exemption from registration under either section 203(l) of the Advisers Act as an adviser solely to one or more venture capital funds or section 203(m) of the Advisers Act because

you act solely as an adviser to private funds and have assets under management in the United States of less than $150 million.

- Additional instruction for advisers switching from being registered to being *exempt reporting advisers*:
  If you are currently registered as an investment adviser (or have an application for registration pending) with the SEC or with a *state securities authority*, you must file a Form ADV-W to withdraw from registration in the jurisdictions where you are switching. You must submit the Form ADV-W before submitting your first report as an *exempt reporting adviser*.

14. I am an *exempt reporting adviser*. Is it possible that I might be required to also register with or submit a report to a *state securities authority*?

Yes, you may be required to register with or submit a report to one or more *state securities authorities*. If you are required to register with one or more *state securities authorities*, you must complete all of Form ADV. See General Instruction 3. If you are required to submit a report to one or more *state securities authorities*, check the box(es) in Item 2.C. of Part 1A next to the state(s) you would like to receive the report. Each of your *investment adviser representatives* may also be subject to registration requirements. For additional information about the requirements that may apply to you, consult the investment adviser laws or the *state securities authority* for the particular state in which you are "doing business." See General Instruction 1.

15. What do I do if I no longer meet the definition of "*exempt reporting adviser*"?

- Advisers Switching to SEC Registration:
  - You may no longer be an *exempt reporting adviser* and may be required to register with the SEC if you wish to continue doing business as an investment adviser. For example, you may be relying on section 203(l) and wish to accept a *client* that is not a venture capital fund as defined in SEC rule 203(l)-1, or you may have been relying on SEC rule 203(m)-1 and reported in Section 2.B. of Schedule D to your *annual updating amendment* that you have *private fund* assets of $150 million or more.
    - If you are relying on section 203(l), unless you qualify for another exemption, you would violate the Advisers Act's registration requirement if you accept a *client* that is not a venture capital fund as defined in SEC rule 203(l)-1 before the SEC approves your application for registration. You must submit your final report as an *exempt reporting adviser* and apply for SEC registration in the same filing.
    - If you were relying on SEC rule 203(m)-1 and you reported in Section 2.B. of Schedule D to your *annual updating amendment* that you have *private fund* assets of $150 million or more, you must register with the SEC unless you qualify for another exemption. If you have complied with all SEC reporting

requirements applicable to an *exempt reporting adviser* as such, you have up to 90 days after filing your *annual updating amendment* to apply for SEC registration, and you may continue doing business as a *private fund* adviser during this time. You must submit your final report as an *exempt reporting adviser* and apply for SEC registration in the same filing. Unless you qualify for another exemption, you would violate the Advisers Act's registration requirement if you accept a *client* that is not a *private fund* during this transition period before the SEC approves your application for registration, and you must comply with all SEC reporting requirements applicable to an *exempt reporting adviser* as such during this 90-day transition period. If you have not complied with all SEC reporting requirements applicable to an *exempt reporting adviser* as such, this 90-day transition period is not available to you. Therefore, if the transition period is not available to you, and you do not qualify for another exemption, your application for registration must be approved by the SEC before you meet or exceed SEC rule 203(m)-1's $150 million asset threshold.

- You will be deemed in compliance with the Form ADV filing and reporting requirements until the SEC approves or denies your application. If your application is approved, you will be able to continue business as a registered adviser.

- If you register with the SEC, you may be subject to state *notice filing* requirements. To determine these requirements, consult the investment adviser laws or the *state securities authority* for the particular state in which you are "doing business." See General Instruction 1.

Note: If you are relying on SEC rule 203(m)-1 and you accept a *client* that is not a *private fund*, you will lose the exemption provided by SEC rule 203(m)-1 immediately. To avoid this result, you should apply for SEC registration in advance so that the SEC has approved your registration before you accept a *client* that is not a *private fund*.

The 90-day transition period described above also applies to investment advisers with their *principal offices and places of business* outside of the United States with respect to their *clients* who are *United States persons* (*e.g.*, the adviser would not be eligible for the 90-day transition period if it accepted a *client* that is a *United States person* and is not a *private fund*).

- Advisers Not Switching to SEC Registration:

  - You may no longer be an *exempt reporting adviser* but may not be required to register with the SEC or may be prohibited from doing so. For example, you may cease to do business as an investment adviser, become eligible for an exemption that does not require reporting, or be ineligible for SEC registration. In this case, you must submit a final report as an *exempt reporting adviser* to update only Item 1 of Part 1A of Form ADV.

- You may be subject to state registration requirements. To determine these requirements, consult the investment adviser laws or the *state securities authority* for the particular state in which you are "doing business." See General Instruction 1.

16. Are there filing fees?

Yes. These fees go to support and maintain the IARD. The IARD filing fees are in addition to any registration or other fee that may be required by state law. You must pay an IARD filing fee for your initial application, your initial report, and each *annual updating amendment*. There is no filing fee for an other-than-annual amendment, a final report as an *exempt reporting adviser*, or Form ADV-W. The IARD filing fee schedule is published at <http://www.sec.gov/iard>; <http://www.nasaa.org>; and <http://www.iard.com>.

If you are submitting a paper filing under a continuing hardship exemption (see Instruction 17), you are required to pay an additional fee. The amount of the additional fee depends on whether you are filing Form ADV or Form ADV-W. (There is no additional fee for filings made on Form ADV-W.) The hardship filing fee schedule is available by contacting FINRA at 240.386.4848.

17. What if I am not able to file electronically?

If you are required to file electronically but cannot do so, you may be eligible for one of two types of hardship exemptions from the electronic filing requirements.

- A **temporary hardship exemption** is available if you file electronically, but you encounter unexpected difficulties that prevent you from making a timely filing with the IARD, such as a computer malfunction or electrical outage. This exemption does not permit you to file on paper; instead it extends the deadline for an electronic filing for seven business days. See SEC rules 203-3(a) and 204-4(e).

- A **continuing hardship exemption** may be granted if you are a small business and you can demonstrate that filing electronically would impose an undue hardship. You are a small business, and may be eligible for a continuing hardship exemption, if you are required to answer Item 12 of Part 1A (because you have assets under management of less than $25 million) and you are able to respond "no" to each question in Item 12. See SEC rule 0-7.

  If you have been granted a continuing hardship exemption, you must complete and submit the paper version of Form ADV to FINRA. FINRA will enter your responses into the IARD. As discussed in General Instruction 16, FINRA will charge you a fee to reimburse it for the expense of data entry.

18. I am eligible to file on paper. How do I make a paper filing?

When filing on paper, you must:

- Type all of your responses.
- Include your name (the same name you provide in response to Item 1.A. of Part 1A) and the date on every page.
- If you are amending your Form ADV:
  - complete page 1 and circle the number of any item for which you are changing your response.
  - include your SEC 801-number (if you have one), or your 802-number (if you have one), and your *CRD* number (if you have one) on every page.
  - complete the amended item in full and circle the number of the item for which you are changing your response.
  - to amend Schedule A or Schedule B, complete and submit Schedule C.

Where you submit your paper filing depends on why you are eligible to file on paper:

- If you are filing on paper because you have been granted a continuing hardship exemption, submit one manually signed Form ADV and one copy to: IARD Document Processing, FINRA, P.O. Box 9495, Gaithersburg, MD 20898-9495.

  If you complete Form ADV on paper and submit it to FINRA but you do not have a continuing hardship exemption, the submission will be returned to you.

- If you are filing on paper because a state in which you are registered or in which you are applying for registration allows you to submit paper instead of electronic filings, submit one manually signed Form ADV and one copy to the appropriate *state securities authorities*.

19. Who is required to file Form ADV-NR?

Every *non-resident* general partner and *managing agent* of all SEC-registered advisers and *exempt reporting advisers*, whether or not the adviser is resident in the United States, must file Form ADV-NR in connection with the adviser's initial application or report. A general partner or *managing agent* of an SEC-registered adviser or *exempt reporting adviser* who becomes a *non-resident* after the adviser's initial application or report has been submitted must file Form ADV-NR within 30 days. Form ADV-NR must be filed on paper (it cannot be filed electronically).

Submit Form ADV-NR to the SEC at the following address:

Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549; Attn: OCIE Registrations Branch.

Failure to file Form ADV-NR promptly may delay SEC consideration of your initial application.

Federal Information Law and Requirements

Sections 203 and 204 of the Advisers Act [15 U.S.C. §§ 80b-3 and 80b-4] authorize the SEC to collect the information required by Form ADV. The SEC collects the information for regulatory purposes, such as deciding whether to grant registration. Filing Form ADV is mandatory for advisers who are required to register with the SEC and for *exempt reporting advisers*. The SEC maintains the information submitted on this form and makes it publicly available. The SEC may return forms that do not include required information. Intentional misstatements or omissions constitute federal criminal violations under 18 U.S.C. § 1001 and 15 U.S.C. § 80b-17.

SEC's Collection of Information

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number. The Advisers Act authorizes the SEC to collect the information on Form ADV from investment advisers. See 15 U.S.C. §§ 80b-3 and 80b-4. Filing the form is mandatory.

The form enables the SEC to register investment advisers and to obtain information from and about *exempt reporting advisers*. Every applicant for registration with the SEC as an adviser, and every *exempt reporting adviser*, must file the form. See 17 C.F.R. §§ 275.203-1 and 204-4. By accepting a form, however, the SEC does not make a finding that it has been completed or submitted correctly. The form is filed annually by every adviser, no later than 90 days after the end of its fiscal year, to amend its registration or its report. It is also filed promptly during the year to reflect material changes. See 17 C.F.R. § 275.204-1. The SEC maintains the information on the form and makes it publicly available through the IARD.

Anyone may send the SEC comments on the accuracy of the burden estimate on page 1 of the form, as well as suggestions for reducing the burden. The Office of Management and Budget has reviewed this collection of information under 44 U.S.C. § 3507.

The information contained in the form is part of a system of records subject to the Privacy Act of 1974, as amended. The SEC has published in the Federal Register the Privacy Act System of Records Notice for these records

APPENDIX B

FORM ADV (Paper Version)

- **UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION AND**
- **REPORT BY EXEMPT REPORTING ADVISERS**

Form ADV: Instructions for Part 1A

These instructions explain how to complete certain items in Part 1A of Form ADV.

1. Item 1: Identifying Information

Separately Identifiable Department or Division of a Bank. If you are a "separately identifiable department or division" (SID) of a bank, answer Item 1.A. with the full legal name of your bank, and answer Item 1.B. with your own name (the name of the department or division) and all names under which you conduct your advisory business. In addition, your *principal office and place of business* in Item 1.F. should be the principal office at which you conduct your advisory business. In response to Item 1.I., the website addresses and social media information you list on Schedule D should be those that provide information about your own activities, rather than general information about your bank.

2. Item 2: SEC Registration and SEC Report by *Exempt Reporting Advisers*

If you are registered or applying for registration with the SEC, you must indicate in Item 2.A. why you are eligible to register with the SEC by checking at least one of the boxes.

a. **Item 2.A.(1): Adviser with Regulatory Assets Under Management of $100 Million or More.** You may check box 1 only if your response to Item 5.F.(2)(c) is $100 million or more, or you are filing an *annual updating amendment* with the SEC and your response to Item 5.F.(2)(c) is $90 million or more. While you may register with the SEC if your regulatory assets under management are at least $100 million but less than $110 million, you must apply for registration with the SEC if your regulatory assets under management are $110 million or more. If you are a SEC-registered adviser, you may remain registered with the SEC if your regulatory assets under management are $90 million or more. See SEC rule 203A-1(a). Part 1A Instruction 5.b. explains how to calculate your regulatory assets under management.

   If you are a state-registered adviser and you report on your *annual updating amendment* that your regulatory assets under management increased to $100 million or more, you may register with the SEC. If your regulatory assets under management increased to $110 million or more, you must apply for registration with the SEC within 90 days after you file that *annual updating amendment*. See SEC rule 203A-1(b)(1) and Form ADV General Instruction 11.

b. **Item 2.A.(2): Mid-Sized Adviser.** You may check box 2 only if your response to Item 5.F.(2)(c) is $25 million or more but less than $100 million, and you satisfy one of the requirements below. Part 1A Instruction 5.b. explains how to calculate your regulatory assets under management.

You must register with the SEC if you meet at least one of the following requirements:

- You are not required to be registered as an investment adviser with the *state securities authority* of the state where you maintain your *principal office and place of business* pursuant to that state's investment adviser laws. If you are exempt from registration with that state or are excluded from the definition of investment adviser in that state, you must register with the SEC. You should consult the investment adviser laws or the *state securities authority* for the particular state in which you maintain your *principal office and place of business* to determine if you are required to register in that state. See General Instruction 1.

- You are not subject to examination by the *state securities authority* of the state where you maintain your *principal office and place of business*. To determine whether such *state securities authority* does not conduct such examinations, see: http://www.sec.gov/divisions/investment/midsizeadviserinfo.htm.

See section 203A(a)(2) of the Advisers Act.

c. **Item 2.A.(5): Adviser to an Investment Company.** You may check box 5 only if you currently provide advisory services under an investment advisory contract to an investment company registered under the Investment Company Act of 1940 and the investment company is operational (i.e., has assets and shareholders, other than just the organizing shareholders). See sections 203A(a)(1)(B) and 203A(a)(2)(A) of the Advisers Act. Advising investors about the merits of investing in mutual funds or recommending particular mutual funds does not make you eligible to check this box.

d. **Item 2.A.(6): Adviser to a Business Development Company.** You may check box 6 only if your response to Item 5.F.(2)(c) is $25 million or more of regulatory assets under management, and you currently provide advisory services under an investment advisory contract to a company that has elected to be a business development company pursuant to section 54 of the Investment Company Act of 1940, that has not withdrawn the election, and that is operational (i.e., has assets and shareholders, other than just the organizing shareholders). See section 203A(a)(2)(A) of the Advisers Act. Part 1A Instruction 5.b. explains how to calculate your regulatory assets under management.

e. **Item 2.A.(7): Pension Consultant.** You may check box 7 only if you are eligible for the pension consultant exemption from the prohibition on SEC registration.

- You are eligible for this exemption if you provided investment advice to employee benefit plans, governmental plans, or church plans with respect to assets having an aggregate value of $200 million or more during the 12-month period that ended

within 90 days of filing this Form ADV. You are not eligible for this exemption if you only advise plan participants on allocating their investments within their pension plans. See SEC rule 203A-2(a).

- To calculate the value of assets for purposes of this exemption, aggregate the assets of the plans for which you provided advisory services at the end of the 12-month period. If you provided advisory services to other plans during the 12-month period, but your employment or contract terminated before the end of the 12-month period, you also may include the value of those assets.

f. **Item 2.A.(8): Related Adviser.** You may check box 8 only if you are eligible for the related adviser exemption from the prohibition on SEC registration. See SEC rule 203A-2(b). You are eligible for this exemption if you *control*, are *controlled* by, or are under common *control* with an investment adviser that is registered with the SEC, and you have the same *principal office and place of business* as that other investment adviser. Note that you may not rely on the SEC registration of an Internet adviser under rule 203A-2(e) in establishing eligibility for this exemption. See SEC rule 203A-2(e)(1)(iii). If you check box 8, you also must complete Section 2.A.(8) of Schedule D.

g. **Item 2.A.(9): Adviser Expecting to be Eligible for Registration within 120 Days.** You may check box 9 only if you are eligible for the exemption from the prohibition on SEC registration available to advisers expecting to be eligible for SEC registration within 120 days, such as a newly formed adviser. See SEC rule 203A-2(c). You are eligible for this exemption if immediately before you file your application for registration with the SEC:

- you were not registered or required to be registered with the SEC or a *state securities authority*; and

- you have a reasonable expectation that you will be eligible to register with the SEC within 120 days after the date that your registration with the SEC becomes effective.

If you check box 9, you also must complete Section 2.A.(9) of Schedule D.

You must file an amendment to Part 1A of your Form ADV that updates your response to Item 2.A. within 120 days after the SEC declares your registration effective. You may not check box 9 on your amendment; since this exemption is available only if you are not registered, you may not "re-rely" on this exemption. If you indicate on that amendment (by checking box 13) that you are not eligible to register with the SEC, you also must file a Form ADV-W to withdraw your SEC registration no later than 120 days after your registration was declared effective. You should contact the appropriate *state securities authority* to determine how long it may take to become state-registered sufficiently in advance of when you are required to file Form ADV-W to withdraw from SEC registration.

Note: If you expect to be eligible for SEC registration because of the amount of your regulatory assets under management, that amount must be $100 million or more no later than 120 days after your registration is declared effective.

h. **Item 2.A.(10): Multi-State Adviser.** You may check box 10 only if you are eligible for the multi-state adviser exemption from the prohibition on SEC registration. See SEC rule 203A-2(d). You are eligible for this exemption if you are required to register as an investment adviser with the *state securities authorities* of 15 or more states. If you check box 10, you must complete Section 2.A.(10) of Schedule D. You must complete Section 2.A.(10) of Schedule D in each *annual updating amendment* you submit.

If you check box 10, you also must:

- create and maintain a list of the states in which, but for this exemption, you would be required to register;
- update this list each time you submit an *annual updating amendment* in which you continue to represent that you are eligible for this exemption; and
- maintain the list in an easily accessible place for a period of not less than five years from each date on which you indicate that you are eligible for the exemption.

If, at the time you file your *annual updating amendment*, you are required to register in less than 15 states and you are not otherwise eligible to register with the SEC, you must check box 13 in Item 2.A. You also must file a Form ADV-W to withdraw your SEC registration. See Part 1A Instruction 2.j.

i. **Item 2.A.(11): Internet Adviser.** You may check box 11 only if you are eligible for the Internet adviser exemption from the prohibition on SEC registration. See SEC rule 203A-2(e). You are eligible for this exemption if:

- you provide investment advice to your *clients* through an interactive website. An interactive website means a website in which computer software-based models or applications provide investment advice based on personal information each *client* submits through the website. Other forms of online or Internet investment advice do not qualify for this exemption;

- you provide investment advice to all of your *clients* exclusively through the interactive website, except that you may provide investment advice to fewer than 15 *clients* through other means during the previous 12 months; and

- you maintain a record demonstrating that you provide investment advice to your *clients* exclusively through an interactive website in accordance with these limits.

j. **Item 2.A.(13): Adviser No Longer Eligible to Remain Registered with the SEC.** You must check box 13 if:

- you are registered with the SEC;

- you are filing an *annual updating amendment* to Form ADV in which you indicate in response to Item 5.F.(2)(c) that you have regulatory assets under management of less than $90 million; and
- you are not eligible to check any other box (other than box 13) in Item 2.A. (and are therefore no longer eligible to remain registered with the SEC).

You must withdraw from SEC registration within 180 days after the end of your fiscal year by filing Form ADV-W. Until you file your Form ADV-W, you will remain subject to SEC regulation, and you also will be subject to regulation in the states in which you register. See SEC rule 203A-1(b)(2).

k. **Item 2.B.: Reporting by *Exempt Reporting Advisers*.** You may check box 2.B.(1) only if you qualify for the exemption from SEC registration as an adviser solely to one or more venture capital funds. See SEC rule 203(l)-1. You may check box 2.B.(2) only if you qualify for the exemption from SEC registration because you act solely as an adviser to *private funds* and have assets under management in the United States of less than $150 million. See SEC rule 203(m)-1. You may check both boxes to indicate that you qualify for both exemptions. You should check box 2.B.(3) if you act solely as an adviser to *private funds* but you are no longer eligible to check box 2.B.(2) because you have assets under management in the United States of $150 million or more. If you check box 2.B.(2) or (3), you also must complete Section 2.B. of Schedule D.

3. Item 3: Form of Organization

If you are a "separately identifiable department or division" (SID) of a bank, answer Item 3.A. by checking "other." In the space provided, specify that you are a "SID of" and indicate the form of organization of your bank. Answer Items 3.B. and 3.C. with information about your bank.

4. Item 4: Successions

a. **Succession of an SEC-Registered Adviser.** If you (1) have taken over the business of an investment adviser or (2) have changed your structure or legal status (e.g., form of organization or state of incorporation), a new organization has been created, which has registration obligations under the Advisers Act. There are different ways to fulfill these obligations. You may rely on the registration provisions discussed in the General Instructions, or you may be able to rely on special registration provisions for "successors" to SEC-registered advisers, which may ease the transition to the successor adviser's registration.

To determine if you may rely on these provisions, review "Registration of Successors to Broker-Dealers and Investment Advisers," Investment Advisers Act Release No. 1357 (Dec. 28, 1992). If you have taken over an adviser, follow Part 1A Instruction 4.a.(1), Succession by Application. If you have changed your structure or legal status, follow Part 1A, Instruction 4.a.(2), Succession by Amendment. If either (1) you are a "separately identifiable department or division" (SID) of a bank that is currently

registered as an investment adviser, and you are taking over your bank's advisory business; or (2) you are a SID currently registered as an investment adviser, and your bank is taking over your advisory business, then follow Part 1A Instruction 4.a.(1), Succession by Application.

(1) **Succession by Application.** If you are not registered with the SEC as an adviser, and you are acquiring or assuming substantially all of the assets and liabilities of the advisory business of an SEC-registered adviser, file a new application for registration on Form ADV. You will receive new registration numbers. You must file the new application within 30 days after the succession. On the application, make sure you check "yes" to Item 4.A., enter the date of the succession in Item 4.B., and complete Section 4 of Schedule D.

