SEC Contemplates Extending Registration Deadlines for Investment Advisers

April 12, 2011

THE FOLEY ADVISER - APRIL 12, 2011

written by Peter M. Rosenblum, Jeffrey D. Collins

In a letter dated April 8, 2011 to the President of the North American Securities Administrators Association, Inc., Robert E. Plaze, Associate Director of the Securities and Exchange Commission ("SEC"), indicated that the SEC will consider extending the deadlines by which certain advisers must register with the SEC, or switch from SEC to state registration, under the new provisions of the Dodd-Frank Wall Street Reform and Consumer Protect Act (the "Dodd-Frank Act").

Under the Dodd-Frank Act, mid-size advisers having between $25 and $100 million in assets under management will generally have to withdraw their SEC registration and re-register under state securities laws. Plaze indicated that changes to the Investment Adviser Registration Depository system (IARD) necessary to facilitate this transition will take until the end of 2011 to complete, and that as a result, he expects the SEC to extend the date for mid-sized advisers to make this transition to state registration to the first quarter of 2012.

Also under the Dodd-Frank Act, private fund advisers currently relying on the exemption in Section 203(b)(3) of the Advisers Act (the "fewer than 15 clients exemption") will be required to register if they have $150 million or more under management. The SEC is also contemplating extending the deadline for these private fund advisers to register with the SEC through the first quarter of 2012.

Please also note that Plaze indicated that he expects the SEC to finalize the rules establishing registration exemptions for family office advisers, venture capital advisers and foreign advisers by July 21.