

Government of the District of Columbia
Department of Insurance, Securities and Banking



William P. White
Acting Commissioner

Bulletin
11-SB-01-01/05

TO: All Licensed Investment Advisers and Investment Adviser Representatives and Applicants for an Investment Adviser or Investment Adviser Representative License

FROM: William P. White, Acting Commissioner 

RE: FORM ADV Part 2

DATE: February 18, 2011

This bulletin is to provide notification of the changes to the Form ADV, a uniform application for investment adviser registration with the Securities and Exchange Commission (“SEC”) and the state securities regulators, including the Department of Insurance, Securities and Banking (“DISB”). On July 28, 2010, the SEC released a revised Form ADV pursuant to SEC Release No IA-3060; File No S7-10-00. The SEC release primarily amended Part 2 of Form ADV. The new Part 2 and its instructions can be found on the SEC's website at <http://www.sec.gov/about/forms/formadv-part2.pdf>.

The amendment changed the format of Part 2 of Form ADV from a check-the-box format to a narrative brochure written in plain English. The change is designed to provide prospective clients and current clients with clearly-written, meaningful, current disclosure of the business practices, conflicts of interest and background of the investment adviser and its advisory representatives. The new Part 2 is required to be filed electronically through the Investment Adviser Registration Depository (“IARD”) as a searchable text, portable document format (PDF) file.

The new Part 2 consists of three parts: Part 2A (Firm Brochure); Part 2A Appendix 1 (Wrap Fee Program Brochure); and Part 2B (Brochure Supplement). Every investment adviser's new Part 2 shall consist of at least Part 2A (Firm Brochure) and Part 2B (Brochure Supplement). Only investment advisers who provide wrap fee programs are required to submit the Part 2A Appendix 1.

Accordingly, investment advisers shall follow the instructions and schedule in the SEC Release when completing the new Part 2 for filing with DISB. Licensed investment advisers and new applicants for investment adviser licenses in the District of Columbia will be in compliance with

the District of Columbia's requirements if they follow the SEC's instructions regarding the new Part 2.

Compliance Dates

Licensed investment advisers and investment adviser representatives and applicants for an investment adviser or investment adviser representative licenses must comply with the following requirements, as applicable:

- Beginning January 1, 2011, investment adviser applicants shall file the new Part 2 through the IARD as part of their applications.
- Beginning January 1, 2011, all applicants with a pending application for an investment adviser license and licensed investment advisers must incorporate the new Part 2 in their next filing of an amendment to Form ADV, or their annual updating amendment to Form ADV, whichever comes first.
- All investment advisers must file a new Part 2 with DISB no later than March 31, 2011.
- All firms filing an application for an investment adviser license on or after the date of this Bulletin shall deliver the new Part 2A to clients immediately upon being notified on IARD that the license is effective.
- An investment adviser licensed as of December 31, 2010, shall deliver the new Part 2A to its clients within 60 days of the filing of the Firm Brochure on IARD.
- An investment adviser licensed as of December 31, 2010, and having a fiscal year ending on December 31, 2010, through April 30, 2011, shall have until July 31, 2011, to deliver the new Part 2B to new and prospective clients, and until September 30, 2011, to deliver the brochure supplements to existing clients.
- A firm filing an application for an investment adviser license from the date of this Bulletin through April 30, 2011 shall have until May 1, 2011, to deliver the new Part 2B of Form ADV to new and prospective clients, and until July 1, 2011, to deliver the brochure supplements to existing clients.

Resources

The North American Securities Administrators Association (NASAA) has information on the revised Form ADV (including the new Part 2) including instructions, modifiable forms, and guidance on how to complete Form ADV. Visit the NASAA website at <http://nasaa.org/home/index.cfm> and click on the New Form ADV Part 2 link for more information.

The SEC provides information about its rules and the Investment Advisers Act of 1940 on its website at: <http://www.sec.gov/iard> and look under IARD Announcements. Information on completing Form ADV can be found in the General Instructions to Form ADV. Visit the SEC

website at <http://www.sec.gov/about/forms/formadv.pdf> for a copy of the Form ADV and general instructions. Visit <http://www.sec.gov/pdf/handbook.pdf> for the plain English handbook.