Until the SEC declares your new registration effective, you may rely on the registration of the adviser you are acquiring, but only if the adviser you are acquiring is no longer conducting advisory activities. Once your new registration is effective, a Form ADV-W must be filed with the SEC to withdraw the registration of the acquired adviser.

(2) **Succession by Amendment.** If you are a new investment adviser formed solely as a result of a change in form of organization, a reorganization, or a change in the composition of a partnership, and there has been no practical change in *control* or management, you may amend the registration of the registered investment adviser to reflect these changes rather than file a new application. You will keep the same registration numbers, and you should not file a Form ADV-W. On the amendment, make sure you check "yes" to Item 4.A., enter the date of the succession in Item 4.B., and complete Section 4 of Schedule D. You must submit the amendment within 30 days after the change or reorganization.

b. **Succession of a State-Registered Adviser.** If you (1) have taken over the business of an investment adviser or (2) have changed your structure or legal status (e.g., form of organization or state of incorporation), a new organization has been created, which has registration obligations under state investment adviser laws. There may be different ways to fulfill these obligations. You should contact each state in which you are registered to determine that state's requirements for successor registration. See Form ADV General Instruction 1.

5. Item 5: Information About Your Advisory Business

a. **Newly-Formed Advisers:** Several questions in Item 5 that ask about your advisory business assume that you have been operating your advisory business for some time. Your response to these questions should reflect your current advisory business (i.e., at the time you file your Form ADV), with the following exceptions:

- base your response to Item 5.E. on the types of compensation you expect to accept;

- base your response to Item 5.G. and Item 5.J. on the types of advisory services you expect to provide during the next year; and
- skip Item 5.H.

b. **Item 5.F.: Calculating Your Regulatory Assets Under Management.** In determining the amount of your regulatory assets under management, include the securities portfolios for which you provide continuous and regular supervisory or management services as of the date of filing this Form ADV.

(1) **Securities Portfolios.** An account is a securities portfolio if at least 50% of the total value of the account consists of securities. For purposes of this 50% test, you may treat cash and cash equivalents (i.e., bank deposits, certificates of deposit, bankers acceptances, and similar bank instruments) as securities. You must include securities portfolios that are:

(a) your family or proprietary accounts;

(b) accounts for which you receive no compensation for your services; and

(c) accounts of *clients* who are not *United States persons*.

For purposes of this definition, treat all of the assets of a *private fund* as a securities portfolio, regardless of the nature of such assets. For accounts of *private funds*, moreover, include in the securities portfolio any uncalled commitment pursuant to which a *person* is obligated to acquire an interest in, or make a capital contribution to, the *private fund*.

(2) **Value of Portfolio.** Include the entire value of each securities portfolio for which you provide continuous and regular supervisory or management services. If you provide continuous and regular supervisory or management services for only a portion of a securities portfolio, include as regulatory assets under management only that portion of the securities portfolio for which you provide such services. Exclude, for example, the portion of an account:

(a) under management by another *person*; or

(b) that consists of real estate or businesses whose operations you "manage" on behalf of a *client* but not as an investment.

Do not deduct any outstanding indebtedness or other accrued but unpaid liabilities.

(3) **Continuous and Regular Supervisory or Management Services.**

General Criteria. You provide continuous and regular supervisory or management services with respect to an account if:

(a) you have *discretionary authority* over and provide ongoing supervisory or management services with respect to the account; or

(b) you do not have *discretionary authority* over the account, but you have ongoing responsibility to select or make recommendations, based upon the needs of the *client*, as to specific securities or other investments the account may purchase or sell and, if such recommendations are accepted by the *client*, you are responsible for arranging or effecting the purchase or sale.

Factors. You should consider the following factors in evaluating whether you provide continuous and regular supervisory or management services to an account.

(a) **Terms of the advisory contract.** If you agree in an advisory contract to provide ongoing management services, this suggests that you provide these services for the account. Other provisions in the contract, or your actual management practices, however, may suggest otherwise.

(b) **Form of compensation.** If you are compensated based on the average value of the *client's* assets you manage over a specified period of time, that suggests that you provide continuous and regular supervisory or management services for the account. If you receive compensation in a manner similar to either of the following, that suggests you do not provide continuous and regular supervisory or management services for the account --

(i) you are compensated based upon the time spent with a *client* during a *client* visit; or

(ii) you are paid a retainer based on a percentage of assets covered by a financial plan.

(c) **Management practices.** The extent to which you actively manage assets or provide advice bears on whether the services you provide are continuous and regular supervisory or management services. The fact that you make infrequent trades (e.g., based on a "buy and hold" strategy) does not mean your services are not "continuous and regular."

Examples. You may provide continuous and regular supervisory or management services for an account if you:

(a) have *discretionary authority* to allocate *client* assets among various mutual funds;

(b) do not have *discretionary authority*, but provide the same allocation services, and satisfy the criteria set forth in Instruction 5.b.(3);

(c) allocate assets among other managers (a "manager of managers"), but only if you have *discretionary authority* to hire and fire managers and reallocate assets among them; or

(d) you are a broker-dealer and treat the account as a brokerage account, but only if you have *discretionary authority* over the account.

You do not provide continuous and regular supervisory or management services for an account if you:

(a) provide market timing recommendations (i.e., to buy or sell), but have no ongoing management responsibilities;

(b) provide only *impersonal investment advice* (e.g., market newsletters);

(c) make an initial asset allocation, without continuous and regular monitoring and reallocation; or

(d) provide advice on an intermittent or periodic basis (such as upon *client* request, in response to a market event, or on a specific date (e.g., the account is reviewed and adjusted quarterly)).

(4) **Value of Regulatory Assets Under Management.** Determine your regulatory assets under management based on the current market value of the assets as determined within 90 days prior to the date of filing this Form ADV. Determine market value using the same method you used to report account values to *clients* or to calculate fees for investment advisory services.

In the case of a *private fund*, determine the current market value (or fair value) of the *private fund's* assets and the contractual amount of any uncalled commitment pursuant to which a *person* is obligated to acquire an interest in, or make a capital contribution to, the *private* fund.

(5) **Example.** This is an example of the method of determining whether an account of a *client* other than a *private fund* may be included as regulatory assets under management.

The *client's* portfolio consists of the following:

$6,000,000	stocks and bonds
$1,000,000	cash and cash equivalents
$3,000,000	non-securities (collectibles, commodities, real estate, etc.)
$10,000,000	Total Assets

First, is the account a securities portfolio? The account is a securities portfolio because securities as well as cash and cash equivalents (which you have chosen to

include as securities) ($6,000,000 + $1,000,000 = $7,000,000) comprise at least 50% of the value of the account (here, 70%). (See Instruction 5.b.(1)).

Second, does the account receive continuous and regular supervisory or management services? The entire account is managed on a *discretionary basis* and is provided ongoing supervisory and management services, and therefore receives continuous and regular supervisory or management services. (See Instruction 5.b.(3)).

Third, what is the entire value of the account? The entire value of the account ($10,000,000) is included in the calculation of the adviser's total regulatory assets under management.

6. Item 7: Financial Industry Affiliations and Private Fund Reporting

Item 7.A. and Section 7.A. of Schedule D ask questions about you and your *related persons'* financial industry affiliations. If you are filing an *umbrella registration*, you should not check Item 7.A.(2) with respect to your *relying advisers*, and you do not have to complete Section 7.A. in Schedule D for your *relying advisers*. You should complete Schedule R with respect to your *relying advisers*. Item 7.B. and Section 7.B. of Schedule D ask questions about the *private funds* that you advise. You are required to complete a Section 7.B.(1) of Schedule D for each *private fund* that you advise, except in certain circumstances described under Item 7.B. and below.

a. If your *principal office and place of business* is outside the United States, for purposes of Item 7 and Section 7.B. of Schedule D you may disregard any *private fund* that, during your last fiscal year, was not a *United States person*, was not offered in the United States, and was not beneficially owned by any *United States person*.

b. When filing Section 7.B.(1) of Schedule D for a *private fund*, you must acquire an identification number for the fund by logging onto the IARD website and using the private fund identification number generator. You must continue to use the same identification number whenever you amend Section 7.B.(1) for that fund. If you file a Section 7.B.(1) for a *private fund* for which an identification number has already been acquired by another adviser, you must not acquire a new identification number, but must instead utilize the existing number. If you choose to complete a single Section 7.B.(1) for a master-feeder arrangement under Instruction 6.d. below, you must acquire an identification number also for each feeder fund.

c. If any *private fund* has issued two or more series (or classes) of equity interests whose values are determined with respect to separate portfolios of securities and other assets, then each such series (or class) should be regarded as a separate *private fund*. In Section 7.B.(1) and 7.B.(2) of Schedule D, next to the name of the *private fund*, list the name and identification number of the specific series (or class) for which you are filing the sections. This only applies with respect to series (or classes) that you manage as if they were separate funds and not a fund's side pockets or similar arrangements.

d. In the case of a master-feeder arrangement (see questions 6-7 of Section 7.B.(1) of Schedule D), instead of completing a Section 7.B.(1) for each of the master fund and each feeder fund, you may complete a single Section 7.B.(1) for the master-feeder arrangement under the name of the master fund if the answers to questions 8, 10, 21 and 23 through 28 are the same for all of the feeder funds (or, in the case of questions 24 and 25, if the feeder funds do not use a prime broker or custodian). If you choose to complete a single Section 7.B.(1), you should disregard the feeder funds, except for the following:

(1) **Question 11:** State the gross assets for the master-feeder arrangement as a whole.

(2) **Question 12:** List the lowest minimum investment commitment applicable to any of the master fund and the feeder funds.

(3) **Questions 13-16:** Answer by aggregating all investors in the master-feeder arrangement (but do not count the feeder funds themselves as investors).

(4) **Questions 19-20:** For purposes of these questions, the *private fund* means any of the master fund or the feeder funds. In answering the questions, moreover, disregard the feeder funds' investment in the master fund.

(5) **Question 22:** List all of the Form D SEC file numbers of any of the master fund and feeder funds.

e. Additional Instructions:

(1) **Question 9: Investment in Registered Investment Companies:** For purposes of this question, disregard any open-end management investment company regulated as a money market fund under rule 2a-7 under the Investment Company Act if the *private fund* invests in such a company in reliance on rule 12d1-1 under the same Act.

(2) **Question 10: Type of *Private Fund*:** For purposes of this question, the following definitions apply:

"Hedge fund" means any *private fund* (other than a securitized asset fund):

(a) with respect to which one or more investment advisers (or *related persons* of investment advisers) may be paid a performance fee or allocation calculated by taking into account unrealized gains (other than a fee or allocation the calculation of which may take into account unrealized gains solely for the purpose of reducing such fee or allocation to reflect net unrealized losses);

(b) that may borrow an amount in excess of one-half of its net asset value (including any committed capital) or may have gross notional exposure in excess of twice its net asset value (including any committed capital); or

(c) that may sell securities or other assets short or enter into similar transactions (other than for the purpose of hedging currency exposure or managing duration).

A commodity pool is categorized as a hedge fund solely for purposes of this question. For purposes of this definition, do not net long and short positions. Include any borrowings or notional exposure of another *person* that are guaranteed by the *private fund* or that the *private fund* may otherwise be obligated to satisfy.

"Liquidity fund" means any *private fund* that seeks to generate income by investing in a portfolio of short-term obligations in order to maintain a stable net asset value per unit or minimize principal volatility for investors.

"Private equity fund" means any *private fund* that is not a hedge fund, liquidity fund, real estate fund, securitized asset fund, or venture capital fund and does not provide investors with redemption rights in the ordinary course.

"Real estate fund" means any *private fund* that is not a hedge fund, that does not provide investors with redemption rights in the ordinary course, and that invests primarily in real estate and real estate related assets.

"Securitized asset fund" means any *private fund* whose primary purpose is to issue asset backed securities and whose investors are primarily debt-holders.

"Venture capital fund" means any *private fund* meeting the definition of venture capital fund in rule 203(l)-1 under the Advisers Act.

"Other *private fund*" means any *private fund* that is not a hedge fund, liquidity fund, private equity fund, real estate fund, securitized asset fund, or venture capital fund.

(3) **Question 11: Gross Assets.** Report the assets of the *private fund* that you would include in calculating your regulatory assets under management according to Instruction 5.b. above.

(4) **Questions 19-20: Other *clients'* investments:** For purposes of these questions, disregard any feeder fund's investment in its master fund. (See questions 6-7 for the definition of "master fund" and "feeder fund").

7. Item 10: *Control Persons*

If you are a "separately identifiable department or division" (SID) of a bank, identify on Schedule A your bank's executive officers who are directly engaged in managing, directing, or supervising your investment advisory activities, and list any other *persons* designated by your bank's board of directors as responsible for the day-to-day conduct of your investment advisory activities, including supervising *employees* performing investment advisory activities.

8. Additional Information

If you believe your response to an item in Form ADV Part 1A requires further explanation, or if you wish to provide additional information, you may do so on Schedule D, in the Miscellaneous section. Completion of this section is optional

APPENDIX C

GLOSSARY OF TERMS

1. **Advisory Affiliate:** Your advisory affiliates are (1) all of your officers, partners, or directors (or any ***person*** performing similar functions); (2) all ***persons*** directly or indirectly ***controlling*** or ***controlled*** by you; and (3) all of your current ***employees*** (other than ***employees*** performing only clerical, administrative, support or similar functions).

   If you are a "separately identifiable department or division" (SID) of a bank, your ***advisory affiliates*** are: (1) all of your bank's ***employees*** who perform your investment advisory activities (other than clerical or administrative ***employees***); (2) all ***persons*** designated by your bank's board of directors as responsible for the day-to-day conduct of your investment advisory activities (including supervising the ***employees*** who perform investment advisory activities); (3) all ***persons*** who directly or indirectly ***control*** your bank, and all ***persons*** whom you ***control*** in connection with your investment advisory activities; and (4) all other ***persons*** who directly manage any of your investment advisory activities (including directing, supervising or performing your advisory activities), all ***persons*** who directly or indirectly ***control*** those management functions, and all ***persons*** whom you ***control*** in connection with those management functions. *[Used in: Part 1A, Items 7, 11, DRPs; Part 1B, Item 2]*

2. **Annual Updating Amendment:** Within 90 days after your firm's fiscal year end, your firm must file an "annual updating amendment," which is an amendment to your firm's Form ADV that reaffirms the eligibility information contained in Item 2 of Part 1A and updates the responses to any other item for which the information is no longer accurate. *[Used in: General Instructions; Part 1A, Instructions, Introductory Text, Item 2; Part 2A, Instructions, Appendix 1 Instructions; Part 2B, Instructions]*

3. **Borrowings:** Borrowings include secured borrowings and unsecured borrowings, collectively. Secured borrowings are obligations for borrowed money in respect of which the borrower has posted collateral or other credit support and should include any reverse repos (i.e., any sale of securities coupled with an agreement to repurchase the same (or similar) securities at a later date at an agreed price). Unsecured borrowings are obligations for borrowed money in respect of which the borrower has not posted collateral or other credit support. *[Used in: Part 1A, Instructions, Item 5, Schedule D]*

4. **Brochure:** A written disclosure statement that you must provide to ***clients*** and prospective ***clients***. See SEC rule 204-3; Form ADV, Part 2A. *[Used in: General Instructions; Used throughout Part 2]*

5. **Brochure Supplement:** A written disclosure statement containing information about certain of your ***supervised persons*** that your firm is required by Part 2B of Form ADV to provide to ***clients*** and prospective ***clients***. See SEC rule 204-3; Form ADV, Part 2B. *[Used in: General Instructions; Used throughout Part 2]*

6. **Charged:** Being accused of a crime in a formal complaint, information, or indictment (or equivalent formal charge). *[Used in: Part 1A, Item 11; DRPs]*

7. **Client:** Any of your firm's investment advisory clients. This term includes clients from which your firm receives no compensation, such as family members of your ***supervised persons***. If your firm also provides other services (e.g., accounting services), this term does not include clients that are not investment advisory clients. *[Used throughout Form ADV and Form ADV-W]*

8. **Commodity Derivative:** Exposures to commodities that you do not hold physically, whether held synthetically or through derivatives (whether cash or physically settled). *[Used in: Part 1A, Schedule D]*

9. **Control:** The power, directly or indirectly, to direct the management or policies of a ***person***, whether through ownership of securities, by contract, or otherwise.

   - Each of your firm's officers, partners, or directors exercising executive responsibility (or ***persons*** having similar status or functions) is presumed to control your firm.

   - A ***person*** is presumed to control a corporation if the ***person***: (i) directly or indirectly has the right to vote 25 percent or more of a class of the corporation's voting securities; or (ii) has the power to sell or direct the sale of 25 percent or more of a class of the corporation's voting securities.

   - A ***person*** is presumed to control a partnership if the ***person*** has the right to receive upon dissolution, or has contributed, 25 percent or more of the capital of the partnership.

   - A ***person*** is presumed to control a limited liability company ("LLC") if the ***person***: (i) directly or indirectly has the right to vote 25 percent or more of a class of the interests of the LLC; (ii) has the right to receive upon dissolution, or has contributed, 25 percent or more of the capital of the LLC; or (iii) is an elected manager of the LLC.

   - A ***person*** is presumed to control a trust if the ***person*** is a trustee or ***managing agent*** of the trust.

   [Used in: General Instructions; Part 1A, Instructions, Items 2, 7, 10, 11, 12, Schedules A, B, C, D, R; DRPs]

10. **Credit Derivative:** Single name credit default swap, including loan credit default swap, credit default swap referencing a standardized basket of credit entities, including credit default swap indices and indices referencing leveraged loans, and credit default swap referencing bespoke basket or tranche of collateralized debt obligations and collateralized loan obligations (including cash flow and synthetic) other than mortgage backed securities. *[Used in: Part 1A, Schedule D]*

11. **Custody:** Holding, directly or indirectly, ***client*** funds or securities, or having any authority to obtain possession of them. You have custody if a ***related person*** holds, directly or indirectly, ***client*** funds or securities, or has any authority to obtain possession of them, in connection with advisory services you provide to ***clients***. Custody includes:

    - Possession of ***client*** funds or securities (but not of checks drawn by ***clients*** and made payable to third parties) unless you receive them inadvertently and you return them to the sender promptly, but in any case within three business days of receiving them;

    - Any arrangement (including a general power of attorney) under which you are authorized or permitted to withdraw ***client*** funds or securities maintained with a custodian upon your instruction to the custodian; and

    - Any capacity (such as general partner of a limited partnership, managing member of a limited liability company or a comparable position for another type of pooled investment vehicle, or trustee of a trust) that gives you or your ***supervised person*** legal ownership of or access to ***client*** funds or securities.

