

# **PHD Consulting Services Newsletter**

**Providing Compliance Consulting Services to Registered Investment Advisors**

## **SEC Investment Adviser Registration Thresholds to Change From \$25,000,000 to \$100,000,000**

By Patrick H. Doyle, Esquire  
June 1, 2010

Under the recently passed U.S. House and Senate Financial Reform bills, over 4,200 investment adviser firms now regulated by the SEC will be required to transfer their registration and regulatory oversight to the various states where they conduct business.

The bills, passed by the House in December 2009 and the Senate in May 2010 will move the threshold for firms regulated by states from \$25 million in assets or less to \$100 million or less. In addition, hedge funds that manage over \$100 million will be required to register with the SEC as investment advisors and to disclose financial data needed to monitor systemic risk and protect investors.

The House and Senate bills must now be reconciled and presented to the President to be signed into law. It is hoped that the reconciled bills will be presented to the President by the July Congressional recess. Once the combined bills are signed into law the SEC registration regulations will need to be revised, and coordinated with the various states' registration regulations and FINRA, which runs the Investment Adviser Registration Depository (the "IARD").

The earliest possible transition timeframe would appear to be at the end of 2010 during registration renewals and beginning of 2011 during fiscal year end filings. However, depending on how the final law is written and regulatory coordination is worked out between the SEC and states a later transition time period may be implemented.

This regulatory change will allow the SEC to focus its resources on investment adviser firms with more than \$100,000,000 of asset under management and newly registered hedge funds.

There has been little opposition to raising the SEC investment adviser asset ceiling, even though there has been concerns raised about the various states' ability to take on the regulation of additional investment adviser firms. Obviously these changes will affect investment adviser firms that must transition from SEC registration to state registration. However, these changes will also impact investment adviser firms that are currently state registered. There will be greater pressure for state regulators to step up and do more to regulate and supervise state registered investment adviser firms. In addition, investment adviser firms that continue be SEC registered will most likely face additional regulatory scrutiny and more examinations.

Stay tune for further details as they become available!

# PHD Consulting Services

## Providing Compliance Consulting Services to Registered Investment Advisors

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**PHD Consulting Services** provides compliance consulting, business planning, risk management, and due diligence services to registered investment advisors and other related financial service firms.

Patrick H. Doyle, Esquire is the owner and Managing Director of PHD Consulting Services and has been professionally involved in the financial service industries for over 25 years as a Consultant, Attorney, Broker-Dealer/Investment Advisor Compliance Officer and Representative, and Insurance Company Claims Attorney. Mr. Doyle is a member of the Nebraska State Bar Association, the Nebraska Financial Planners Association's Board of Directors and he is an Arbitrator for the FINRA Dispute Resolution Program.

The following is a list of services that **PHD Consulting Services** provides to investment advisors:

- Securities and Exchange Commission ("SEC") and State Regulatory Consulting
- SEC Registration
- State Registration/Notice Filing and Licensing
- Document Drafting-
  - Form ADV
  - Client Agreements
  - Other RIA Agreements
  - Compliance Manuals
- Investment Advisor Document Templates
- Mock SEC and State RIA Audits
- Compliance Manual and Policy/Procedure Audit/Reviews
- Advertising Reviews
- Asset Management Suitability Reviews
- Business Planning
- Due Diligence Reviews

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## Regulatory Websites

Securities and Exchange Commission: [www.sec.gov](http://www.sec.gov)

Investment Adviser Registration Depository: [www.iard.com](http://www.iard.com)

FINRA: [www.finra.org](http://www.finra.org)

North American Securities Administrators Association: [www.nasaa.org](http://www.nasaa.org)