



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

**Stephen C. Taylor
Commissioner**

EXEMPT VENTURE CAPITAL ADVISERS)

ORDER NO.: SB-08-16

**ORDER EXCLUDING CERTAIN EXEMPT REPORTING ADVISERS
FROM THE DEFINITION OF "INVESTMENT ADVISER" IN THE
DISTRICT OF COLUMBIA SECURITIES ACT**

WHEREAS, the Commissioner of the Department of Insurance, Securities and Banking ("Commissioner") is charged with the administration of the District of Columbia Securities Act of 2000, effective October 26, 2000 (D.C. Law 13-203; D.C. Code §§ 31-5601.01 et seq. (2001)) ("Act");

WHEREAS, Section 202(a) of the Act (D.C. Code § 31-5602.02(a)) provides that no person shall transact business in the District as an investment adviser or investment adviser representative unless the person is licensed, or exempt from licensure, under the Act, or the person has no place of business in the District and meets the *de minimis* exemption provided in Section 202(a)(2) of the Act (D.C. Code § 31-5602.02(a)(2));

WHEREAS, Section 101(10) of the Act (D.C. Code § 31-5601.02(10)) defines "federal covered adviser" as a person who is registered, or required to be registered, under Section 203 of the Investment Advisers Act of 1940 (15 U.S.C. §§ 80b-1 – 80b-21) ("Advisers Act");

WHEREAS, investment advisers that are exempt from registration under Section 203 of the Advisers Act are not "federal covered advisers" under Section 101(10) of the Act (D.C. Code § 31-5601.02(10)) and are therefore subject to the investment adviser licensing requirements of Section 202 of the Act (D.C. Code § 31-5602.02);

WHEREAS, effective July 21, 2011, the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, 124 Stat. 1376 (2010) ("Dodd-Frank") eliminated the exemption from registration for investment advisers contained in Section 203(b)(3) of the Advisers Act (known as the "Private Adviser Exemption");

WHEREAS, effective July 21, 2011, Dodd-Frank amended Section 203 of the Advisers Act to add an exemption from registration in Section 203(l) of the Advisers Act for investment advisers rendering advice solely to one or more venture capital ("VC") funds, subject to such

reporting and record keeping requirements as the Securities and Exchange Commission ("SEC") may prescribe;

WHEREAS, Section 101(17)(B)(xiii) of the Act (D.C. Code § 31-5601.01(17)(B)(xiii)) provides the Commissioner with the authority to exclude from the definition of "investment adviser" any person or class of persons not within the intent of this paragraph as the Commissioner, by rule or order, may designate, thereby causing those persons to not be subject to the investment adviser licensing requirements of Section 202 of the Act (D.C. Code § 31-5602.02);

WHEREAS, the Commissioner finds that, subject to the provisions of this Order, investment advisers rendering advice solely to one or more venture capital funds are not within the intent of the definition of "investment adviser" under Section 101(17) of the Act (D.C. Code § 31-5601.01(17));

WHEREAS, the Commissioner finds that the issuance of this Order is necessary and appropriate, in the public interest, for the protection of investors and clients and consistent with the purposes fairly intended by the policies and provisions of the Act.

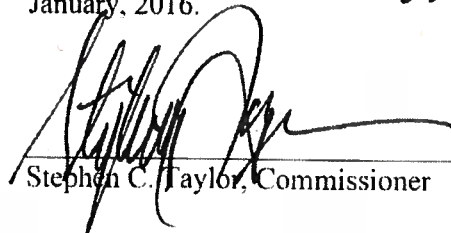
NOW, THEREFORE, IT IS HEREBY ORDERED that:

1. An investment adviser that: (a) acts solely as an adviser to one or more venture capital funds; (b) is exempt from the investment adviser registration requirements under Section 203(l) of the Advisers Act; and (c) is in compliance with SEC Rule 203(l)-1 ("Exempt VC Adviser") shall be excluded from the definition of "investment adviser" under Section 101(17) of the Act (D.C. Code § 31-5601.01 (17)) for purposes of the investment adviser licensing requirements of Section 202 of the Act (D.C. Code § 31-5602.02).
2. An Exempt VC Adviser that is excluded from the definition of investment adviser pursuant to this Order shall comply with the reporting requirements of SEC Rule 204-4 and shall make a notice filing with the Department of Insurance, Securities and Banking ("Department") of its exempt reporting adviser status on Form ADV through the Investment Adviser Registration Depository ("IARD") system.
3. An Exempt VC Adviser that is excluded from the definition of investment adviser pursuant to this Order shall pay a notice filing fee of \$250 to the District through the IARD system.
4. An individual employed by or associated with an Exempt VC Adviser that is exempt from the District's investment adviser licensing requirements pursuant to this Order shall be excluded from the definition of "investment adviser representative" in section 101(18) for the Act (D.C. Official Code § 31-5601.01(18)) by virtue of such individual's activities on behalf of the Exempt VC Adviser, during such time as the exemption pursuant to this Order is in effect.
5. The exclusions and exemptions provided in this Order extend to state investment adviser licensing requirements and investment adviser representative registration requirements only

and do not excuse the obligation to comply with all other applicable securities registration, anti-fraud, fiduciary and related provisions.

6. This Order is effective as of January 1, 2016 and shall remain in effect until modified or rescinded.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of this Department in the District of Columbia, this 28th day of January, 2016.



Stephen C. Taylor, Commissioner