    [Used in: Part 1A, Item 9; Part 1B, Instructions, Item 2; Part 2A, Items 15, 18]

12. **Discretionary Authority or Discretionary Basis:** Your firm has discretionary authority or manages assets on a discretionary basis if it has the authority to decide which securities to purchase and sell for the ***client***. Your firm also has discretionary authority if it has the authority to decide which investment advisers to retain on behalf of the ***client***. *[Used in: Part 1A, Instructions, Item 8; Part 1B, Instructions; Part 2A, Items 4, 16, 18; Part 2B, Instructions]*

13. **Employee:** This term includes an independent contractor who performs advisory functions on your behalf. *[Used in: Part 1A, Instructions, Items 1, 5, 11; Part 2B, Instructions]*

14. **Enjoined:** This term includes being subject to a mandatory injunction, prohibitory injunction, preliminary injunction, or a temporary restraining ***order***. *[Used in: Part 1A, Item 11; DRPs]*

15. **Equity Derivative:** Includes both listed equity derivative and derivative exposure to unlisted securities. Listed equity derivative includes all synthetic or derivative exposure to equities, including preferred equities, listed on a regulated exchange. Listed equity derivative also includes a single stock future, equity index future, dividend swap, total return swap (contract for difference), warrant and right. Derivative exposure to unlisted equities includes all synthetic or derivative exposure to equities, including preferred equities, that are not listed on a regulated exchange. Derivative exposure to unlisted securities also includes a single stock future, equity index future, dividend swap, total return swap (contract for difference), warrant and right. *[Used in: Part 1A, Schedule D]*

16. **Exempt Reporting Adviser:** An investment adviser that qualifies for the exemption from registration under section 203(l) of the Advisers Act because it is an adviser solely to one or

more venture capital funds, or under rule 203(m)-1 of the Advisers Act because it is an adviser solely to ***private funds*** and has assets under management in the United States of less than $150 million. *[Used in: Throughout Part 1A; General Instructions; Form ADV-H; Form ADV-NR]*

17. **Felony:** For jurisdictions that do not differentiate between a felony and a ***misdemeanor***, a felony is an offense punishable by a sentence of at least one year imprisonment and/or a fine of at least $1,000. The term also includes a general court martial. *[Used in: Part 1A, Item 11; DRPs; Part 2A, Item 9; Part 2B, Item 3]*

18. **Filing Adviser:** An investment adviser eligible to register with the SEC that files (and amends) a single ***umbrella registration*** on behalf of itself and each of its ***relying advisers***. *[Used in: General Instructions; Part 1A, Items 1, 2, 3, 10 and 11; Schedule R]*

19. **FINRA CRD** or **CRD:** The Web Central Registration Depository ("CRD") system operated by FINRA for the registration of broker-dealers and broker-dealer representatives. *[Used in: General Instructions; Part 1A, Item 1, Schedules A, B, C, D, R, DRPs; Form ADV-W, Item 1]*

20. **Foreign Exchange Derivative:** Any derivative whose underlying asset is a currency other than U.S. dollars or is an exchange rate. Cross-currency interest rate swaps should be included in foreign exchange derivatives and excluded from ***interest rate derivatives***. *[Used in: Part 1A, Schedule D]*

21. **Foreign Financial Regulatory Authority:** This term includes (1) a foreign securities authority; (2) another governmental body or foreign equivalent of a ***self-regulatory organization*** empowered by a foreign government to administer or enforce its laws relating to the regulation of ***investment-related*** activities; and (3) a foreign membership organization, a function of which is to regulate the participation of its members in the activities listed above. *[Used in: Part 1A, Items 1, 11, DRPs; Part 2A, Item 9; Part 2B, Item 3]*

22. **Found:** This term includes adverse final actions, including consent decrees in which the respondent has neither admitted nor denied the findings, but does not include agreements, deficiency letters, examination reports, memoranda of understanding, letters of caution, admonishments, and similar informal resolutions of matters. *[Used in: Part 1A, Item 11; Part 1B, Item 2; Part 2A, Item 9; Part 2B, Item 3]*

23. **Government Entity:** Any state or political subdivision of a state, including (i) any agency, authority, or instrumentality of the state or political subdivision; (ii) a plan or pool of assets ***controlled*** by the state or political subdivision or any agency, authority, or instrumentality thereof; and (iii) any officer, agent, or employee of the state or political subdivision or any agency, authority, or instrumentality thereof, acting in their official capacity. *[Used in: Part 1A, Item 5]*

24. **Gross Notional Value:** The gross nominal or notional value of all transactions that have been entered into but not yet settled as of the reporting date. For contracts with variable nominal or notional principal amounts, the basis for reporting is the nominal or notional

principal amounts as of the reporting date. For options, use delta adjusted notional value. *[Used in: Part 1A, Schedule D]*

25. **High Net Worth Individual:** An individual who is a ***qualified client*** or who is a "qualified purchaser" as defined in section 2(a)(51)(A) of the Investment Company Act of 1940. *[Used in: Part 1A, Item 5]*

26. **Home State:** If your firm is registered with a ***state securities authority***, your firm's "home state" is the state where it maintains its ***principal office and place of business***. *[Used in: Part 1B, Instructions]*

27. **Impersonal Investment Advice:** Investment advisory services that do not purport to meet the objectives or needs of specific individuals or accounts. *[Used in: Part 1A, Instructions; Part 2A, Instructions; Part 2B, Instructions]*

28. **Independent Public Accountant:** A public accountant that meets the standards of independence described in rule 2-01(b) and (c) of Regulation S-X (17 CFR 210.2-01(b) and (c)). *[Used in: Part 1A, Item 9; Schedule D]*

29. **Interest Rate Derivative:** Any derivative whose underlying asset is the obligation to pay or the right to receive a given amount of money accruing interest at a given rate. Cross-currency interest rate swaps should be included in ***foreign exchange derivatives*** and excluded from interest rate derivatives. This information must be presented in terms of 10-year bond equivalents. *[Used in: Part 1A, Schedule D]*

30. **Investment Adviser Representative:** Any of your firm's ***supervised persons*** (*except* those that provide only ***impersonal investment advice***) is an investment adviser representative, if --

    - the ***supervised person*** regularly solicits, meets with, or otherwise communicates with your firm's ***clients***,

    - the ***supervised person*** has more than five ***clients*** who are natural persons and not ***high net worth individuals***, and

    - more than ten percent of the ***supervised person's clients*** are natural persons and not ***high net worth individuals***.

NOTE: If your firm is registered with the ***state securities authorities*** and not the SEC, your firm may be subject to a different state definition of "investment adviser representative." Investment adviser representatives of SEC-registered advisers may be required to register in each state in which they have a place of business.

[Used in: General Instructions; Part 1A, Item 5; Part 2B, Item 1]

31. **Investment-Related:** Activities that pertain to securities, commodities, banking, insurance, or real estate (including, but not limited to, acting as or being associated with an investment

adviser, broker-dealer, municipal securities dealer, government securities broker or dealer, issuer, investment company, futures sponsor, bank, or savings association). *[Used in: Part 1A, Items 7, 11, Schedule D, DRPs; Part 1B, Item 2; Part 2A, Items 9 and 19; Part 2B, Items 3, 4 and 7]*

32. **Involved:** Engaging in any act or omission, aiding, abetting, counseling, commanding, inducing, conspiring with or failing reasonably to supervise another in doing an act. *[Used in: Part 1A, Item 11; Part 2A, Items 9 and 10; Part 2B, Items 3 and 7]*

33. **Legal Entity Identifier:** A "legal entity identifier" assigned by a utility endorsed by the Global LEI Regulatory Oversight Committee (ROC) or accredited by the Global LEI Foundation (GLEIF). *[Used in: Part 1A, Item 1, Schedules D and R]*

34. **Management Persons:** Anyone with the power to exercise, directly or indirectly, a ***controlling*** influence over your firm's management or policies, or to determine the general investment advice given to the ***clients*** of your firm.

    Generally, all of the following are management persons:

    - Your firm's principal executive officers, such as your chief executive officer, chief financial officer, chief operations officer, chief legal officer, and chief compliance officer; your directors, general partners, or trustees; and other individuals with similar status or performing similar functions;

    - The members of your firm's investment committee or group that determines general investment advice to be given to ***clients***; and

    - If your firm does not have an investment committee or group, the individuals who determine general investment advice provided to ***clients*** (if there are more than five people, you may limit your firm's response to their supervisors).

[Used in: Part 1B, Item 2; Part 2A, Items 9, 10 and 19]

35. **Managing Agent:** A managing agent of an investment adviser is any ***person***, including a trustee, who directs or manages (or who participates in directing or managing) the affairs of any unincorporated organization or association that is not a partnership. *[Used in: General Instructions; Form ADV-NR; Form ADV-W, Item 8]*

36. **Minor Rule Violation:** A violation of a ***self-regulatory organization*** rule that has been designated as "minor" pursuant to a plan approved by the SEC. A rule violation may be designated as "minor" under a plan if the sanction imposed consists of a fine of $2,500 or less, and if the sanctioned ***person*** does not contest the fine. (Check with the appropriate ***self-regulatory organization*** to determine if a particular rule violation has been designated as "minor" for these purposes.) *[Used in: Part 1A, Item 11]*

37. **Misdemeanor:** For jurisdictions that do not differentiate between a ***felony*** and a misdemeanor, a misdemeanor is an offense punishable by a sentence of less than one year imprisonment and/or a fine of less than $1,000. The term also includes a special court martial. *[Used in: Part 1A, Item 11; DRPs; Part 2A, Item 9; Part 2B, Item 3]*

38. **Non-Resident:** (a) an individual who resides in any place not subject to the jurisdiction of the United States; (b) a corporation incorporated in or that has its ***principal office and place of business*** in any place not subject to the jurisdiction of the United States; and (c) a partnership or other unincorporated organization or association that is formed in or has its ***principal office and place of business*** in any place not subject to the jurisdiction of the United States. *[Used in: General Instructions; Form ADV-NR]*

39. **Notice Filing:** SEC-registered advisers may have to provide ***state securities authorities*** with copies of documents that are filed with the SEC. These filings are referred to as "notice filings." *[Used in: General Instructions; Part 1A, Item 2; Execution Page(s); Form ADV-W]*

40. **Order:** A written directive issued pursuant to statutory authority and procedures, including an order of denial, exemption, suspension, or revocation. Unless included in an order, this term does not include special stipulations, undertakings, or agreements relating to payments, limitations on activity or other restrictions. *[Used in: Part 1A, Items 2 and 11, Schedules D and R; DRPs; Part 2A, Item 9; Part 2B, Item 3]*

41. **Other Derivative:** Any derivative that is not a ***commodity derivative***, ***credit derivative***, ***equity derivative***, ***foreign exchange derivative*** or ***interest rate derivative***. *[Used in: Part 1A, Schedule D]*

42. **Parallel Managed Account:** With respect to any registered investment company or series thereof or business development company, a parallel managed account is any managed account or other pool of assets that you advise and that pursues substantially the same investment objective and strategy and invests side by side in substantially the same positions as the identified investment company or series thereof or business development company that you advise. *[Used in: Part 1A, Schedule D]*

43. **Performance-Based Fee:** An investment advisory fee based on a share of capital gains on, or capital appreciation of, ***client*** assets. A fee that is based upon a percentage of assets that you manage is not a performance-based fee. *[Used in: Part 1A, Item 5; Part 2A, Items 6 and 19]*

44. **Person:** A natural person (an individual) or a company. A company includes any partnership, corporation, trust, limited liability company ("LLC"), limited liability partnership ("LLP"), sole proprietorship, or other organization. *[Used throughout Form ADV and Form ADV-W]*

45. **Principal Office and Place of Business:** Your firm's executive office from which your firm's officers, partners, or managers direct, ***control***, and coordinate the activities of your

firm. *[Used in: Part 1A, Instructions, Items 1 and 2; Schedules D and R; Form ADV-W, Item 1]*

46. **Private Fund:** An issuer that would be an investment company as defined in section 3 of the Investment Company Act of 1940 but for section 3(c)(1) or 3(c)(7) of that Act. *[Used in: General Instructions; Part 1A, Instructions, Items 2, 5, 7, and 9; Part 1A, Schedule D]*

47. **Proceeding:** This term includes a formal administrative or civil action initiated by a governmental agency, ***self-regulatory organization*** or ***foreign financial regulatory authority***; a ***felony*** criminal indictment or information (or equivalent formal charge); or a ***misdemeanor*** criminal information (or equivalent formal charge). This term does not include other civil litigation, investigations, or arrests or similar charges effected in the absence of a formal criminal indictment or information (or equivalent formal charge). *[Used in: Part 1A, Item 11, DRPs; Part 1B, Item 2; Part 2A, Item 9; Part 2B, Item 3]*

48. **Qualified Client:** A ***client*** that satisfies the definition of qualified client in SEC rule 205-3. *[Used in: General Instructions; Part 1A, Schedule D]*

49. **Related Person:** Any ***advisory affiliate*** and any ***person*** that is under common ***control*** with your firm. *[Used in: Part 1A, Items 7, 8 and 9; Schedule D; Form ADV-W, Item 3; Part 2A, Items 10, 11, 12 and 14; Part 2A, Appendix 1, Item 6]*

50. **Relying Adviser:** An investment adviser eligible to register with the SEC that relies on a ***filing adviser*** to file (and amend) a single ***umbrella registration*** on its behalf. *[Used in: General Instructions; Part 1A, Items 1, 7 and 11; Schedules D and R]*

51. **Self-Regulatory Organization** or **SRO:** Any national securities or commodities exchange, registered securities association, or registered clearing agency. For example, the Chicago Board of Trade ("CBOT"), FINRA and New York Stock Exchange ("NYSE") are self-regulatory organizations. *[Used in: Part 1A, Item 11; DRPs; Part 1B, Item 2; Part 2A, Items 9 and 19; Part 2B, Items 3 and 7]*

52. **Sovereign Bonds:** Any notes, bonds and debentures issued by a national government (including central government, other governments and central banks but excluding U.S. state and local governments), whether denominated in a local or foreign currency. *[Used in: Part 1A, Schedule D]*

53. **Sponsor:** A sponsor of a ***wrap fee program*** sponsors, organizes, or administers the program or selects, or provides advice to ***clients*** regarding the selection of, other investment advisers in the program. *[Used in: Part 1A, Item 5, Schedule D; Part 2A, Instructions, Appendix 1 Instructions]*

54. **State Securities Authority:** The securities commissioner or commission (or any agency, office or officer performing like functions) of any state of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, or any other possession of the United States. *[Used throughout Form ADV]*

55. **Supervised Person:** Any of your officers, partners, directors (or other ***persons*** occupying a similar status or performing similar functions), or ***employees***, or any other ***person*** who provides investment advice on your behalf and is subject to your supervision or ***control***. *[Used throughout Part 2]*

56. **Umbrella Registration:** A single registration by a ***filing adviser*** and one or more ***relying advisers*** who collectively conduct a single advisory business and that meet the conditions set forth in General Instruction 5. *[Used in: General Instructions; Part 1A, Items 1, 2, 3, 7, 10 and 11, Schedules D and R]*

57. **United States person:** This term has the same meaning as in rule 203(m)-1 under the Advisers Act, which includes any natural person that is resident in the United States. *[Used in: Part 1A, Instructions, Item 5; Schedule D]*

58. **Wrap Brochure or Wrap Fee Program Brochure:** The written disclosure statement that ***sponsors*** of ***wrap fee programs*** must provide to each of their ***wrap fee program clients***. *[Used in: Part 2, General Instructions; Used throughout Part 2A, Appendix 1]*

59. **Wrap Fee Program:** Any advisory program under which a specified fee or fees not based directly upon transactions in a ***client's*** account is charged for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of ***client*** transactions. [*Used in: Part 1, Item 5; Schedule D; Part 2A, Instructions, Item 4, used throughout Appendix 1; Part 2B, Instructions]*

APPENDIX D

FORM ADV (Paper Version)

- **UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**
  AND
- **REPORT BY EXEMPT REPORTING ADVISERS**

PART 1A

WARNING: Complete this form truthfully. False statements or omissions may result in denial of your application, revocation of your registration, or criminal prosecution. You must keep this form updated by filing periodic amendments. See Form ADV General Instruction 4.

Check the box that indicates what you would like to do (check all that apply):

SEC or State Registration:
☐ Submit an initial application to register as an investment adviser with the SEC.
☐ Submit an initial application to register as an investment adviser with one or more states.
☐ Submit an *annual updating amendment* to your registration for your fiscal year ended_____.
☐ Submit an other-than-annual amendment to your registration.

SEC or State Report by *Exempt Reporting Advisers*:
☐ Submit an initial report to the SEC.
☐ Submit a report to one or more *state securities authorities*.
☐ Submit an *annual updating amendment* to your report for your fiscal year ended_____.
☐ Submit an other-than-annual amendment to your report.
☐ Submit a final report.

Item 1 Identifying Information

Responses to this Item tell us who you are, where you are doing business, and how we can contact you. If you are filing an *umbrella registration*, the information in Item 1 should be provided for the *filing adviser* only. General Instruction 5 provides information to assist you with filing an *umbrella registration*.

A. Your full legal name (if you are a sole proprietor, your last, first, and middle names):

_____

B. (1) Name under which you primarily conduct your advisory business, if different from Item 1.A.

_____

List on Section 1.B. of Schedule D any additional names under which you conduct your advisory business.

(2) If you are using this Form ADV to register more than one investment adviser under an *umbrella registration*, check this box ☐.

If you check this box, complete a Schedule R for each relying adviser.

C. If this filing is reporting a change in your legal name (Item 1.A.) or primary business name (Item 1.B.(1)), enter the new name and specify whether the name change is of ☐ your legal name or ☐ your primary business name:

_____

D. (1) If you are registered with the SEC as an investment adviser, your SEC file number: 801-_____.

(2) If you report to the SEC as an *exempt reporting adviser*, your SEC file number: 802-_____.

(3) If you have one or more Central Index Key numbers assigned by the SEC ("CIK Numbers"), all of your CIK numbers:_____.

E. (1) If you have a number ("*CRD* Number") assigned by the *FINRA's CRD* system or by the IARD system, your *CRD* number:_____.

(2) If you have additional *CRD* Numbers, your additional *CRD* numbers:_____.

If your firm does not have a CRD number, skip this Item 1.E. Do not provide the CRD number of one of your officers, employees, or affiliates.

F. *Principal Office and Place of Business*

(1) Address (do not use a P.O. Box):

_____
(number and street)

_____
(city) (state/country) (zip +4/postal code)

If this address is a private residence, check this box: ☐

List on Section 1.F. of Schedule D any office, other than your principal office and place of business, at which you conduct investment advisory business. If you are applying for registration, or are registered, with one or more state securities authorities, you must list all of your offices in the state or states to which you are applying for registration or with whom you are registered. If you are applying for SEC registration, if you are registered only with the SEC, or if you are reporting to the SEC as an exempt reporting adviser, list the largest twenty-five offices in terms of numbers of employees as of the end of your most recently completed fiscal year.

(2) Days of week that you normally conduct business at your *principal office and place of business*:

☐ Monday - Friday ☐ Other: _____

Normal business hours at this location: _____

(3) Telephone number at this location: _____
(area code) (telephone number)

(4) Facsimile number at this location, if any: _____
(area code) (facsimile number)

(5) What is the total number of offices, other than your *principal office and place of business*, at which you conduct investment advisory business as of the end of your most recently completed fiscal year?_____

G. Mailing address, if different from your *principal office and place of business* address:

_____
(number and street)

_____
(city) (state/country) (zip+4/postal code)

If this address is a private residence, check this box: ☐

H. If you are a sole proprietor, state your full residence address, if different from your *principal office and place of business* address in Item 1.F.:

_____
(number and street)

_____
(city) (state/country) (zip+4/postal code)

I. Do you have one or more websites or accounts on publicly available social media platforms (including, but not limited to, Twitter, Facebook and LinkedIn)?

Yes ☐ No ☐

If "yes," list all firm website addresses and the address for each of the firm's accounts on publicly available social media platforms on Section 1.I. of Schedule D. If a website address serves as a portal through which to access other information you have published on the web, you may list the portal without listing addresses for all of the other information. You may need to list more than one portal address. Do not provide the addresses of websites or accounts on publicly available social media platforms where you do not control the content. Do not provide the individual electronic mail (e-mail) addresses of employees or the addresses of employee accounts on publicly available social media platforms.

J. Chief Compliance Officer

(1) Provide the name and contact information of your Chief Compliance Officer. If you are an *exempt reporting adviser*, you must provide the contact information for your Chief Compliance Officer, if you have one. If not, you must complete Item 1.K. below.

_____
(name)

_____
(other titles, if any)

_____ _____
(area code) (telephone number) (area code) (facsimile number, if any)

_____
(number and street)

_____
(city) (state/country) (zip+4/postal code)

_____
(electronic mail (e-mail) address, if Chief Compliance Officer has one)

(2) If your Chief Compliance Officer is compensated or employed by any *person* other than you, a *related person* or an investment company registered under the Investment Company Act of 1940 that you advise for providing chief compliance officer services

to you, provide the *person's* name and IRS Employer Identification Number (if any):_____.

K. Additional Regulatory Contact Person: If a person other than the Chief Compliance Officer is authorized to receive information and respond to questions about this Form ADV, you may provide that information here.

_____
(name)

_____
(titles)

_____ _____
(area code) (telephone number) (area code) (facsimile number, if any)

_____
(number and street)

_____
(city) (state/country) (zip+4/postal code)

_____
(electronic mail (e-mail) address, if contact person has one)

L. Do you maintain some or all of the books and records you are required to keep under Section 204 of the Advisers Act, or similar state law, somewhere other than your *principal office and place of business*?

Yes ☐ No ☐

If "yes," complete Section 1.L. of Schedule D.

M. Are you registered with a *foreign financial regulatory authority*? Yes ☐ No ☐

Answer "no" if you are not registered with a foreign financial regulatory authority, even if you have an affiliate that is registered with a foreign financial regulatory authority. If "yes," complete Section 1.M. of Schedule D.

N. Are you a public reporting company under Sections 12 or 15(d) of the Securities Exchange Act of 1934?

Yes ☐ No ☐

O. Did you have $1 billion or more in assets on the last day of your most recent fiscal year?

Yes ☐ No ☐

If yes, what is the approximate amount of your assets:

$1 billion to less than $10 billion ☐

$10 billion to less than $50 billion ☐

$50 billion or more ☐

For purposes of Item 1.O. only, "assets" refers to your total assets, rather than the assets you manage on behalf of clients. Determine your total assets using the total assets shown on the balance sheet for your most recent fiscal year end.

P. Provide your *Legal Entity Identifier* if you have one: _____.

A *legal entity identifier* is a unique number that companies use to identify each other in the financial marketplace. You may not have a *legal entity identifier*.

Item 2

SEC Registration

Responses to this Item help us (and you) determine whether you are eligible to register with the SEC. Complete this Item 2.A. only if you are applying for SEC registration or submitting an *annual updating amendment* to your SEC registration. If you are filing an *umbrella registration*, the information in Item 2 should be provided for the *filing adviser* only.

A. To register (or remain registered) with the SEC, you must check **at least one** of the Items 2.A.(1) through 2.A.(12), below. If you are submitting an *annual updating amendment* to your SEC registration and you are no longer eligible to register with the SEC, check Item 2.A.(13). Part 1A Instruction 2 provides information to help you determine whether you may affirmatively respond to each of these items.

