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**STATE CORPORATION COMMISSION
DIVISION OF SECURITIES AND RETAIL FRANCHISING**

MID-SIZED INVESTMENT ADVISOR SWITCH

Who is required to switch?

- Investment advisors with assets under management of less than ***\$90 million*** with a principal office and place of business in a state where investment advisors are required to be registered and, if registered, are subject to examination.

Who Does Not Switch?

- Investment advisors will remain under SEC oversight if exempt or excluded in a state where their principal office is located.
- Investment advisors in New York and Wyoming are currently excluded from the switch.
- Investment advisors required to register in 15 or more states remain registered with the SEC.

Buffer Adopted by the SEC

- New buffer is ***\$90 million - \$110 million***
- An advisor ***may*** register with the SEC once it reaches ***\$100 million*** or more of assets under management.
- An advisor ***must register*** with the SEC when its assets under management reach ***\$110 million or more***.
- A mid-sized advisor ***currently registered*** with the SEC, can remain registered with the SEC as long as its assets under management ***is at least \$90 million***.

SEC Filing Requirements for Federal Covered Advisors

- Mid-sized advisors registered with the SEC as of **July 21, 2011** ***must remain registered*** with the Commission until **January 1, 2012**.
- Each advisor registered with the SEC on **January 1, 2012**, regardless of size, ***must file*** an amendment to its Form ADV no later than **March 30, 2012**.
- Mid-sized advisors ***no longer eligible*** for federal registration must withdraw their SEC registrations by filing Form ADV-W no later than **June 28, 2012**.

- **Do not terminate your federal registration until you receive notice that your state registration has been approved.**
- After **June 28, 2012** the SEC will begin canceling the registration of those mid-sized advisors no longer eligible for SEC registration and that fail to file an amendment or withdraw their registrations.

Investment Advisor Switching

- The Division recommends that existing mid-sized advisors who will be required to switch from federal registration to state registration consider filing with Virginia during **November or December 2011.**

The Registration section will review the applications but will leave the application in a Pending status until January 2012.

- The firm will be charged a \$200 fee for switching from federal registration to state registration.
- Switching firms will file their Form ADV Parts 1 and 2 through IARD system.
- For registration instructions refer to the Division's website at www.scc.virginia.gov/srf.
- The Division will be participating in the North American Securities Administrators Association's Coordinated Review program for advisors registered in four or more states.

Facts about this program are posted to the NASAA website under the IA Switch Resource Center tab. To get to NASAA's website go to www.nasaa.org.

What to expect from state registration

- All initial applications will be reviewed by a registration examiner. The review may result in a comment letter requesting that changes to advisor's Form ADV be made before registration is approved.
- Annual amendments must be filed within 90 days from the advisor's fiscal year end. Each amendment is reviewed and a letter of acceptance will be sent to the advisor when all deficiencies, if any, have been corrected.

An email reminding each advisor to file an annual amendment will be sent during the middle of January, and again in March.

- Advisors are required to renew their registration annually through the IARD system. A reminder is sent to all registered advisors via email each November.
- Registered advisors domiciled in Virginia can expect to be audited.