



California Corporate & Securities Law

How Soon Hath Time! July 21 Deadline Looms For Investment Advisers But Grace May Be At Hand

Posted In [Investment Advisers](#)

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The hastening days fly on with full career while the SEC proceeds with rulemaking to implement the Dodd–Frank Act’s changes to the regulation of investment advisers. Last week, Associate Director Robert E. Plaze in the SEC’s Division of Investment Management confirmed that the SEC intends to complete required rulemaking by July 21, 2011 in this [letter](#) to David Massey, the President of the [North American Securities Administrators Association, Inc.](#) Transition problems, however, may result in some extensions of grace.

Mid–Sized Advisers

Pursuant to Section 410 of the Dodd–Frank Act, investment advisers with assets under management of between \$25 million and \$100 million will be required to withdraw from federal registration and register with one or more states. However, the [Investment Adviser Registration Depository](#) system (IARD) will need to be re–programmed. This may not be completed until year end. As a result, Associate Director Plaze wrote that the SEC “would consider” an extension to the first quarter of 2012 so that these mid–sized advisers “would have a grace period providing them with time to register with the appropriate state regulators and to come into compliance with state law before withdrawing their Commission registration.”

Advisers Relying on the Private Adviser Exemption

The Dodd–Frank Act (Section 403) also repeals the exemption from federal registration for advisers with fewer than 15 clients (former Section 203(b)(3) of the Advisers Act). Congress ameliorated this somewhat by creating new exemptions for advisers to venture capital funds and private funds with less than \$150 million in assets under management. Again, Associate Director Plaze wrote that the SEC “will consider” an extension of the date by which these advisers [presumably those previously exempt advisers who do not fit in any of the new exemptions] must register to the first quarter of 2012.

It should be noted that the letter does not explicitly promise these extensions – only that the SEC “will consider” them.

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