You (the adviser):

☐ (1) are a **large advisory firm** that either:

(a) has regulatory assets under management of $100 million (in U.S. dollars) or more; or

(b) has regulatory assets under management of $90 million (in U.S. dollars) or more at the time of filing its most recent *annual updating amendment* and is registered with the SEC;

☐ (2) are a **mid-sized advisory firm** that has regulatory assets under management of $25 million (in U.S. dollars) or more but less than $100 million (in U.S. dollars) and you are either:

(a) not required to be registered as an adviser with the *state securities authority* of the state where you maintain your *principal office and place of business*; or

(b) not subject to examination by the *state securities authority* of the state where you maintain your *principal office and place of business*;

*Click **HERE** for a list of states in which an investment adviser, if registered, would not be subject to examination by the state securities authority.*

☐ (3) have your *principal office and place of business* **in Wyoming** (which does not regulate advisers);

☐ (4) have your *principal office and place of business* **outside the United States**;

☐ (5) are **an investment adviser (or subadviser) to an investment company** registered under the Investment Company Act of 1940;

☐ (6) are **an investment adviser to a company which has elected to be a business development company** pursuant to section 54 of the Investment Company Act of 1940 and has not withdrawn the election, and you have at least $25 million of regulatory assets under management;

☐ (7) are a **pension consultant** with respect to assets of plans having an aggregate value of at least $200,000,000 that qualifies for the exemption in rule 203A-2(a);

☐ (8) are a **related adviser** under rule 203A-2(b) that *controls*, is *controlled* by, or is under common *control* with, an investment adviser that is registered with the SEC, and your *principal office and place of business* is the same as the registered adviser;

If you check this box, complete Section 2.A.(8) of Schedule D.

☐ (9) are an **adviser** relying on rule 203A-2(c) because you **expect to be eligible for SEC registration within 120 days**;

If you check this box, complete Section 2.A.(9) of Schedule D.

☐ (10) are a **multi-state adviser** that is required to register in 15 or more states and is relying on rule 203A-2(d);

If you check this box, complete Section 2.A.(10) of Schedule D.

☐ (11) are an **Internet adviser** relying on rule 203A-2(e);

☐ (12) have **received an SEC *order*** exempting you from the prohibition against registration with the SEC;

If you check this box, complete Section 2.A.(12) of Schedule D.

☐ (13) are **no longer eligible** to remain registered with the SEC.

SEC Reporting by *Exempt Reporting Advisers*

B. Complete this Item 2.B. only if you are reporting to the SEC as an *exempt reporting adviser*. Check all that apply. You:

☐ (1) qualify for the exemption from registration as an adviser solely to one or more venture capital funds, as defined in rule 203(l)-1;

☐ (2) qualify for the exemption from registration because you act solely as an adviser to *private funds* and have assets under management, as defined in rule 203(m)-1, in the United States of less than $150 million;

☐ (3) act solely as an adviser to *private funds* but you are no longer eligible to check box 2.B.(2) because you have assets under management, as defined in rule 203(m)-1, in the United States of $150 million or more.

If you check box (2) or (3), complete Section 2.B. of Schedule D.

State Securities Authority Notice Filings and State Reporting by *Exempt Reporting Advisers*

C. Under state laws, SEC-registered advisers may be required to provide to *state securities authorities* a copy of the Form ADV and any amendments they file with the SEC. These are called *notice filings*. In addition, *exempt reporting advisers* may be required to provide *state securities authorities* with a copy of reports and any amendments they file with the SEC. If this is an initial application or report, check the box(es) next to the state(s) that you would like to receive notice of this and all subsequent filings or reports you submit to the SEC. If this is an amendment to direct your *notice filings* or reports to additional state(s), check the box(es) next to the state(s) that you would like to receive notice of this and all subsequent filings or reports you submit to the SEC. If this is an amendment to your registration to stop your *notice filings* or reports from going to state(s) that currently receive them, uncheck the box(es) next to those state(s).

☐ AL	☐ CT	☐ HI	☐ KY	☐ MN	☐ NH	☐ OH	☐ SC	☐ VI
☐ AK	☐ DE	☐ ID	☐ LA	☐ MS	☐ NJ	☐ OK	☐ SD	☐ VA

☐ AZ	☐ DC	☐ IL	☐ ME	☐ MO	☐ NM	☐ OR	☐ TN	☐ WA	
☐ AR	☐ FL	☐ IN	☐ MD	☐ MT	☐ NY	☐ PA	☐ TX	☐ WV	
☐ CA	☐ GA	☐ IA	☐ MA	☐ NE	☐ NC	☐ PR	☐ UT	☐ WI	
☐ CO	☐ GU	☐ KS	☐ MI	☐ NV	☐ ND	☐ RI	☐ VT		

If you are amending your registration to stop your notice filings or reports from going to a state that currently receives them and you do not want to pay that state's notice filing or report filing fee for the coming year, your amendment must be filed before the end of the year (December 31).

Item 3 Form of Organization

If you are filing an *umbrella registration*, the information in Item 3 should be provided for the *filing adviser* only.

A. How are you organized?

☐ Corporation ☐ Sole Proprietorship ☐ Limited Liability Partnership (LLP)
☐ Partnership ☐ Limited Liability Company (LLC) ☐ Limited Partnership (LP)
☐ Other (specify):_____

If you are changing your response to this Item, see Part 1A Instruction 4.

B. In what month does your fiscal year end each year? _____

C. Under the laws of what state or country are you organized? _____

If you are a partnership, provide the name of the state or country under whose laws your partnership was formed. If you are a sole proprietor, provide the name of the state or country where you reside.

If you are changing your response to this Item, see Part 1A Instruction 4.

Item 4 Successions

A. Are you, at the time of this filing, succeeding to the business of a registered investment adviser, including, for example, a change of your structure or legal status (*e.g.*, form of organization or state of incorporation)?

☐ Yes ☐ No

If "yes," complete Item 4.B. and Section 4 of Schedule D.

B. Date of Succession: _____
(mm/dd/yyyy)

If you have already reported this succession on a previous Form ADV filing, do not report the succession again. Instead, check "No." See Part 1A Instruction 4.

Item 5 Information About Your Advisory Business

Responses to this Item help us understand your business, assist us in preparing for on-site examinations, and provide us with data we use when making regulatory policy. Part 1A Instruction 5.a. provides additional guidance to newly formed advisers for completing this Item 5.

Employees

If you are organized as a sole proprietorship, include yourself as an employee in your responses to Item 5.A. and Items 5.B.(1), (2), (3), (4), and (5). If an employee performs more than one function, you should count that employee in each of your responses to Items 5.B.(1), (2), (3), (4) and (5).

A. Approximately how many *employees* do you have? Include full- and part-time *employees* but do not include any clerical workers.

_____

B. (1) Approximately how many of the *employees* reported in 5.A. perform investment advisory functions (including research)?

_____

(2) Approximately how many of the *employees* reported in 5.A. are registered representatives of a broker-dealer?

_____

(3) Approximately how many of the *employees* reported in 5.A. are registered with one or more *state securities authorities* as *investment adviser representatives*?

_____

(4) Approximately how many of the *employees* reported in 5.A. are registered with one or more *state securities authorities* as *investment adviser representatives* for an investment adviser other than you?

_____

(5) Approximately how many of the *employees* reported in 5.A. are licensed agents of an insurance company or agency?

_____

(6) Approximately how many firms or other *persons* solicit advisory *clients* on your behalf?

_____

In your response to Item 5.B.(6), do not count any of your employees and count a firm only once - do not count each of the firm's employees that solicit on your behalf.

Clients

In your responses to Items 5.C. and 5.D. do not include as "clients" the investors in a private fund you advise, unless you have a separate advisory relationship with those investors.

C. (1) To approximately how many *clients* for whom you do not have regulatory assets under management did you provide investment advisory services during your most recently completed fiscal year? _____

(2) Approximately what percentage of your *clients* are non-*United States persons*? _____%

D. *For purposes of this Item 5.D., the category "individuals" includes trusts, estates, and 401(k) plans and IRAs of individuals and their family members, but does not include businesses organized as sole proprietorships.*
The category "business development companies" consists of companies that have made an election pursuant to section 54 of the Investment Company Act of 1940. Unless you provide advisory services pursuant to an investment advisory contract to an investment company registered under the Investment Company Act of 1940, do not answer (d)(1) or (d)(3) below.

Indicate the approximate number of your *clients* and amount of your total regulatory assets under management (reported in Item 5.F. below) attributable to each of the following type of *client*. If you have fewer than 5 *clients* in a particular category (other than (d), (e), and (f)) you may check Item 5.D.(2) rather than respond to Item 5.D.(1).

The aggregate amount of regulatory assets under management reported in Item 5.D.(3) should equal the total amount of regulatory assets under management reported in Item 5.F.(2)(c) below.

If a *client* fits into more than one category, select one category that most accurately represents the client to avoid double counting *clients* and assets. If you advise a registered investment company, business development company, or pooled investment vehicle, report those assets in categories (d), (e), and (f) as applicable.

Type of *Client*	(1) Number of *Client(s)*	(2) Fewer than 5 *Clients*	(3) Amount of Regulatory Assets under Management
(a) Individuals (other than *high net worth individuals*)			
(b) *High net worth individuals*			
(c) Banking or thrift institutions			
(d) Investment companies			
(e) Business development companies			
(f) Pooled investment vehicles (other than investment companies and business development companies)			
(g) Pension and profit sharing plans (but not the plan participants or government pension plans)			
(h) Charitable organizations			
(i) State or municipal *government entities* (including government pension plans)			
(j) Other investment advisers			
(k) Insurance companies			
(l) Sovereign wealth funds and foreign official institutions			
(m) Corporations or other businesses not listed above			
(n) Other: _____			

Compensation Arrangements

E. You are compensated for your investment advisory services by (check all that apply):

☐ (1) A percentage of assets under your management
☐ (2) Hourly charges
☐ (3) Subscription fees (for a newsletter or periodical)
☐ (4) Fixed fees (other than subscription fees)
☐ (5) Commissions
☐ (6) *Performance-based fees*
☐ (7) Other (specify): _____

Regulatory Assets Under Management

F. (1) Do you provide continuous and regular supervisory or management services to securities portfolios? ☐ Yes ☐ No

(2) If yes, what is the amount of your regulatory assets under management and total number of accounts?

	U.S. Dollar Amount	Total Number of Accounts
Discretionary:	(a) $_____.00	(d) _____
Non-Discretionary:	(b) $_____.00	(e) _____
Total:	(c) $_____.00	(f) _____

Part 1A Instruction 5.b. explains how to calculate your regulatory assets under management. You must follow these instructions carefully when completing this Item.

(3) What is the approximate amount of your total regulatory assets under management (reported in Item 5.F.(2)(c) above) attributable to *clients* who are non-*United States persons*? _____

Advisory Activities

G. What type(s) of advisory services do you provide? Check all that apply.

☐ (1) Financial planning services
☐ (2) Portfolio management for individuals and/or small businesses
☐ (3) Portfolio management for investment companies (as well as "business development companies" that have made an election pursuant to section 54 of the Investment Company Act of 1940)
☐ (4) Portfolio management for pooled investment vehicles (other than investment companies)
☐ (5) Portfolio management for businesses (other than small businesses) or institutional *clients* (other than registered investment companies and other pooled investment vehicles)
☐ (6) Pension consulting services

☐ (7) Selection of other advisers (including *private fund* managers)
☐ (8) Publication of periodicals or newsletters
☐ (9) Security ratings or pricing services
☐ (10) Market timing services
☐ (11) Educational seminars/workshops
☐ (12) Other (specify):_____

Do not check Item 5.G.(3) unless you provide advisory services pursuant to an investment advisory contract to an investment company registered under the Investment Company Act of 1940, including as a subadviser. If you check Item 5.G.(3), report the 811 or 814 number of the investment company or investment companies to which you provide advice in Section 5.G.(3) of Schedule D.

H. If you provide financial planning services, to how many *clients* did you provide these services during your last fiscal year?
☐ 0 ☐ 1-10 ☐ 11-25 ☐ 26-50 ☐ 51-100 ☐ 101-250 ☐ 251-500
☐ More than 500 If more than 500, how many? _____ (round to the nearest 500)

In your responses to this Item 5.H., do not include as "clients" the investors in a private fund you advise, unless you have a separate advisory relationship with those investors.

I. (1) Do you participate in a *wrap fee program*? ☐ Yes ☐ No

(2) If you participate in a *wrap fee program*, what is the amount of your regulatory assets under management attributable to acting as:

(a) *sponsor* to a *wrap fee program* $_____

(b) portfolio manager for a *wrap fee program*? $_____

(c) *sponsor* to and portfolio manager for the same wrap fee program? $_____

If you report an amount in Item 5.I.(2)(c), do not report that amount in Item 5.I.(2)(a) or Item 5.I.(2)(b).

If you are a portfolio manager for a wrap fee program, list the names of the programs, their sponsors and related information in Section 5.I.(2) of Schedule D.

If your involvement in a wrap fee program is limited to recommending wrap fee programs to your clients, or you advise a mutual fund that is offered through a wrap fee program, do not check Item 5.I.(1) or enter any amounts in response to Item 5.I.(2).

J. (1) In response to Item 4.B. of Part 2A of Form ADV, do you indicate that you provide investment advice only with respect to limited types of investments?
☐ Yes ☐ No

(2) Do you report *client* assets in Item 4.E. of Part 2A that are computed using a different method than the method used to compute your regulatory assets under management?
☐ Yes ☐ No

K. Separately Managed Account *Clients*

(1) Do you have regulatory assets under management attributable to *clients* other than those listed in Item 5.D.(3)(d)-(f) (separately managed account *clients*)?
☐ Yes ☐ No

If yes, complete Section 5.K.(1) of Schedule D.

(2) Do you engage in borrowing transactions on behalf of any of the separately managed account *clients* that you advise? ☐ Yes ☐ No

If yes, complete Section 5.K.(2) of Schedule D.

(3) Do you engage in derivative transactions on behalf of any of the separately managed account *clients* that you advise? ☐ Yes ☐ No

If yes, complete Section 5.K.(2) of Schedule D.

(4) After subtracting the amounts in Item 5.D.(3)(d)-(f) above from your total regulatory assets under management, does any custodian hold ten percent or more of this remaining amount of regulatory assets under management? ☐ Yes ☐ No

If yes, complete Section 5.K.(3) of Schedule D for each custodian.

Item 6 Other Business Activities

In this Item, we request information about your firm's other business activities.

A. You are actively engaged in business as a (check all that apply):

☐ (1) broker-dealer (registered or unregistered)
☐ (2) registered representative of a broker-dealer
☐ (3) commodity pool operator or commodity trading advisor (whether registered or exempt from registration)
☐ (4) futures commission merchant
☐ (5) real estate broker, dealer, or agent
☐ (6) insurance broker or agent
☐ (7) bank (including a separately identifiable department or division of a bank)
☐ (8) trust company
☐ (9) registered municipal advisor
☐ (10) registered security-based swap dealer
☐ (11) major security-based swap participant

☐ (12) accountant or accounting firm
☐ (13) lawyer or law firm
☐ (14) other financial product salesperson (specify):_____

If you engage in other business using a name that is different from the names reported in Items 1.A. or 1.B.(1), complete Section 6.A. of Schedule D.

B. (1) Are you actively engaged in any other business not listed in Item 6.A. (other than giving investment advice)? ☐ Yes ☐ No

(2) If yes, is this other business your primary business? ☐ Yes ☐ No

If "yes," describe this other business on Section 6.B.(2) of Schedule D, and if you engage in this business under a different name, provide that name.

(3) Do you sell products or provide services other than investment advice to your advisory *clients*? ☐ Yes ☐ No

If "yes," describe this other business on Section 6.B.(3) of Schedule D, and if you engage in this business under a different name, provide that name.

Item 7 Financial Industry Affiliations and *Private Fund* Reporting

In this Item, we request information about your financial industry affiliations and activities. This information identifies areas in which conflicts of interest may occur between you and your *clients*.

A. This part of Item 7 requires you to provide information about you and your *related persons*, including foreign affiliates. Your *related persons* are all of your *advisory affiliates* and any *person* that is under common *control* with you.

You have a *related person* that is a (check all that apply):

☐ (1) broker-dealer, municipal securities dealer, or government securities broker or dealer (registered or unregistered)
☐ (2) other investment adviser (including financial planners)
☐ (3) registered municipal advisor
☐ (4) registered security-based swap dealer
☐ (5) major security-based swap participant
☐ (6) commodity pool operator or commodity trading advisor (whether registered or exempt from registration)
☐ (7) futures commission merchant
☐ (8) banking or thrift institution
☐ (9) trust company
☐ (10) accountant or accounting firm

☐ (11) lawyer or law firm
☐ (12) insurance company or agency
☐ (13) pension consultant
☐ (14) real estate broker or dealer
☐ (15) sponsor or syndicator of limited partnerships (or equivalent), excluding pooled investment vehicles
☐ (16) sponsor, general partner, managing member (or equivalent) of pooled investment vehicles

Note that Item 7.A. should not be used to disclose that some of your employees perform investment advisory functions or are registered representatives of a broker-dealer. The number of your firm's employees who perform investment advisory functions should be disclosed under Item 5.B.(1). The number of your firm's employees who are registered representatives of a broker-dealer should be disclosed under Item 5.B.(2).

Note that if you are filing an umbrella registration, you should not check Item 7.A.(2) with respect to your relying advisers, and you do not have to complete Section 7.A. in Schedule D for your relying advisers. You should complete a Schedule R for each relying adviser.

For each related person, including foreign affiliates that may not be registered or required to be registered in the United States, complete Section 7.A. of Schedule D.

You do not need to complete Section 7.A. of Schedule D for any related person if: (1) you have no business dealings with the related person in connection with advisory services you provide to your clients; (2) you do not conduct shared operations with the related person; (3) you do not refer clients or business to the related person, and the related person does not refer prospective clients or business to you; (4) you do not share supervised persons or premises with the related person; and (5) you have no reason to believe that your relationship with the related person otherwise creates a conflict of interest with your clients.

You must complete Section 7.A. of Schedule D for each related person acting as qualified custodian in connection with advisory services you provide to your clients (other than any mutual fund transfer agent pursuant to rule 206(4)-2(b)(1)), regardless of whether you have determined the related person to be operationally independent under rule 206(4)-2 of the Advisers Act.

B. Are you an adviser to any *private fund*? ☐ Yes ☐ No

If "yes," then for each private fund that you advise, you must complete a Section 7.B.(1) of Schedule D, except in certain circumstances described in the next sentence and in Instruction 6 of the Instructions to Part 1A. If you are registered or applying for registration with the SEC or reporting as an SEC exempt reporting adviser, and another SEC-registered adviser or SEC exempt reporting adviser reports this information with respect to any such private fund in Section 7.B.(1) of Schedule D of its Form ADV (e.g., if

you are a subadviser), do not complete Section 7.B.(1) of Schedule D with respect to that private fund. You must, instead, complete Section 7.B.(2) of Schedule D.

In either case, if you seek to preserve the anonymity of a private fund client by maintaining its identity in your books and records in numerical or alphabetical code, or similar designation, pursuant to rule 204-2(d), you may identify the private fund in Section 7.B.(1) or 7.B.(2) of Schedule D using the same code or designation in place of the fund's name.

Item 8 Participation or Interest in *Client* Transactions

In this Item, we request information about your participation and interest in your *clients'* transactions. This information identifies additional areas in which conflicts of interest may occur between you and your *clients*. Newly-formed advisers should base responses to these questions on the types of participation and interest that you expect to engage in during the next year.

Like Item 7, Item 8 requires you to provide information about you and your *related persons*, including foreign affiliates.

Proprietary Interest in *Client* Transactions

A. Do you or any *related person*:

	Yes	No
(1) buy securities for yourself from advisory *clients*, or sell securities you own to advisory *clients* (principal transactions)?	☐	☐
(2) buy or sell for yourself securities (other than shares of mutual funds) that you also recommend to advisory *clients*?	☐	☐
(3) recommend securities (or other investment products) to advisory *clients* in which you or any *related person* has some other proprietary (ownership) interest (other than those mentioned in Items 8.A.(1) or (2))?	☐	☐

Sales Interest in *Client* Transactions

B. Do you or any *related person*:

	Yes	No
(1) as a broker-dealer or registered representative of a broker-dealer, execute securities trades for brokerage customers in which advisory *client* securities are sold to or bought from the brokerage customer (agency cross transactions)?	☐	☐
(2) recommend to advisory *clients*, or act as a purchaser representative for advisory *clients* with respect to, the purchase of securities for which you or any *related person* serves as underwriter or general		

or managing partner?	☐	☐
(3) recommend purchase or sale of securities to advisory *clients* for which you or any *related person* has any other sales interest (other than the receipt of sales commissions as a broker or registered representative of a broker-dealer)?	☐	☐

Investment or Brokerage Discretion

	Yes	No
C. Do you or any *related person* have *discretionary authority* to determine the:		
(1) securities to be bought or sold for a *client's* account?	☐	☐
(2) amount of securities to be bought or sold for a *client's* account?	☐	☐
(3) broker or dealer to be used for a purchase or sale of securities for a *client's* account?	☐	☐
(4) commission rates to be paid to a broker or dealer for a *client's* securities transactions?	☐	☐
D. If you answer "yes" to C.(3) above, are any of the brokers or dealers *related persons*?	☐	☐
E. Do you or any *related person* recommend brokers or dealers to *clients*?	☐	☐
F. If you answer "yes" to E. above, are any of the brokers or dealers *related persons*?	☐	☐
G. (1) Do you or any *related person* receive research or other products or services other than execution from a broker-dealer or a third party ("soft dollar benefits") in connection with *client* securities transactions?	☐	☐
(2) If "yes" to G.(1) above, are all the "soft dollar benefits" you or any *related persons* receive eligible "research or brokerage services" under section 28(e) of the Securities Exchange Act of 1934?	☐	☐
H. (1) Do you or any *related person*, directly or indirectly, compensate any *person* that is not an *employee* for *client* referrals?	☐	☐
(2) Do you or any *related person*, directly or indirectly, provide any *employee* compensation that is specifically related to obtaining *clients* for the firm (cash or non-cash compensation in addition to the *employee's* regular salary)?	☐	☐

I. Do you or any *related person*, including any *employee*, directly or indirectly, receive compensation from any *person* (other than you or any *related person*) for *client* referrals? ☐ ☐

In your response to Item 8.I., do not include the regular salary you pay to an employee.

In responding to Items 8.H. and 8.I., consider all cash and non-cash compensation that you or a related person gave to (in answering Item 8.H.) or received from (in answering Item 8.I.) any person in exchange for client referrals, including any bonus that is based, at least in part, on the number or amount of client referrals.

Item 9 Custody

In this Item, we ask you whether you or a *related person* has *custody* of *client* (other than *clients* that are investment companies registered under the Investment Company Act of 1940) assets and about your custodial practices.

A. (1) Do you have *custody* of any advisory *clients'*:	Yes	No
(a) cash or bank accounts ?	☐	☐
(b) securities?	☐	☐

If you are registering or registered with the SEC, answer "No" to Item 9.A.(1)(a) and (b) if you have custody solely because (i) you deduct your advisory fees directly from your clients' accounts, or (ii) a related person has custody of client assets in connection with advisory services you provide to clients, but you have overcome the presumption that you are not operationally independent (pursuant to Advisers Act rule 206(4)-2(d)(5)) from the related person.

(2) If you checked "yes" to Item 9.A.(1)(a) or (b), what is the approximate amount of *client* funds and securities and total number of *clients* for which you have *custody*:

U.S. Dollar Amount	Total Number of *Clients*
(a) $_____	(b) _____

If you are registering or registered with the SEC and you have custody solely because you deduct your advisory fees directly from your clients' accounts, do not include the amount of those assets and the number of those clients in your response to Item 9.A.(2). If your related person has custody of client assets in connection with advisory services you provide to clients, do not include the amount of those assets and the number of those clients in your response to Item 9.A.(2). Instead, include that information in your response to Item 9.B.(2).

B. (1) In connection with advisory services you provide to *clients*, do any of your *related persons* have *custody* of any of your advisory *clients'*:

	Yes	No
(a) cash or bank accounts?	☐	☐
(b) securities?	☐	☐

You are required to answer this item regardless of how you answered Item 9.A.(1)(a) or (b).

(2) If you checked "yes" to Item 9.B.(1)(a) or (b), what is the approximate amount of *client* funds and securities and total number of *clients* for which your *related persons* have *custody:*

U.S. Dollar Amount	Total Number of *Clients*
(a) $_____	(b) _____

C. If you or your *related persons* have *custody* of *client* funds or securities in connection with advisory services you provide to *clients*, check all the following that apply:

☐ (1) A qualified custodian(s) sends account statements at least quarterly to the investors in the pooled investment vehicle(s) you manage.

☐ (2) An *independent public accountant* audits annually the pooled investment vehicle(s) that you manage and the audited financial statements are distributed to the investors in the pools.

☐ (3) An *independent public accountant* conducts an annual surprise examination of *client* funds and securities.

☐ (4) An *independent public accountant* prepares an internal control report with respect to custodial services when you or your *related persons* are qualified custodians for *client* funds and securities.

If you checked Item 9.C.(2), C.(3) or C.(4), list in Section 9.C. of Schedule D the accountants that are engaged to perform the audit or examination or prepare an internal control report. (If you checked Item 9.C.(2), you do not have to list auditor information in Section 9.C. of Schedule D if you already provided this information with respect to the private funds you advise in Section 7.B.(1) of Schedule D).

D. Do you or your *related person*(s) act as qualified custodians for your *clients* in connection with advisory services you provide to *clients*?

	Yes	No
(1) you act as a qualified custodian	☐	☐
(2) your *related person(s)* act as qualified custodian(s)	☐	☐

If you checked "yes" to Item 9.D.(2), all related persons that act as qualified custodians (other than any mutual fund transfer agent pursuant to rule 206(4)-2(b)(1)) must be identified in Section 7.A. of Schedule D, regardless of whether you have determined the related person to be operationally independent under rule 206(4)-2 of the Advisers Act.

E. If you are filing your *annual updating amendment* and you were subject to a surprise examination by an *independent public accountant* during your last fiscal year, provide the date (MM/YYYY) the examination commenced: _____

F. If you or your *related persons* have *custody* of *client* funds or securities, how many *persons*, including, but not limited to, you and your *related persons*, act as qualified custodians for your *clients* in connection with advisory services you provide to *clients*?

_____

Item 10 Control Persons

In this Item, we ask you to identify every *person* that, directly or indirectly, *controls* you. If you are filing an *umbrella registration*, the information in Item 10 should be provided for the *filing adviser* only.

If you are submitting an initial application or report, you must complete Schedule A and Schedule B. Schedule A asks for information about your direct owners and executive officers. Schedule B asks for information about your indirect owners. If this is an amendment and you are updating information you reported on either Schedule A or Schedule B (or both) that you filed with your initial application or report, you must complete Schedule C.

A. Does any *person* not named in Item 1.A. or Schedules A, B, or C, directly or indirectly, *control* your management or policies? ☐ Yes ☐ No

If yes, complete Section 10.A. of Schedule D.

B. If any *person* named in Schedules A, B, or C or in Section 10.A. of Schedule D is a public reporting company under Sections 12 or 15(d) of the Securities Exchange Act of 1934, please complete Section 10.B. of Schedule D.

Item 11 Disclosure Information

In this Item, we ask for information about your disciplinary history and the disciplinary history of all your *advisory affiliates*. We use this information to determine whether to grant your application for registration, to decide whether to revoke your registration or to place limitations on your activities as an investment adviser, and to identify potential problem areas to focus on during our on-site examinations. One event may result in "yes" answers to more than one of the questions below. In accordance with General Instruction 5 to Form ADV, "you" and "your" include the *filing adviser* and all *relying advisers* under an *umbrella registration*.

Your *advisory affiliates* are: (1) all of your current *employees* (other than *employees* performing only clerical, administrative, support or similar functions); (2) all of your officers, partners, or directors (or any *person* performing similar functions); and (3) all *persons* directly or indirectly *controlling* you or *controlled* by you. If you are a "separately identifiable department or division" (SID) of a bank, see the Glossary of Terms to determine who your *advisory affiliates* are.

If you are registered or registering with the SEC or if you are an exempt reporting adviser, you may limit your disclosure of any event listed in Item 11 to ten years following the date of the event. If you are registered or registering with a state, you must respond to the questions as posed; you may, therefore, limit your disclosure to ten years following the date of an event only in responding to Items 11.A.(1), 11.A.(2), 11.B.(1), 11.B.(2), 11.D.(4), and 11.H.(1)(a). For purposes of calculating this ten-year period, the date of an event is the date the final order, judgment, or decree was entered, or the date any rights of appeal from preliminary orders, judgments, or decrees lapsed.

You must complete the appropriate Disclosure Reporting Page ("DRP") for "yes" answers to the questions in this Item 11.

	Yes	No
Do any of the events below involve you or any of your *supervised persons*?	☐	☐

For "yes" answers to the following questions, complete a Criminal Action DRP:

	Yes	No
A. In the past ten years, have you or any *advisory affiliate*:		
(1) been convicted of or pled guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to any *felony*?	☐	☐
(2) been *charged* with any *felony*?	☐	☐

If you are registered or registering with the SEC, or if you are reporting as an exempt reporting adviser, you may limit your response to Item 11.A.(2) to charges that are currently pending.

	Yes	No
B. In the past ten years, have you or any *advisory affiliate*:		
(1) been convicted of or pled guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to a *misdemeanor* involving: investments or an *investment-related* business, or any fraud, false statements, or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses?	☐	☐

(2) been *charged* with a *misdemeanor* listed in Item 11.B.(1)? ☐ ☐

If you are registered or registering with the SEC, or if you are reporting as an exempt reporting adviser, you may limit your response to Item 11.B.(2) to charges that are currently pending.

For "yes" answers to the following questions, complete a Regulatory Action DRP:

	Yes	No
C. Has the SEC or the Commodity Futures Trading Commission (CFTC) ever:		
(1) *found* you or any *advisory affiliate* to have made a false statement or omission?	☐	☐
(2) *found* you or any *advisory affiliate* to have been *involved* in a violation of SEC or CFTC regulations or statutes?	☐	☐
(3) *found* you or any *advisory affiliate* to have been a cause of an *investment-related* business having its authorization to do business denied, suspended, revoked, or restricted?	☐	☐
(4) entered an *order* against you or any *advisory affiliate* in connection with *investment-related* activity?	☐	☐
(5) imposed a civil money penalty on you or any *advisory affiliate*, or *ordered* you or any *advisory affiliate* to cease and desist from any activity?	☐	☐
D. Has any other federal regulatory agency, any state regulatory agency, or any *foreign financial regulatory authority*:		
(1) ever *found* you or any *advisory affiliate* to have made a false statement or omission, or been dishonest, unfair, or unethical?	☐	☐
(2) ever *found* you or any *advisory affiliate* to have been *involved* in a violation of *investment-related* regulations or statutes?	☐	☐
(3) ever *found* you or any *advisory affiliate* to have been a cause of an *investment-related* business having its authorization to do business denied, suspended, revoked, or restricted?	☐	☐
(4) in the past ten years, entered an *order* against you or any *advisory affiliate* in connection with an *investment-related* activity?	☐	☐
(5) ever denied, suspended, or revoked your or any *advisory affiliate's* registration or license, or otherwise prevented you or any *advisory*		

	Yes	No
affiliate, by *order*, from associating with an *investment-related* business or restricted your or any *advisory affiliate's* activity?	☐	☐
E. Has any *self-regulatory organization* or commodities exchange ever:		
(1) *found* you or any *advisory affiliate* to have made a false statement or omission?	☐	☐
(2) *found* you or any *advisory affiliate* to have been *involved* in a violation of its rules (other than a violation designated as a *"minor rule violation"* under a plan approved by the SEC)?	☐	☐
(3) *found* you or any *advisory affiliate* to have been the cause of an *investment-related* business having its authorization to do business denied, suspended, revoked, or restricted?	☐	☐
(4) disciplined you or any *advisory affiliate* by expelling or suspending you or the *advisory affiliate* from membership, barring or suspending you or the *advisory affiliate* from association with other members, or otherwise restricting your or the *advisory affiliate's* activities?	☐	☐
F. Has an authorization to act as an attorney, accountant, or federal contractor granted to you or any *advisory affiliate* ever been revoked or suspended?	☐	☐
G. Are you or any *advisory affiliate* now the subject of any regulatory *proceeding* that could result in a "yes" answer to any part of Item 11.C., 11.D., or 11.E.?	☐	☐

For "yes" answers to the following questions, complete a Civil Judicial Action DRP:

	Yes	No
H. (1) Has any domestic or foreign court:		
(a) in the past ten years, *enjoined* you or any *advisory affiliate* in connection with any *investment-related* activity?	☐	☐
(b) ever *found* that you or any *advisory affiliate* were *involved* in a violation of *investment-related* statutes or regulations?	☐	☐
(c) ever dismissed, pursuant to a settlement agreement, an *investment-related* civil action brought against you or any *advisory affiliate* by a state or *foreign financial regulatory authority*?	☐	☐

(2) Are you or any *advisory affiliate* now the subject of any civil *proceeding* that could result in a "yes" answer to any part of Item 11.H.(1)? ☐ ☐

Item 12 Small Businesses

The SEC is required by the Regulatory Flexibility Act to consider the effect of its regulations on small entities. In order to do this, we need to determine whether you meet the definition of "small business" or "small organization" under rule 0-7.

Answer this Item 12 only if you are registered or registering with the SEC and you indicated in response to Item 5.F.(2)(c) that you have regulatory assets under management of less than $25 million. You are not required to answer this Item 12 if you are filing for initial registration as a state adviser, amending a current state registration, or switching from SEC to state registration.

For purposes of this Item 12 only:

- Total Assets refers to the total assets of a firm, rather than the assets managed on behalf of *clients*. In determining your or another *person's* total assets, you may use the total assets shown on a current balance sheet (but use total assets reported on a consolidated balance sheet with subsidiaries included, if that amount is larger).

- *Control* means the power to direct or cause the direction of the management or policies of a *person*, whether through ownership of securities, by contract, or otherwise. Any *person* that directly or indirectly has the right to vote 25 percent or more of the voting securities, or is entitled to 25 percent or more of the profits, of another *person* is presumed to *control* the other *person*.

	Yes	No
A. Did you have total assets of $5 million or more on the last day of your most recent fiscal year?	☐	☐

If "yes," you do not need to answer Items 12.B. and 12.C.

B. Do you:

(1) *control* another investment adviser that had regulatory assets under management (calculated in response to Item 5.F.(2)(c) of Form ADV) of $25 million or more on the last day of its most recent fiscal year? ☐ ☐

(2) *control* another *person* (other than a natural person) that had total assets of $5 million or more on the last day of its most recent fiscal year? ☐ ☐

C. Are you:

(1) *controlled* by or under common *control* with another investment adviser that had regulatory assets under management (calculated in response to Item 5.F.(2)(c) of Form ADV) of $25 million or more on the last day of its most recent fiscal year?	☐	☐
(2) *controlled* by or under common *control* with another *person* (other than a natural person) that had total assets of $5 million or more on the last day of its most recent fiscal year?	☐	☐

FORM ADV
Schedule A

Direct Owners and Executive Officers

1. Complete Schedule A only if you are submitting an initial application or report. Schedule A asks for information about your direct owners and executive officers. Use Schedule C to amend this information.

2. Direct Owners and Executive Officers. List below the names of:

   (a) each Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, Chief Legal Officer, Chief Compliance Officer (Chief Compliance Officer is required if you are registered or applying for registration and cannot be more than one individual), director and any other individuals with similar status or functions;

   (b) if you are organized as a corporation, each shareholder that is a direct owner of 5% or more of a class of your voting securities, unless you are a public reporting company (a company subject to Section 12 or 15(d) of the Exchange Act);

   Direct owners include any *person* that owns, beneficially owns, has the right to vote, or has the power to sell or direct the sale of, 5% or more of a class of your voting securities. For purposes of this Schedule, a *person* beneficially owns any securities: (i) owned by his/her child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, sharing the same residence; or (ii) that he/she has the right to acquire, within 60 days, through the exercise of any option, warrant, or right to purchase the security.

   (c) if you are organized as a partnership, all general partners and those limited and special partners that have the right to receive upon dissolution, or have contributed, 5% or more of your capital;

   (d) in the case of a trust that directly owns 5% or more of a class of your voting securities, or that has the right to receive upon dissolution, or has contributed, 5% or more of your capital, the trust and each trustee; and

   (e) if you are organized as a limited liability company ("LLC"), (i) those members that have the right to receive upon dissolution, or have contributed, 5% or more of your capital, and (ii) if managed by elected managers, all elected managers.

3. Do you have any indirect owners to be reported on Schedule B? ☐ Yes ☐ No

4. In the DE/FE/I column below, enter "DE" if the owner is a domestic entity, "FE" if the owner is an entity incorporated or domiciled in a foreign country, or "I" if the owner or executive officer is an individual.

5. Complete the Title or Status column by entering board/management titles; status as partner, trustee, sole proprietor, elected manager, shareholder, or member; and for shareholders or members, the class of securities owned (if more than one is issued).

6. Ownership codes are:

NA - less than 5%	C - 25% but less than 50%
A - 5% but less than 10%	D - 50% but less than 75%
B - 10% but less than 25%	E - 75% or more

7. (a) In the *Control Person* column, enter "Yes" if the *person* has *control* as defined in the Glossary of Terms to Form ADV, and enter "No" if the *person* does not have *control*. Note that under this definition, most executive officers and all 25% owners, general partners, elected managers, and trustees are *control persons*.
   (b) In the PR column, enter "PR" if the owner is a public reporting company under Sections 12 or 15(d) of the Exchange Act.
   (c) Complete each column.

FULL LEGAL NAME (Individuals: Last Name, First Name, Middle Name)	DE/FE/I	Title or Status	Date Title or Status Acquired MM/YYYY	Ownership Code	*Control Person* PR	*CRD* No. If None: S.S. No. and Date of Birth, IRS Tax No. or Employer ID No.

FORM ADV
Schedule B

Indirect Owners

1. Complete Schedule B only if you are submitting an initial application or report. Schedule B asks for information about your indirect owners; you must first complete Schedule A, which asks for information about your direct owners. Use Schedule C to amend this information.

2. Indirect Owners. With respect to each owner listed on Schedule A (except individual owners), list below:

   (a) in the case of an owner that is a corporation, each of its shareholders that beneficially owns, has the right to vote, or has the power to sell or direct the sale of, 25% or more of a class of a voting security of that corporation;

   For purposes of this Schedule, a *person* beneficially owns any securities: (i) owned by his/her child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, sharing the same residence; or (ii) that he/she has the right to acquire, within 60 days, through the exercise of any option, warrant, or right to purchase the security.

   (b) in the case of an owner that is a partnership, all general partners and those limited and special partners that have the right to receive upon dissolution, or have contributed, 25% or more of the partnership's capital;

   (c) in the case of an owner that is a trust, the trust and each trustee; and

   (d) in the case of an owner that is a limited liability company ("LLC"), (i) those members that have the right to receive upon dissolution, or have contributed, 25% or more of the LLC's capital, and (ii) if managed by elected managers, all elected managers.

3. Continue up the chain of ownership listing all 25% owners at each level. Once a public reporting company (a company subject to Sections 12 or 15(d) of the Exchange Act) is reached, no further ownership information need be given.

4. In the DE/FE/I column below, enter "DE" if the owner is a domestic entity, "FE" if the owner is an entity incorporated or domiciled in a foreign country, or "I" if the owner is an individual.

5. Complete the Status column by entering the owner's status as partner, trustee, elected manager, shareholder, or member; and for shareholders or members, the class of securities owned (if more than one is issued).

6. Ownership codes are: C - 25% but less than 50% D - 50% but less than 75%
E - 75% or more F - Other (general partner, trustee, or elected manager)

7. (a) In the *Control Person* column, enter "Yes" if the *person* has *control* as defined in the Glossary of Terms to Form ADV, and enter "No" if the *person* does not have *control*. Note that under this definition, most executive officers and all 25% owners, general partners, elected managers, and trustees are *control persons*.
   (b) In the PR column, enter "PR" if the owner is a public reporting company under Sections 12 or 15(d) of the Exchange Act.
   (c) Complete each column.

FULL LEGAL NAME (Individuals: Last Name, First Name, Middle Name)	DE/FE/I	Entity in Which Interest is Owned	Status	Date Status Acquired MM/YYYY	Ownership Code	*Control Person* PR	*CRD* No. If None: S.S. No. and Date of Birth, IRS Tax No. or Employer ID No.

FORM ADV
Schedule C

Amendments to Schedules A and B

1. Use Schedule C only to amend information requested on either Schedule A or Schedule B. Refer to Schedule A and Schedule B for specific instructions for completing this Schedule C. Complete each column.

2. In the Type of Amendment column, indicate "A" (addition), "D" (deletion), or "C" (change in information about the same *person*).

3. Ownership codes are:

NA - less than 5%
A - 5% but less than 10%
B - 10% but less than 25%
C - 25% but less than 50%
D - 50% but less than 75%
E - 75% or more
G - Other (general partner, trustee, or elected member)

4. List below all changes to Schedule A (Direct Owners and Executive Officers):

FULL LEGAL NAME (Individuals: Last Name, First Name, Middle Name)	DE/FE/I	Type of Amendment	Title or Status	Date Title or Status Acquired MM/YYYY	Ownership Code	*Control Person* PR	*CRD* No. If None: S.S. No. and Date of Birth, IRS Tax No. or Employer ID No.

5. List below all changes to Schedule B (Indirect Owners):

FULL LEGAL NAME (Individuals: Last Name, First Name, Middle Name)	DE/FE/I	Type of Amendment	Title or Status	Date Title or Status Acquired MM/YYYY	Ownership Code	*Control Person* PR	*CRD* No. If None: S.S. No. and Date of Birth, IRS Tax No. or Employer ID No.

FORM ADV

Schedule D

Certain items in Part 1A of Form ADV require additional information on Schedule D. Use this Schedule D to report details for items listed below. Report only new information or changes/updates to previously submitted information. Do not repeat previously submitted information.

This is an ☐ INITIAL or ☐ AMENDED Schedule D

SECTION 1.B. Other Business Names

List your other business names and the jurisdictions in which you use them. You must complete a separate Schedule D Section 1.B. for each business name.

Check only one box: ☐ Add ☐ Delete ☐ Amend

Name _____ Jurisdictions _____

SECTION 1.F. Other Offices

Complete the following information for each office, other than your *principal office and place of business*, at which you conduct investment advisory business. You must complete a separate Schedule D Section 1.F. for each location. If you are applying for SEC registration, if you are registered only with the SEC, or if you are an *exempt reporting adviser*, list only the largest twenty-five offices (in terms of numbers of *employees*).

Check only one box: ☐ Add ☐ Delete

_____

(number and street)

_____

(city) (state/country) (zip+4/postal code)

If this address is a private residence, check this box: ☐

_____ _____

(area code) (telephone number) (area code) (facsimile number, if any)

If this office location is also required to be registered with FINRA or a *state securities authority* as a branch office location for a broker-dealer or investment adviser on the Uniform Branch Office Registration Form (Form BR), please provide the *CRD* Branch Number here:_____

How many *employees* perform investment advisory functions from this office location? _____

Are other business activities conducted at this office location? (check all that apply)

☐ (1) Broker-dealer (registered or unregistered)

☐ (2) Bank (including a separately identifiable department or division of a bank)

☐ (3) Insurance broker or agent

☐ (4) Commodity pool operator or commodity trading advisor (whether registered or exempt from registration)

☐ (5) Registered municipal advisor

☐ (6) Accountant or accounting firm

☐ (7) Lawyer or law firm

Describe any other *investment-related* business activities conducted from this office location:

_____

SECTION 1.I. Website Addresses

List your website addresses, including addresses for accounts on publicly available social media platforms where you control the content (including, but not limited to, Twitter, Facebook and/or LinkedIn). You must complete a separate Schedule D Section 1.I. for each website or account on a publicly available social media platform.

Check only one box: ☐ Add ☐ Delete

Address of Website/Account on Publicly Available Social Media Platform:

_____

SECTION 1.L. Location of Books and Records

Complete the following information for each location at which you keep your books and records, other than your *principal office and place of business*. You must complete a separate Schedule D, Section 1.L. for each location.

Check only one box: ☐ Add ☐ Delete ☐ Amend

Name of entity where books and records are kept:_____

(number and street)

(city) (state/country) (zip+4/postal code)

If this address is a private residence, check this box: ☐

(area code) (telephone number) (area code) (facsimile number, if any)

This is (check one): ☐ one of your branch offices or affiliates.
☐ a third-party unaffiliated recordkeeper.
☐ other.

Briefly describe the books and records kept at this location. _____

SECTION 1.M. Registration with *Foreign Financial Regulatory Authorities*

List the name and country, in English, of each *foreign financial regulatory authority* with which you are registered. You must complete a separate Schedule D Section 1.M. for each *foreign financial regulatory authority* with whom you are registered.

Check only one box: ☐ Add ☐ Delete

Name of *Foreign Financial Regulatory Authority* _____
Name of Country _____

SECTION 2.A.(8) Related Adviser

If you are relying on the exemption in rule 203A-2(b) from the prohibition on registration because you *control*, are *controlled* by, or are under common *control* with an investment adviser that is registered with the SEC and your *principal office and place of business* is the same as that of the registered adviser, provide the following information:

Name of Registered Investment Adviser _____
CRD Number of Registered Investment Adviser _____
SEC Number of Registered Investment Adviser 801-_____

SECTION 2.A.(9) Investment Adviser Expecting to be Eligible for Commission Registration within 120 Days

If you are relying on rule 203A-2(c), the exemption from the prohibition on registration available to an adviser that expects to be eligible for SEC registration within 120 days, you are required to make certain representations about your eligibility for SEC registration. By checking the

appropriate boxes, you will be deemed to have made the required representations. You must make both of these representations:

☐ I am not registered or required to be registered with the SEC or a *state securities authority* and I have a reasonable expectation that I will be eligible to register with the SEC within 120 days after the date my registration with the SEC becomes effective.

☐ I undertake to withdraw from SEC registration if, on the 120th day after my registration with the SEC becomes effective, I would be prohibited by Section 203A(a) of the Advisers Act from registering with the SEC.

SECTION 2.A.(10) Multi-State Adviser

If you are relying on rule 203A-2(d), the multi-state adviser exemption from the prohibition on registration, you are required to make certain representations about your eligibility for SEC registration. By checking the appropriate boxes, you will be deemed to have made the required representations.

If you are applying for registration as an investment adviser with the SEC, you must make both of these representations:

☐ I have reviewed the applicable state and federal laws and have concluded that I am required by the laws of 15 or more states to register as an investment adviser with the *state securities authorities* in those states.

☐ I undertake to withdraw from SEC registration if I file an amendment to this registration indicating that I would be required by the laws of fewer than 15 states to register as an investment adviser with the *state securities authorities* of those states.

If you are submitting your *annual updating amendment*, you must make this representation:

☐ Within 90 days prior to the date of filing this amendment, I have reviewed the applicable state and federal laws and have concluded that I am required by the laws of at least 15 states to register as an investment adviser with the *state securities authorities* in those states.

SECTION 2.A.(12) SEC Exemptive *Order*

If you are relying upon an SEC *order* exempting you from the prohibition on registration, provide the following information:

Application Number: 803-_____ Date of *order*: _____
(mm/dd/yyyy)

SECTION 2.B. *Private Fund* Assets

If you check Item 2.B.(2) or (3), what is the amount of the *private fund* assets that you manage? _____.

NOTE: "*Private fund* assets" has the same meaning here as it has under rule 203(m)-1. If you are an investment adviser with its *principal office and place of business* outside the United States only include *private fund* assets that you manage at a place of business in the United States.

SECTION 4 Successions

Complete the following information if you are succeeding to the business of a currently registered investment adviser, including a change of your structure or legal status (*e.g.*, form of organization or state of incorporation). If you acquired more than one firm in the succession you are reporting on this Form ADV, you must complete a separate Schedule D Section 4 for each acquired firm. See Part 1A Instruction 4.

Name of Acquired Firm _____

Acquired Firm's SEC File No. (if any) 801-_____Acquired Firm's *CRD* Number _____

SECTION 5.G.(3) Advisers to Registered Investment Companies and Business Development Companies

If you check Item 5.G.(3), what is the SEC file number (811 or 814 number) of each of the registered investment companies and business development companies to which you act as an adviser pursuant to an advisory contract? You must complete a separate Schedule D Section 5.G.(3) for each registered investment company and business development company to which you act as an adviser.

Check only one box: ☐ Add ☐ Delete

SEC File Number 811- or 814-_____

Provide the regulatory assets under management of all *parallel managed accounts* related to a registered investment company (or series thereof) or business development company that you advise. $_____

SECTION 5.I.(2) *Wrap Fee Programs*

If you are a portfolio manager for one or more *wrap fee programs*, list the name of each program and its *sponsor*. You must complete a separate Schedule D Section 5.I.(2) for each *wrap fee program* for which you are a portfolio manager.

Check only one box: ☐ Add ☐ Delete ☐ Amend

Name of *Wrap Fee Program* _____

Name of *Sponsor* _____

Sponsor's SEC File Number (if any) (*e.g.*, 801-, 8-, 866-, 802-) _____

Sponsor's CRD Number (if any): _____

SECTION 5.K.(1) Separately Managed Accounts

After subtracting the amounts reported in Item 5.D.(3)(d)-(f) from your total regulatory assets under management, indicate the approximate percentage of this remaining amount attributable to each of the following categories of assets. If the remaining amount is at least $10 billion in regulatory assets under management, complete Question (a). If the remaining amount is less than $10 billion in regulatory assets under management, complete Question (b).

Any regulatory assets under management reported in Item 5.D.(3)(d), (e), and (f) should not be reported below.

If you are a subadviser to a separately managed account, you should only provide information with respect to the portion of the account that you subadvise.

End of year refers to the date used to calculate your regulatory assets under management for purposes of your *annual updating amendment*. Mid-year is the date six months before the end of year date. Each column should add up to 100% and numbers should be rounded to the nearest percent.

Investments in derivatives, registered investment companies, business development companies, and pooled investment vehicles should be reported in those categories. Do not report those investments based on related or underlying portfolio assets. Cash equivalents include bank deposits, certificates of deposit, bankers' acceptances and similar bank instruments.

Some assets could be classified into more than one category or require discretion about which category applies. You may use your own internal methodologies and the conventions of your service providers in determining how to categorize assets, so long as the methodologies or conventions are consistently applied and consistent with information you report internally and to current and prospective clients. However, you should not double count assets, and your responses must be consistent with any instructions or other guidance relating to this Section.

(a)

Asset Type	Mid-year	End of year
(i) Exchange-Traded Equity Securities	_____%	
(ii) Non Exchange-Traded Equity Securities		
(iii) U.S. Government/Agency Bonds		
(iv) U.S. State and Local Bonds		
(v) *Sovereign Bonds*		
(vi) Investment Grade Corporate Bonds		
(vii) Non-Investment Grade Corporate Bonds		
(viii) Derivatives		
(ix) Securities Issued by Registered Investment Companies or Business Development Companies		
(x) Securities Issued by Pooled Investment Vehicles (other than Registered Investment Companies or Business Development Companies)		
(xi) Cash and Cash Equivalents		
(xii) Other		

Generally describe any assets included in "Other"_____

(b)

Asset Type	End of year
(i) Exchange-Traded Equity Securities	_____%
(ii) Non Exchange-Traded Equity Securities	
(iii) U.S. Government/Agency Bonds	
(iv) U.S. State and Local Bonds	
(v) *Sovereign Bonds*	
(vi) Investment Grade Corporate Bonds	
(vii) Non-Investment Grade Corporate Bonds	
(viii) Derivatives	
(ix) Securities Issued by Registered Investment Companies or Business Development Companies	
(x) Securities Issued by Pooled Investment Vehicles (other than Registered Investment Companies or Business Development Companies)	
(xi) Cash and Cash Equivalents	
(xii) Other	

Generally describe any assets included in "Other"_____

SECTION 5.K.(2) Separately Managed Accounts - Use of *Borrowings* and Derivatives

If your regulatory assets under management attributable to separately managed accounts are at least $10 billion, you should complete Question (a). If your regulatory assets under management attributable to separately managed accounts are at least $500 million but less than $10 billion, you should complete Question (b).

(a)

In the table below, provide the following information regarding the separately managed accounts you advise. If you are a subadviser to a separately managed account, you should only provide information with respect to the portion of the account that you subadvise. End of year refers to

the date used to calculate your regulatory assets under management for purposes of your *annual updating amendment*. Mid-year is the date six months before the end of year date.

In column 1, indicate the regulatory assets under management attributable to separately managed accounts associated with each level of gross notional exposure. For purposes of this table, the gross notional exposure of an account is the percentage obtained by dividing (i) the sum of (a) the dollar amount of any *borrowings* and (b) the *gross notional value* of all derivatives, by (ii) the regulatory assets under management of the account.

In column 2, provide the dollar amount of *borrowings* for the accounts included in column 1.

In column 3, provide aggregate *gross notional value* of derivatives divided by the aggregate regulatory assets under management of the accounts included in column 1 with respect to each category of derivatives specified in 3(a) through (f).

You may, but are not required to, complete the table with respect to any separately managed account with regulatory assets under management of less than $10,000,000.

Any regulatory assets under management reported in Item 5.D.(3)(d), (e), and (f) should not be reported below.

(i) Mid-Year

Gross Notional Exposure	**1 Regulatory Assets Under Management**	**2 *Borrowings***	**3 Derivative Exposures**					
			(a) *Interest Rate Derivative*	(b) *Foreign Exchange Derivative*	(c) *Credit Derivative*	(d) *Equity Derivative*	(e) *Commodity Derivative*	(f) *Other Derivative*
Less than 10%								
10-149%								
150% or more								

Optional: Use the space below to provide a narrative description of the strategies and/or manner in which *borrowings* and derivatives are used in the management of the separately managed accounts that you advise.

(ii) End of Year

Gross Notional Exposure	**1 Regulatory Assets Under Management**	**2 *Borrowings***	**3 Derivative Exposures**					
			(a) *Interest Rate Derivative*	(b) *Foreign Exchange Derivative*	(c) *Credit Derivative*	(d) *Equity Derivative*	(e) *Commodity Derivative*	(f) *Other Derivative*
Less than 10%								
10-149%								
150% or more								

Optional: Use the space below to provide a narrative description of the strategies and/or manner in which *borrowings* and derivatives are used in the management of the separately managed accounts that you advise.

(b)

In the table below, provide the following information regarding the separately managed accounts you advise as of the date used to calculate your regulatory assets under management for purposes of your *annual updating amendment*. If you are a subadviser to a separately managed account, you should only provide information with respect to the portion of the account that you subadvise.

In column 1, indicate the regulatory assets under management attributable to separately managed accounts associated with each level of gross notional exposure. For purposes of this table, the gross notional exposure of an account is the percentage obtained by dividing (i) the sum of (a) the dollar amount of any *borrowings* and (b) the *gross notional value* of all derivatives, by (ii) the regulatory assets under management of the account.

In column 2, provide the dollar amount of *borrowings* for the accounts included in column 1.

You may, but are not required to, complete the table with respect to any separately managed accounts with regulatory assets under management of less than $10,000,000.

Any regulatory assets under management reported in Item 5.D.(3)(d), (e), and (f) should not be reported below.

Gross Notional Exposure	**1** **Regulatory Assets Under Management**	**2** ***Borrowings***
Less than 10%		
10-149%		
150% or more		

Optional: Use the space below to provide a narrative description of the strategies and/or manner in which *borrowings* and derivatives are used in the management of the separately managed accounts that you advise.

_____

_____

_____

SECTION 5.K.(3) Custodians for Separately Managed Accounts

Complete a separate Schedule D Section 5.K.(3) for each custodian that holds ten percent or more of your aggregate separately managed account regulatory assets under management.

(a) Legal name of custodian: _____

(b) Primary business name of custodian: _____

(c) The location(s) of the custodian's office(s) responsible for *custody* of the assets (city, state and country): _____

(d) Is the custodian a *related person* of your firm? ☐ Yes ☐ No

(e) If the custodian is a broker-dealer, provide its SEC registration number (if any) 8-_____

(f) If the custodian is not a broker-dealer, or is a broker-dealer but does not have an SEC registration number, provide its *legal entity identifier* (if any) _____

(g) What amount of your regulatory assets under management attributable to separately managed accounts is held at the custodian? _____

SECTION 6.A. Names of Your Other Businesses

If you are actively engaged in other business using a different name, provide that name and the other line(s) of business.

☐ Add ☐ Delete ☐ Amend

Other Business Name: _____

Other line(s) of business in which you engage using this name: (check all that apply)

☐ (1) broker-dealer (registered or unregistered)
☐ (2) registered representative of a broker-dealer
☐ (3) commodity pool operator or commodity trading advisor (whether registered or exempt from registration)
☐ (4) futures commission merchant
☐ (5) real estate broker, dealer, or agent
☐ (6) insurance broker or agent
☐ (7) bank (including a separately identifiable department or division of a bank)
☐ (8) trust company
☐ (9) registered municipal advisor
☐ (10) registered security-based swap dealer
☐ (11) major security-based swap participant
☐ (12) accountant or accounting firm
☐ (13) lawyer or law firm
☐ (14) other financial product salesperson (specify):_____

SECTION 6.B.(2) Description of Primary Business

Describe your primary business (not your investment advisory business):

_____
_____
_____

If you engage in that business under a different name, provide that name:

_____
_____
_____

SECTION 6.B.(3) Description of Other Products and Services

Describe other products or services you sell to your *client*. You may omit products and services that you listed in Section 6.B.(2) above.

_____
_____
_____

If you engage in that business under a different name, provide that name:

_____

_____

_____

SECTION 7.A. Financial Industry Affiliations

Complete a separate Schedule D Section 7.A. for each *related person* listed in Item 7.A.

Check only one box: ☐ Add ☐ Delete ☐ Amend

1. Legal Name of *Related Person*: _____

2. Primary Business Name of *Related Person*: _____

3. *Related Person's* SEC File Number (if any) (*e.g.*, 801-, 8-, 866-, 802-) _____

4. *Related Person's* (a) *CRD* Number (if any): _____
(b) CIK Number(s) (if any):_____

5. *Related Person* is: (check all that apply)

- ☐ (a) broker-dealer, municipal securities dealer, or government securities broker or dealer
- ☐ (b) other investment adviser (including financial planners)
- ☐ (c) registered municipal advisor
- ☐ (d) registered security-based swap dealer
- ☐ (e) major security-based swap participant
- ☐ (f) commodity pool operator or commodity trading advisor (whether registered or exempt from registration)
- ☐ (g) futures commission merchant
- ☐ (h) banking or thrift institution
- ☐ (i) trust company
- ☐ (j) accountant or accounting firm
- ☐ (k) lawyer or law firm
- ☐ (l) insurance company or agency
- ☐ (m) pension consultant
- ☐ (n) real estate broker or dealer
- ☐ (o) sponsor or syndicator of limited partnerships (or equivalent), excluding pooled investment vehicles
- ☐ (p) sponsor, general partner, managing member (or equivalent) of pooled investment vehicles

6. Do you *control* or are you *controlled* by the *related person*? ☐ Yes ☐ No

7. Are you and the *related person* under common *control*? ☐ Yes ☐ No

8. (a) Does the *related person* act as a qualified custodian for your *clients*

in connection with advisory services you provide to *clients*? ☐ Yes ☐ No

(b) If you are registering or registered with the SEC and you have answered "yes" to question 8.(a) above, have you overcome the presumption that you are not operationally independent (pursuant to rule 206(4)-2(d)(5)) from the *related person* and thus are not required to obtain a surprise examination for your *clients'* funds or securities that are maintained at the *related person*? ☐ Yes ☐ No

(c) If you have answered "yes" to question 8.(a) above, provide the location of the *related person's* office responsible for *custody* of your *clients'* assets:

_____

(number and street)

_____

(city) (state/country) (zip+4/postal code)

9. (a) If the *related person* is an investment adviser, is it exempt from registration? ☐ Yes ☐ No

(b) If the answer is yes, under what exemption? _____

10. (a) Is the *related person* registered with a *foreign financial regulatory authority*? ☐ Yes ☐ No

(b) If the answer is yes, list the name and country, in English of each *foreign financial regulatory authority* with which the *related person* is registered. _____

11. Do you and the *related person* share any *supervised persons*? ☐ Yes ☐ No

12. Do you and the *related person* share the same physical location? ☐ Yes ☐ No

---

SECTION 7.B.(1) *Private Fund* Reporting

Check only one box: ☐ Add ☐ Delete ☐ Amend

A. PRIVATE FUND

Information About the *Private Fund*

1. (a) Name of the *private fund*: _____

(b) *Private fund* identification number: _____

2. Under the laws of what state or country is the *private fund* organized:_____

3. Name(s) of General Partner, Manager, Trustee, or Directors (or *persons* serving in a similar capacity):

   (a) Check only one box: ☐ Add ☐ Delete ☐ Amend

   _____

   (b) If filing an *umbrella registration*, identify the *filing adviser* and/or *relying adviser(s)* that sponsor(s) or manage(s) this *private fund*.

   _____

4. The *private fund* (check all that apply; you must check at least one):

   ☐ (1) qualifies for the exclusion from the definition of investment company under section 3(c)(1) of the Investment Company Act of 1940

   ☐ (2) qualifies for the exclusion from the definition of investment company under section 3(c)(7) of the Investment Company Act of 1940

5. List the name and country, in English, of each *foreign financial regulatory authority* with which the *private fund* is registered.

   Check only one box: ☐ Add ☐ Delete ☐ Amend

   English Name of *Foreign Financial Regulatory Authority* _____

   Name of Country _____

6. (a) Is this a "master fund" in a master-feeder arrangement? ☐ Yes ☐ No

   (b) If yes, what is the name and *private fund* identification number (if any) of the feeder funds investing in this *private fund*?

   Check only one box: ☐ Add ☐ Delete ☐ Amend

   Name of *private fund*:_____

   Private fund identification number:_____

   (c) Is this a "feeder fund" in a master-feeder arrangement? ☐ Yes ☐ No

   (d) If yes, what is the name and *private fund* identification number (if any) of the master fund in which this *private fund* invests?

   Check only one box: ☐ Add ☐ Delete ☐ Amend

Name of *private fund*:_____

Private fund identification number:_____

NOTE: You must complete question 6 for each master-feeder arrangement regardless of whether you are filing a single Schedule D, Section 7.B.(1) for the master-feeder arrangement or reporting on the funds separately.

7. If you are filing a single Schedule D, Section 7.B.(1) for a master-feeder arrangement according to the instructions to this Section 7.B.(1), for each of the feeder funds answer the following questions:

Check only one box: ☐ Add ☐ Delete ☐ Amend

(a) Name of the *private fund*:_____

(b) *Private fund* identification number:_____

(c) Under the laws of what state or country is the private fund organized:_____

(d) Name(s) of the General Partner, Manager, Trustee or Directors (or *persons* serving in a similar capacity):

(1) Check only one box: ☐ Add ☐ Delete ☐ Amend

_____

(2) If filing an *umbrella registration*, identify the *filing adviser* and/or *relying adviser(s)* that sponsor(s) or manage(s) this *private fund*:

_____

(e) The *private fund* (check all that apply; you must check at least one):

☐ (1) qualifies for the exclusion from the definition of investment company under section 3(c)(1) of the Investment Company Act of 1940

☐ (2) qualifies for the exclusion from the definition of investment company under section 3(c)(7) of the Investment Company Act of 1940

(f) List the name and country, in English, of each *foreign financial regulatory authority* with which the *private fund* is registered.

Check only one box: ☐ Add ☐ Delete ☐ Amend

English Name of *Foreign Financial Regulatory Authority* _____

Name of Country _____

NOTE: For purposes of questions 6 and 7, in a master-feeder arrangement, one or more funds ("feeder funds") invest all or substantially all of their assets in a single fund ("master fund"). A fund would also be a "feeder fund" investing in a "master fund" for purposes of this question if it issued multiple classes (or series) of shares or interests, and each class (or series) invests substantially all of its assets in a single master fund.

8. (a) Is this *private fund* a "fund of funds"? ☐ Yes ☐ No

NOTE: For purposes of this question only, answer "yes" if the fund invests 10 percent or more of its total assets in other pooled investment vehicles, regardless of whether they are also *private funds* or registered investment companies.

(b) If yes, does the *private fund* invest in funds managed by you or by a *related person*? ☐ Yes ☐ No

9. During your last fiscal year, did the *private fund* invest in securities issued by investment companies registered under the Investment Company Act of 1940 (other than "money market funds," to the extent provided in Instruction 6.e.)? ☐ Yes ☐ No

10. What type of fund is the *private fund*?

☐ hedge fund ☐ liquidity fund ☐ private equity fund ☐ real estate fund

☐ securitized asset fund ☐ venture capital fund ☐ Other *private fund*:_____

NOTE: For definitions of these fund types, please see Instruction 6 of the Instructions to Part 1A.

11. Current gross asset value of the *private fund*: $_____

Ownership

12. Minimum investment commitment required of an investor in the *private fund*: $_____

NOTE: Report the amount routinely required of investors who are not your *related persons* (even if different from the amount set forth in the organizational documents of the fund).

13. Approximate number of the *private fund's* beneficial owners:_____

14. What is the approximate percentage of the *private fund* beneficially owned by you and your *related persons*: _____%

15. (a) What is the approximate percentage of the *private fund* beneficially owned (in the aggregate) by funds of funds: _____ %

(b) If the private fund qualifies for the exclusion from the definition of investment company under section 3(c)(1) of the Investment Company Act of 1940, are sales of the fund limited to *qualified clients*? ☐ Yes ☐ No

16. What is the approximate percentage of the *private fund* beneficially owned by non-*United States persons*: _____ %

Your Advisory Services

17. (a) Are you a subadviser to this *private fund*? ☐ Yes ☐ No

(b) If the answer to question 17.(a) is "yes," provide the name and SEC file number, if any, of the adviser of the *private fund*. If the answer to question 17.(a) is "no," leave this question blank. _____

18. (a) Do any investment advisers (other than the investment advisers listed in Section 7.B.(1).A.3.(b)) advise the *private fund*? ☐ Yes ☐ No

(b) If the answer to question 18.(a) is "yes," provide the name and SEC file number, if any, of the other advisers to the *private fund*. If the answer to question 18.(a) is "no," leave this question blank.

Check only one box: ☐ Add ☐ Delete ☐ Amend

Name of Adviser: _____

Adviser's SEC File Number:_____

19. Are your *clients* solicited to invest in the *private fund*? ☐ Yes ☐ No
NOTE: For purposes of this question, do not consider feeder funds of the private fund.

20. Approximately what percentage of your *clients* has invested in the *private fund*? _____%

Private Offering

21. Has the *private fund* ever relied on an exemption from registration of its securities under Regulation D of the Securities Act of 1933? ☐ Yes ☐ No

22. If yes, provide the *private fund's* Form D file number (if any):

Check only one box: ☐ Add ☐ Delete ☐ Amend

021-_____

B. SERVICE PROVIDERS

☐ Check this box if you are filing this Form ADV through the IARD system and want the IARD system to create a new Schedule D, Section 7.B.(1) with the same service provider information you have given here in Questions 23 - 28 for a new *private fund* for which you are required to complete Section 7.B.(1). If you check the box, the system will pre-fill those fields for you, but you will be able to manually edit the information after it is pre-filled and before you submit your filing.

Auditors

23. (a) (1) Are the *private fund's* financial statements subject to an annual audit? ☐ Yes ☐ No

(2) If the answer to question 23.(a)(1) is "yes," are the financial statements prepared in accordance with U.S. GAAP? ☐ Yes ☐ No

If the answer to question 23.(a)(1) is "yes," respond to questions (b) through (h) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

Check only one box: ☐ Add ☐ Delete ☐ Amend

(b) Name of the auditing firm: _____

(c) The location of the auditing firm's office responsible for the *private fund's* audit (city, state and country): _____

(d) Is the auditing firm an *independent public accountant*? ☐ Yes ☐ No

(e) Is the auditing firm registered with the Public Company Accounting Oversight Board? ☐ Yes ☐ No

If yes, Public Company Accounting Oversight Board-Assigned Number: _____

(f) If "yes" to (e) above, is the auditing firm subject to regular inspection by the Public Company Accounting Oversight Board in accordance with its rules? ☐ Yes ☐ No

(g) Are the *private fund's* audited financial statements for the most recently completed fiscal year distributed to the *private fund's* investors? ☐ Yes ☐ No

(h) Do all of the reports prepared by the auditing firm for the *private fund* since your last *annual updating amendment*

contain unqualified opinions? ☐ Yes ☐ No ☐Report Not Yet Received

If you check "Report Not Yet Received," you must promptly file an amendment to your Form ADV to update your response when the report is available.

Prime Broker

24. (a) Does the *private fund* use one or more prime brokers? ☐ Yes ☐ No

If the answer to question 24.(a) is "yes," respond to questions (b) through (e) below for each prime broker the *private fund* uses. If the *private fund* uses more than one prime broker, you must complete questions (b) through (e) separately for each prime broker.

Check only one box: ☐ Add ☐ Delete ☐ Amend

(b) Name of the prime broker:_____

(c) If the prime broker is registered with the SEC, its registration number: 8-_____

(d) Location of prime broker's office used principally by the *private fund* (city, state and country): _____

(e) Does this prime broker act as custodian for some or all of the *private fund's* assets? ☐ Yes ☐ No

Custodian

25. (a) Does the *private fund* use any custodians (including the prime brokers listed above) to hold some or all of its assets? ☐ Yes ☐ No

If the answer to question 25.(a) is "yes," respond to questions (b) through (g) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (g) separately for each custodian.

Check only one box: ☐ Add ☐ Delete ☐ Amend

(b) Legal name of custodian:_____

(c) Primary business name of custodian: _____

(d) The location of the custodian's office responsible for *custody* of the *private fund's* assets (city, state and country): _____

(e) Is the custodian a *related person* of your firm? ☐ Yes ☐ No

(f) If the custodian is a broker-dealer, provide its SEC registration number (if any): 8-_____

(g) If the custodian is not a broker-dealer, or is a broker-dealer but does not have an SEC registration number, provide its *legal entity identifier* (if any) _____

Administrator

26. (a) Does the *private fund* use an administrator other than your firm? ☐ Yes ☐ No

If the answer to question 26.(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

Check only one box: ☐ Add ☐ Delete ☐ Amend

(b) Name of administrator: _____

(c) Location of administrator (city, state and country): _____

(d) Is the administrator a *related person* of your firm? ☐ Yes ☐ No

(e) Does the administrator prepare and send investor account statements to the *private fund's* investors?

☐ Yes (provided to all investors) ☐ Some (provided to some but not all investors) ☐ No (provided to no investors)

(f) If the answer to question 26.(e) is "no" or "some," who sends the investor account statements to the (rest of the) *private fund's* investors? If investor account statements are not sent to the (rest of the) *private fund's* investors, respond "not applicable." _____.

27. During your last fiscal year, what percentage of the *private fund's* assets (by value) was valued by a *person*, such as an administrator, that is not your *related person*?

_____%

Include only those assets where (i) such *person* carried out the valuation procedure established for that asset, if any, including obtaining any relevant quotes, and (ii) the valuation used for purposes of investor subscriptions, redemptions or distributions, and fee calculations (including allocations) was the valuation determined by such *person*.

Marketers

28. (a) Does the *private fund* use the services of someone other than you

or your *employees* for marketing purposes? ☐ Yes ☐ No

You must answer "yes" whether the *person* acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar *person*. If the answer to question 28.(a) is "yes," respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer, you must complete questions (b) through (g) separately for each marketer.

Check only one box: ☐ Add ☐ Delete ☐ Amend

(b) Is the marketer a *related person* of your firm? ☐ Yes ☐ No

(c) Name of the marketer: _____

(d) If the marketer is registered with the SEC, its file number (*e.g.*, 801-, 8-, or 866-): _____ and *CRD* Number (if any) _____

(e) Location of the marketer's office used principally by the *private fund* (city, state and country): _____

(f) Does the marketer market the *private fund* through one or more websites? ☐ Yes ☐ No

(g) If the answer to question 28.(f) is "yes," list the website address(es): _____

SECTION 7.B.(2) *Private Fund* Reporting

(1) Name of the *private fund*: _____

(2) *Private fund* identification number: _____

(3) Name and SEC File number of adviser that provides information about this *private fund* in Section 7.B.(1) of Schedule D of its Form ADV filing: _____, 801-_____ or 802-_____

(4) Are your *clients* solicited to invest in this *private fund*? ☐ Yes ☐ No

In answering this question, disregard feeder funds' investment in a master fund. For purposes of this question, in a master-feeder arrangement, one or more funds ("feeder funds") invest all or substantially all of their assets in a single fund ("master fund"). A fund would also be a "feeder fund" investing in a "master fund" for purposes of this question if it issued multiple classes (or series) of shares or interests, and each class (or series) invests substantially all of its assets in a single master fund.

SECTION 9.C. *Independent Public Accountant*

You must complete the following information for each *independent public accountant* engaged to perform a surprise examination, perform an audit of a pooled investment vehicle that you manage, or prepare an internal control report. You must complete a separate Schedule D Section 9.C. for each *independent public accountant*.

Check only one box: ☐ Add ☐ Delete ☐ Amend

(1) Name of the *independent public accountant*: _____

(2) The location of the *independent public accountant's* office responsible for the services provided:

_____
(number and street)

_____
(city) (state/country) (zip+4/postal code)

(3) Is the *independent public accountant* registered with the Public Company Accounting Oversight Board? ☐ Yes ☐ No

If "yes," Public Company Accounting Oversight Board-Assigned Number:_____

(4) If "yes" to (3) above, is the *independent public accountant* subject to regular inspection by the Public Company Accounting Oversight Board in accordance with its rules? ☐ Yes ☐ No

(5) The *independent public accountant* is engaged to:

A. ☐ audit a pooled investment vehicle
B. ☐ perform a surprise examination of *clients'* assets
C. ☐ prepare an internal control report

(6) Since your last *annual updating amendment*, did all of the reports prepared by the *independent public accountant* that audited the pooled investment vehicle or that examined internal controls contain unqualified opinions?

☐ Yes ☐ No ☐Report Not Yet Received

If you check "Report Not Yet Received," you must promptly file an amendment to your Form ADV to update your response when the accountant's report is available.

SECTION 10.A. *Control Persons*

You must complete a separate Schedule D Section 10.A. for each *control person* not named in Item 1.A. or Schedules A, B, or C that directly or indirectly *controls* your management or policies.

Check only one box: ☐ Add ☐ Delete ☐ Amend

(1) Firm or Organization Name: _____

(2) *CRD* Number (if any): _____ Effective Date: _____
mm/dd/yyyy

Termination Date: _____
mm/dd/yyyy

(3) Business Address:

_____
(number and street)

_____
(city) (state/country) (zip+4/postal code)

If this address is a private residence, check this box: ☐

(4) Individual Name (if applicable) (Last, First, Middle):

_____

(5) *CRD* Number (if any): _____ Effective Date: _____
mm/dd/yyyy

Termination Date: _____
mm/dd/yyyy

(6) Business Address:

_____
(number and street)

_____
(city) (state/country) (zip+4/postal code)

If this address is a private residence, check this box: ☐

(7) Briefly describe the nature of the *control*:

_____

_____

_____

SECTION 10.B. *Control Person* Public Reporting Companies

If any *person* named in Schedules A, B, or C, or in Section 10.A. of Schedule D is a public reporting company under Sections 12 or 15(d) of the Securities Exchange Act of 1934, please provide the following information (you must complete a separate Schedule D Section 10.B. for each public reporting company):

(1) Full legal name of the public reporting company: _____

(2) The public reporting company's CIK number (Central Index Key number that the SEC assigns to each reporting company): _____

Miscellaneous

You may use the space below to explain a response to an Item or to provide any other information.

_____
_____
_____
_____
_____
_____
_____
_____

FORM ADV
Schedule R

Check the box that indicates what you would like to do:

Submit a new Schedule R

☐ Submit an initial Schedule R

Amend a Schedule R

☐ Amend an existing Schedule R

Delete a Schedule R

☐ Delete an existing Schedule R for a *relying adviser* that is no longer eligible for SEC registration

☐ Delete an existing Schedule R for a *relying adviser* that is no longer relying on this *umbrella registration*

SECTION 1 Identifying Information

Responses to this Section tell us who you (the *relying adviser*) are, where you are doing business, and how we can contact you.

A. Your full legal name:

_____

B. Name under which you primarily conduct your advisory business, if different from Section 1.A. above or Item 1.A. of the *filing adviser's* Form ADV Part 1A.

_____

C. List any other business names and the jurisdictions in which you use them. Complete this question for each other business name. ☐ Add ☐ Delete ☐ Amend

Name: _____ Jurisdiction:_____

You do not have to include the names or jurisdictions of the filing adviser or other relying adviser(s) in response to this Section 1.C.

D. If you currently have, or ever had, a number ("*CRD* Number") assigned by the *FINRA's CRD* system or by the IARD system (other than the *filing adviser's CRD* number), your *CRD* number: _____.

If you do not have a CRD number, skip this Section 1.D. Do not provide the CRD number of one of your officers, employees, or affiliates (including the filing adviser).

E. *Principal Office and Place of Business*

☐ Same as the *filing adviser*.

(1) Address (do not use a P.O. Box):

_____
(number and street)

_____
(city) (state/country) (zip +4/postal code)

If this address is a private residence, check this box: ☐

(2) Days of week that you normally conduct business at your *principal office and place of business*:

☐ Monday - Friday ☐ Other: _____

Normal business hours at this location: _____

(3) Telephone number at this location: _____
(area code) (telephone number)

(4) Facsimile number at this location, if any: _____
(area code) (facsimile number)

F. Mailing address, if different from your *principal office and place of business* address:

☐ Same as the *filing adviser*.

_____
(number and street)

_____
(city) (state/country) (zip+4/postal code)

If this address is a private residence, check this box: ☐

G. Provide your *Legal Entity Identifier* if you have one: _____

A *legal entity identifier* is a unique number that companies use to identify each other in the financial marketplace. You may not have a *legal entity identifier*.

H. If you have Central Index Key numbers assigned by the SEC ("CIK Numbers"), all of your CIK numbers: _____

SECTION 2

SEC Registration

Responses to this Section help us (and you) determine whether you are eligible to register with the SEC.

A. To be a *relying adviser*, you must be independently eligible to register (or remain registered) with the SEC. You must check **at least one** of the Sections 2.A.(1) through 2.A.(8), below. Part 1A Instruction 2 provides information to help you determine whether you may affirmatively respond to each of these items.

You (the *relying adviser*):

☐ (1) are a **large advisory firm** that either:

(a) has regulatory assets under management of $100 million (in U.S. dollars) or more; or

(b) has regulatory assets under management of $90 million (in U.S. dollars) or more at the time of filing its most recent *annual updating amendment* and is registered with the SEC;

☐ (2) are a **mid-sized advisory firm** that has regulatory assets under management of $25 million (in U.S. dollars) or more but less than $100 million (in U.S. dollars) and you are either:

(a) not required to be registered as an adviser with the *state securities authority* of the state where you maintain your *principal office and place of business*; or

(b) not subject to examination by the *state securities authority* of the state where you maintain your *principal office and place of business*;

☐ (3) have your *principal office and place of business* **in Wyoming** (which does not regulate advisers);

☐ (4) have your *principal office and place of business* **outside the United States**;

☐ (5) are a **related adviser** under rule 203A-2(b) that *controls*, is *controlled* by, or is under common *control* with, an investment adviser that is registered with the SEC, and your *principal office and place of business* is the same as the registered adviser;

☐ (6) are an **adviser** relying on rule 203A-2(c) because you **expect to be eligible for SEC registration within 120 days**;

If you check this box, you must make both of the representations below:

☐ I am not registered or required to be registered with the SEC or a state securities authority and I have a reasonable expectation that I will be eligible to register with the SEC within 120 days after the date my registration with the SEC becomes effective.

☐ By submitting this Form ADV to the SEC, the *filing adviser* undertakes to file an amendment to this *umbrella registration* to remove this Schedule R if, on the 120th day after this application for *umbrella registration* with the SEC becomes effective, I would be prohibited by Section 203A(a) of the Advisers Act from registering with the SEC.

☐ (7) are a **multi-state adviser** that is required to register in 15 or more states and is relying on rule 203A-2(d);

If this is your initial filing as a relying adviser, you must make both of these representations:

☐ I have reviewed the applicable state and federal laws and have concluded that I am required by the laws of 15 or more states to register as an investment adviser with the *state securities authorities* in those states.

☐ The *filing adviser* undertakes to file an amendment to this *umbrella registration* to remove this Schedule R if, at the time of the *annual updating amendment*, I would be required by the laws of fewer than 15 states to register as an investment adviser with the *state securities authorities* of those states.

If you are submitting your *annual updating amendment*, you must make this representation:

☐ Within 90 days prior to the date of filing this amendment, I have reviewed the applicable state and federal laws and have concluded that I am required by the laws of at least 15 states to register as an investment adviser with the *state securities authorities* in those states.

☐ (8) have **received an SEC *order*** exempting you from the prohibition against registration with the SEC. If you check this box, provide the following information:

Application Number: 803-_____ Date of *order*: _____
(mm/dd/yyyy)

☐ (9) are **no longer eligible** to remain registered with the SEC.

SECTION 3 Form of Organization

A. How are you organized?

☐ Corporation ☐ Sole Proprietorship ☐ Limited Liability Partnership (LLP)
☐ Partnership ☐ Limited Liability Company (LLC) ☐ Limited Partnership (LP)
☐ Other (specify):_____

B. In what month does your fiscal year end each year? _____

C. Under the laws of what state or country are you organized? _____

If you are a partnership, provide the name of the state or country under whose laws your partnership was formed.

SECTION 4 *Control Persons*

In this Section 4, we ask you to identify each other *person* that, directly or indirectly, *controls* you.

A. Direct Owners and Executive Officers

(1) Section 4.A. asks for information about your direct owners and executive officers.

(2) Direct Owners and Executive Officers. List below the names of:

(a) each Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, Chief Legal Officer, director and any other individuals with similar status or functions;

(b) if you are organized as a corporation, each shareholder that is a direct owner of 5% or more of a class of your voting securities, unless you are a public reporting company (a company subject to Section 12 or 15(d) of the Exchange Act);

Direct owners include any *person* that owns, beneficially owns, has the right to vote, or has the power to sell or direct the sale of, 5% or more of a class of your voting securities. For purposes of this Section 4.A., a *person* beneficially owns any securities: (i) owned by his/her child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling,

mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, sharing the same residence; or (ii) that he/she has the right to acquire, within 60 days, through the exercise of any option, warrant, or right to purchase the security.

(c) if you are organized as a partnership, all general partners and those limited and special partners that have the right to receive upon dissolution, or have contributed, 5% or more of your capital;

(d) in the case of a trust that directly owns 5% or more of a class of your voting securities, or that has the right to receive upon dissolution, or has contributed, 5% or more of your capital, the trust and each trustee; and

(e) if you are organized as a limited liability company ("LLC"), (i) those members that have the right to receive upon dissolution, or have contributed, 5% or more of your capital, and (ii) if managed by elected managers, all elected managers.

(3) Do you have any indirect owners to be reported in Section 4.B. below? ☐ Yes ☐ No

(4) In the DE/FE/I column below, enter "DE" if the owner is a domestic entity, "FE" if the owner is an entity incorporated or domiciled in a foreign country, or "I" if the owner or executive officer is an individual.

(5) Complete the Title or Status column by entering board/management titles; status as partner, trustee, sole proprietor, elected manager, shareholder, or member; and for shareholders or members, the class of securities owned (if more than one is issued).

(6) Ownership codes are:

NA - less than 5%	C - 25% but less than 50%
A - 5% but less than 10%	D - 50% but less than 75%
B - 10% but less than 25%	E - 75% or more

(7) (a) In the *Control Person* column, enter "Yes" if the *person* has *control* as defined in the Glossary of Terms to Form ADV, and enter "No" if the *person* does not have *control*. Note that under this definition, most executive officers and all 25% owners, general partners, elected managers, and trustees are *control persons*.

(b) In the PR column, enter "PR" if the owner is a public reporting company under Sections 12 or 15(d) of the Exchange Act.

(c) Complete each column.

Check this box if you are filing this Form ADV through the IARD system and want the IARD system to pre-fill the chart below with the same direct owners and executive officers you have provided in Schedule A for your *filing adviser*. If you check the box, the system will pre-fill these fields for you, but you will be able to manually edit the information after it is pre-filled and before you submit your filing. ☐

FULL LEGAL NAME (Individuals: Last Name, First Name, Middle Name)	DE/ FE/I	Title or Status	Date Title or Status Acquired MM/YY YY	Ownership Code	*Control Person* PR	*CRD* No. If None: S.S. No. and Date of Birth, IRS Tax No. or Employer ID No.
			|		|	
			|		|	
			|		|	
			|		|	
			|		|	

B. Indirect Owners

(1) Section 4.B. asks for information about your indirect owners; you must first complete Section 4.A., which asks for information about your direct owners.

(2) Indirect Owners. With respect to each owner listed in Section 4.A. (except individual owners), list below:

(a) in the case of an owner that is a corporation, each of its shareholders that beneficially owns, has the right to vote, or has the power to sell or direct the sale of, 25% or more of a class of a voting security of that corporation;

For purposes of this Section, a *person* beneficially owns any securities: (i) owned by his/her child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, sharing the same residence; or (ii) that he/she has the right to acquire, within 60 days, through the exercise of any option, warrant, or right to purchase the security.

(b) in the case of an owner that is a partnership, all general partners and those limited and special partners that have the right to receive upon dissolution, or have contributed, 25% or more of the partnership's capital;

(c) in the case of an owner that is a trust, the trust and each trustee; and

(d) in the case of an owner that is a limited liability company ("LLC"), (i) those members that have the right to receive upon dissolution, or have contributed, 25% or more of the LLC's capital, and (ii) if managed by elected managers, all elected managers.

(3) Continue up the chain of ownership listing all 25% owners at each level. Once a public reporting company (a company subject to Sections 12 or 15(d) of the Exchange Act) is reached, no further ownership information need be given.

(4) In the DE/FE/I column below, enter "DE" if the owner is a domestic entity, "FE" if the owner is an entity incorporated or domiciled in a foreign country, or "I" if the owner is an individual.

(5) Complete the Status column by entering the owner's status as partner, trustee, elected manager, shareholder, or member; and for shareholders or members, the class of securities owned (if more than one is issued).

(6) Ownership codes are: C - 25% but less than 50% D - 50% but less than 75%
E - 75% or more F - Other (general partner, trustee, or elected manager)

(7) (a) In the *Control Person* column, enter "Yes" if the *person* has *control* as defined in the Glossary of Terms to Form ADV, and enter "No" if the *person* does not have *control*. Note that under this definition, most executive officers and all 25% owners, general partners, elected managers, and trustees are *control persons*.
(b) In the PR column, enter "PR" if the owner is a public reporting company under Sections 12 or 15(d) of the Exchange Act.
(c) Complete each column.

Check this box if you are filing this Form ADV through the IARD system and want the IARD system to pre-fill Schedule B with the same indirect owners you have provided in Schedule B for your filing adviser. If you check the box, the system will pre-fill these fields for you, but you will be able to manually edit the information after it is pre-filled and before you submit your filing. ☐

FULL LEGAL NAME (Individuals: Last Name, First Name, Middle Name)	DE/ FE/I	Entity in Which Interest is Owned	Status	Date Status Acquired MM/ YYYY	Ownership Code	*Control Person* PR	*CRD* No. If None: S.S. No. and Date of Birth, IRS Tax No. or Employer ID No.
				|		|	
				|		|	
				|		|	
				|		|	
				|		|	

C. Does any *person* not named in Section 1.A., Section 4.A., or Section 4.B. directly or indirectly, *control* your management or policies? ☐ Yes ☐ No

If yes, you must complete the information below for each *control person* not named in Section 1.A., Section 4.A., or Section 4.B. that directly or indirectly *controls* your management or policies.

Check only one box: ☐ Add ☐ Delete ☐ Amend

(1) Firm or Organization Name: _____

(2) *CRD* Number (if any): _____ Effective Date: _____
mm/dd/yyyy

Termination Date: _____
mm/dd/yyyy

(3) Business Address:

_____
(number and street)

_____
(city) (state/country) (zip+4/postal code)

If this address is a private residence, check this box: ☐

(4) Individual Name (if applicable) (Last, First, Middle):

_____

(5) *CRD* Number (if any): _____ Effective Date: _____
mm/dd/yyyy

Termination Date: _____
mm/dd/yyyy

(6) Business Address:

_____
(number and street)

_____
(city) (state/country) (zip+4/postal code)

If this address is a private residence, check this box: ☐

(7) Briefly describe the nature of the *control*:

_____
_____
_____

D. If any *person* named in Section 4.A., Section 4.B., or Section 4.C. is a public reporting company under Sections 12 or 15(d) of the Securities Exchange Act of 1934, complete the information below (you must complete this information for each public reporting company).

Check only one box: ☐ Add ☐ Delete ☐ Amend

(1) Full legal name of the public reporting company:_____

(2) The public reporting company's CIK number (Central Index Key number that the SEC assigns to each reporting company): _____

CRIMINAL DISCLOSURE REPORTING PAGE (ADV)

GENERAL INSTRUCTIONS

This Disclosure Reporting Page (DRP ADV) is an ☐ INITIAL ***OR*** ☐ AMENDED response used to report details for affirmative responses to Items 11.A. or 11.B. of Form ADV.

Check item(s) being responded to: ☐ 11.A(1) ☐ 11.A(2) ☐ 11.B(1) ☐ 11.B(2)

Use a separate DRP for each event or *proceeding*. The same event or *proceeding* may be reported for more than one *person* or entity using one DRP. File with a completed Execution Page.

Multiple counts of the same charge arising out of the same event(s) should be reported on the same DRP. Unrelated criminal actions, including separate cases arising out of the same event, must be reported on separate DRPs. Use this DRP to report all charges arising out of the same event. One event may result in more than one affirmative answer to the items listed above.

PART I

A. The *person(s)* or entity(ies) for whom this DRP is being filed is (are):
   ☐ You (the advisory firm)
   ☐ You and one or more of your *advisory affiliates*
   ☐ One or more of your *advisory affiliates*

   If this DRP is being filed for an *advisory affiliate*, give the full name of the *advisory affiliate* below (for individuals, Last name, First name, Middle name).

   If the *advisory affiliate* has a *CRD* number, provide that number. If not, indicate "non-registered" by checking the appropriate box.

   Your Name _____ Your *CRD* Number _____

ADV DRP - *ADVISORY AFFILIATE*

CRD Number _____ This *advisory affiliate* is ☐a firm ☐an individual
Registered: ☐Yes ☐No

Name (For individuals, Last, First, Middle)

_____

☐ This DRP should be removed from the ADV record because the *advisory affiliate(s)* is no longer associated with the adviser.

☐ This DRP should be removed from the ADV record because: (1) the event or *proceeding* occurred more than ten years ago or (2) the adviser is registered or applying for registration with the SEC or reporting as an *exempt reporting adviser* with the SEC and the event was resolved in the adviser's or *advisory affiliate's* favor.

☐ This DRP should be removed from the ADV record because it was filed in error, such as due to a clerical or data-entry mistake. Explain the circumstances:

_____

_____

_____

B. If the *advisory affiliate* is registered through the IARD system or *CRD* system, has the *advisory affiliate* submitted a DRP (with Form ADV, BD or U-4) to the IARD or *CRD* for the event? If the answer is "Yes," no other information on this DRP must be provided.
☐ Yes ☐ No

NOTE: The completion of this form does not relieve the *advisory affiliate* of its obligation to update its IARD or *CRD* records.

PART II

1. If charge(s) were brought against an organization over which you or an *advisory affiliate* exercise(d) *control*: Enter organization name, whether or not the organization was an *investment-related* business and your or the *advisory affiliate's* position, title, or relationship.

_____

2. Formal Charge(s) were brought in: (include name of Federal, Military, State or Foreign Court, Location of Court - City or County and State or Country, Docket/Case number).

_____

3. Event Disclosure Detail (Use this for both organizational and individual charges.)

A. Date First *Charged* (MM/DD/YYYY): _____ ☐ Exact ☐ Explanation

If not exact, provide explanation: _____

B. Event Disclosure Detail (include Charge(s)/Charge Description(s), and for each charge provide: (1) number of counts, (2) *felony* or *misdemeanor*, (3) plea for each charge, and (4) product type if charge is *investment-related.*

_____

_____

_____

C. Did any of the Charge(s) within the Event involve a *felony*? ☐ Yes ☐ No

D. Current status of the Event? ☐ Pending ☐ On Appeal ☐ Final

E. Event Status Date (complete unless status is Pending) (MM/DD/YYYY): _____

☐ Exact ☐ Explanation

If not exact, provide explanation: _____

4. Disposition Disclosure Detail: Include for each charge (a) Disposition Type (e.g., convicted, acquitted, dismissed, pretrial, etc.), (b) Date, (c) Sentence/Penalty, (d) Duration (if sentence-suspension, probation, etc.), (e) Start Date of Penalty, (f) Penalty/Fine Amount, and (g) Date Paid.

_____

_____

_____

_____

_____

_____

5. Provide a brief summary of circumstances leading to the charge(s) as well as the disposition. Include the relevant dates when the conduct which was the subject of the charge(s) occurred. (Your response must fit within the space provided.)

REGULATORY ACTION DISCLOSURE REPORTING PAGE (ADV)

GENERAL INSTRUCTIONS

This Disclosure Reporting Page (DRP ADV) is an ☐ INITIAL ***OR*** ☐ AMENDED response used to report details for affirmative responses to Items 11.C., 11.D., 11.E., 11.F. or 11.G. of Form ADV.

Check item(s) being responded to:

☐ 11.C(1)	☐ 11.C(2)	☐ 11.C(3)	☐ 11.C(4)	☐ 11.C(5)
☐ 11.D(1)	☐ 11.D(2)	☐ 11.D(3)	☐ 11.D(4)	☐ 11.D(5)
☐ 11.E(1)	☐ 11.E(2)	☐ 11.E(3)	☐ 11.E(4)	
☐ 11.F.	☐ 11.G.			

Use a separate DRP for each event or *proceeding*. The same event or *proceeding* may be reported for more than one *person* or entity using one DRP. File with a completed Execution Page.

One event may result in more than one affirmative answer to Items 11.C., 11.D., 11.E., 11.F. or 11.G. Use only one DRP to report details related to the same event. If an event gives rise to actions by more than one regulator, provide details for each action on a separate DRP.

PART I

A. The *person(s)* or entity(ies) for whom this DRP is being filed is (are):
- ☐ You (the advisory firm)
- ☐ You and one or more of your *advisory affiliates*
- ☐ One or more of your *advisory affiliates*

If this DRP is being filed for an *advisory affiliate*, give the full name of the *advisory affiliate* below (for individuals, Last name, First name, Middle name).

If the *advisory affiliate* has a *CRD* number, provide that number. If not, indicate "non-registered" by checking the appropriate box.

Your Name

_____

Your *CRD* Number

_____

ADV DRP - *ADVISORY AFFILIATE*

CRD Number

_____

This *advisory affiliate* is ☐a firm ☐an individual

Registered: ☐Yes ☐No

Name (For individuals, Last, First, Middle)

_____

☐ This DRP should be removed from the ADV record because the *advisory affiliate*(s) is no longer associated with the adviser.

☐ This DRP should be removed from the ADV record because: (1) the event or *proceeding* occurred more than ten years ago or (2) the adviser is registered or applying for registration with the SEC or reporting as an *exempt reporting adviser* with the SEC and the event was resolved in the adviser's or *advisory affiliate's* favor.

If you are registered or registering with a *state securities authority*, you may remove a DRP for an event you reported only in response to Item 11.D(4), and only if that event occurred more than ten years ago. If you are registered or registering with the SEC, you may remove a DRP for any event listed in Item 11 that occurred more than ten years ago.

☐ This DRP should be removed from the ADV record because it was filed in error, such as due to a clerical or data-entry mistake. Explain the circumstances:

_____

_____

B. If the *advisory affiliate* is registered through the IARD system or *CRD* system, has the *advisory affiliate* submitted a DRP (with Form ADV, BD or U-4) to the IARD or *CRD* for the event? If the answer is "Yes," no other information on this DRP must be provided.
☐ Yes ☐ No

NOTE: The completion of this form does not relieve the *advisory affiliate* of its obligation to update its IARD or *CRD* records.

PART II

1. Regulatory Action initiated by:
☐ SEC ☐ Other Federal ☐ State ☐ *SRO* ☐ Foreign

(Full name of regulator, *foreign financial regulatory authority*, federal, state or *SRO*)

_____

2. Principal Sanction (check appropriate item):

☐ Civil and Administrative Penalty(ies)/Fine(s)	☐ Disgorgement	☐ Restitution
☐ Bar	☐ Expulsion	☐ Revocation
☐ Cease and Desist	☐ Injunction	☐ Suspension
☐ Censure	☐ Prohibition	☐ Undertaking

☐ Denial ☐ Reprimand ☐ Other_____

Other Sanctions:

_____

_____

_____

3. Date Initiated (MM/DD/YYYY): _____ ☐ Exact ☐ Explanation

   If not exact, provide explanation: _____

4. Docket/Case Number: _____

5. *Advisory Affiliate* Employing Firm when activity occurred which led to the regulatory action (if applicable):

   _____

6. Principal Product Type (check appropriate item):

☐Annuity(ies) - Fixed	☐Derivative(s)	☐Investment Contract(s)
☐Annuity(ies) - Variable	☐Direct Investment(s) - DPP and LP Interest(s)	☐Money Market Fund(s)
☐CD(s)	☐Equity - OTC	☐Mutual Fund(s)
☐Commodity Option(s)	☐Equity Listed (Common & Preferred Stock)	☐No Product
☐Debt - Asset Backed	☐Futures - Commodity	☐Options
☐Debt - Corporate	☐Futures - Financial	☐Penny Stock(s)
☐Debt - Government	☐Index Option(s)	☐Unit Investment Trust(s)
☐Debt - Municipal	☐Insurance	☐Other

Other Product Types:

_____

_____

7. Describe the allegations related to this regulatory action (your response must fit within the space provided):

_____

_____

_____

_____

_____

8. Current status? ☐ Pending ☐ On Appeal ☐ Final

9. If on appeal, regulatory action appealed to (SEC, *SRO*, Federal or State Court) and Date Appeal Filed:

_____

If Final or On Appeal, complete all items below. For Pending Actions, complete Item 13 only.

10. How was matter resolved (check appropriate item):

☐Acceptance, Waiver & Consent (AWC)	☐Dismissed	☐Vacated
☐Consent	☐*Order*	☐Withdrawn
☐Decision	☐Settled	☐Other _____
☐Decision & *Order* of Offer of Settlement	☐Stipulation and Consent	

11. Resolution Date (MM/DD/YYYY): _____ ☐ Exact ☐ Explanation

If not exact, provide explanation:_____

12. Resolution Detail:

A. Were any of the following Sanctions *Ordered* (check all appropriate items)?

☐ Monetary/Fine ☐ Revocation/Expulsion/Denial ☐ Disgorgement/Restitution

Amount: $ _____ ☐ Censure ☐ Cease and Desist/Injunction ☐ Bar

☐ Suspension

B. Other Sanctions *Ordered*:

_____

_____

_____

Sanction detail: if suspended, *enjoined* or barred, provide duration including start date and capacities affected (General Securities Principal, Financial Operations Principal, etc.). If requalification by exam/retraining was a condition of the sanction, provide length of time given to requalify/retrain, type of exam required and whether condition has been satisfied. If disposition resulted in a fine, penalty, restitution, disgorgement or monetary compensation, provide total amount, portion levied against you or an *advisory affiliate*, date paid and if any portion of penalty was waived:

13. Provide a brief summary of details related to the action status and (or) disposition and include relevant terms, conditions and dates (your response must fit within the space provided).

CIVIL JUDICIAL ACTION DISCLOSURE REPORTING PAGE (ADV)

GENERAL INSTRUCTIONS

This Disclosure Reporting Page (DRP ADV) is an ☐ INITIAL ***OR*** ☐ AMENDED response used to report details for affirmative responses to Item 11.H. of Part 1A and Item 2.F. of Part 1B of Form ADV.

Check Part 1A item(s) being responded to: ☐ 11.H(1)(a) ☐ 11.H(1)(b) ☐ 11.H(1)(c) ☐ 11.H(2)

Check Part 1B item(s) being responded to: ☐ 2.F(1) ☐ 2.F(2) ☐ 2.F(3) ☐ 2.F(4) ☐ 2.F(5)

Use a separate DRP for each event or *proceeding*. The same event or *proceeding* may be reported for more than one *person* or entity using one DRP. File with a completed Execution Page.

One event may result in more than one affirmative answer to Item 11.H. of Part 1A or Item 2.F. of Part 1B. Use only one DRP to report details related to the same event. Unrelated civil judicial actions must be reported on separate DRPs.

PART I

A. The *person(s)* or entity(ies) for whom this DRP is being filed is (are):
   ☐ You (the advisory firm)
   ☐ You and one or more of your *advisory affiliates*
   ☐ One or more of your *advisory affiliates*

   If this DRP is being filed for an *advisory affiliate*, give the full name of the *advisory affiliate* below (for individuals, Last name, First name, Middle name).

   If the *advisory affiliate* has a *CRD* number, provide that number. If not, indicate "non-registered" by checking the appropriate box.

   Your Name _____ Your *CRD* Number _____

ADV DRP - *ADVISORY AFFILIATE*

CRD Number _____ This *advisory affiliate* is ☐a firm ☐an individual
Registered: ☐Yes ☐No

Name (For individuals, Last, First, Middle)

_____

☐ This DRP should be removed from the ADV record because the *advisory affiliate*(s) is no longer associated with the adviser.

☐ This DRP should be removed from the ADV record because: (1) the event or *proceeding* occurred more than ten years ago or (2) the adviser is registered or applying for registration with the SEC or reporting as an *exempt reporting adviser* with the SEC and the event was resolved in the adviser's or *advisory affiliate's* favor.

If you are registered or registering with a *state securities authority*, you may remove a DRP for an event you reported only in response to Item 11.H.(1)(a), and only if that event occurred more than ten years ago. If you are registered or registering with the SEC, you may remove a DRP for any event listed in Item 11 that occurred more than ten years ago.

☐ This DRP should be removed from the ADV record because it was filed in error, such as due to a clerical or data-entry mistake. Explain the circumstances:

_____

_____

_____

B. If the *advisory affiliate* is registered through the IARD system or *CRD* system, has the *advisory affiliate* submitted a DRP (with Form ADV, BD or U-4) to the IARD or *CRD* for the event? If the answer is "Yes," no other information on this DRP must be provided.
☐ Yes ☐ No

NOTE: The completion of this form does not relieve the *advisory affiliate* of its obligation to update its IARD or *CRD* records.

PART II

1. Court Action initiated by: (Name of regulator, *foreign financial regulatory authority*, *SRO*, commodities exchange, agency, firm, private plaintiff, etc.)

_____

2. Principal Relief Sought (check appropriate item):

☐ Cease and Desist ☐ Disgorgement ☐ Money Damages (Private/Civil Complaint) ☐ Restraining Order

☐ Civil Penalty(ies) /Fine(s) ☐ Injunction ☐ Restitution ☐ Other_____

Other Relief Sought:

_____

_____

3. Filing Date of Court Action (MM/DD/YYYY): _____ ☐ Exact ☐ Explanation

   If not exact, provide explanation: _____

4. Principal Product Type (check appropriate item):

☐Annuity(ies) - Fixed	☐Derivative(s)	☐Investment Contract(s)
☐Annuity(ies) - Variable	☐Direct Investment(s) - DPP and LP Interest(s)	☐Money Market Fund(s)
☐CD(s)	☐Equity - OTC	☐Mutual Fund(s)
☐Commodity Option(s)	☐Equity Listed (Common & Preferred Stock)	☐No Product
☐Debt - Asset Backed	☐Futures - Commodity	☐Options
☐Debt - Corporate	☐Futures - Financial	☐Penny Stock(s)
☐Debt - Government	☐Index Option(s)	☐Unit Investment Trust(s)
☐Debt - Municipal	☐Insurance	☐Other

Other Product Types:

_____

5. Formal Action was brought in (include name of Federal, State or Foreign Court, Location of Court - City or County and State or Country, Docket/Case Number):

_____

6. *Advisory Affiliate* Employing Firm when activity occurred which led to the civil judicial action (if applicable):

_____

7. Describe the allegations related to this civil action (your response must fit within the space provided):

_____

_____

_____

_____

_____

8. Current status? ☐ Pending ☐ On Appeal ☐ Final

9. If on appeal, action appealed to (provide name of court) and Date Appeal Filed (MM/DD/YYYY):

_____

10. If pending, date notice/process was served (MM/DD/YYYY): _____ ☐ Exact ☐ Explanation

If not exact, provide explanation: _____

If Final or On Appeal, complete all items below. For Pending Actions, complete Item 14 only.

11. How was matter resolved (check appropriate item):

☐Consent ☐Judgment Rendered ☐Settled
☐Dismissed ☐Opinion ☐Withdrawn ☐Other _____

12. Resolution Date (MM/DD/YYYY): _____ ☐ Exact ☐ Explanation

If not exact, provide explanation:_____

13. Resolution Detail:

A. Were any of the following Sanctions *Ordered* or Relief Granted (check appropriate items)?

☐ Monetary/Fine ☐ Revocation/Expulsion/Denial ☐ Disgorgement/Restitution

Amount: $ _____ ☐ Censure ☐ Cease and Desist/Injunction ☐ Bar

☐ Suspension

B. Other Sanctions:

_____

_____

_____

C. Sanction detail: if suspended, *enjoined* or barred, provide duration including start date and capacities affected (General Securities Principal, Financial Operations Principal, etc.). If requalification by exam/retraining was a condition of the sanction, provide length of time given to requalify/retrain, type of exam required and whether condition has been satisfied. If disposition resulted in a fine, penalty, restitution, disgorgement, or monetary compensation, provide total amount, portion levied against you or an *advisory affiliate*, date paid and if any portion of penalty was waived:

14. Provide a brief summary of circumstances related to the action(s), allegation(s), disposition(s) and/or finding(s) disclosed above (your response must fit within the space provided).

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