

FORM ADV-T INSTRUCTIONS

**Note: Print in ALL CAPS when completing this Form.
Use blue or black ink.**

Instruction 1. General Instructions

(a) **How to File.** This Form must be executed and filed in triplicate with the Securities and Exchange Commission. An exact copy should be retained by registrant. There is no fee for filing this Form.

(b) **Signatures.** All copies of the Form filed with the Commission must be executed with a manual signature in Part IV. One of the filed copies must contain an original signature, the other two copies may contain photocopied signatures.

If registrant is • a sole proprietor • a partnership • a corporation • any other organization	Form ADV-T should be signed by the proprietor a general partner of the partnership an authorized principal officer for the corporation the managing agent (an authorized person that participates in managing or directing registrant's affairs)
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(c) **Labels.** The SEC has mailed to each registrant a copy of this Form and a letter containing two labels: a "Registrant Label" and a "Return Label." After completing the Form, attach the Registrant Label to the area of the Form marked "Registrant Label Area." Use the Return Label to address registrant's return envelope to the SEC. If using an overnight express mail delivery service, place the Return Label on an envelope *inside* the delivery service's packaging materials.

If address on label is incorrect, provide the correct address on item (g) of Part I.

If registrant has not received these labels from the Commission, print the information in the Registrant Label Area and mail to:

ATTN: FORM ADV-T
 U.S. Securities and Exchange Commission
 450 Fifth Street, N.W., Mail Stop A-2
 Washington, D.C. 20549

(d) **Amendments.** When amending this Form, complete the entire document and circle the number or letter of any items being amended (i.e., if a box is no longer being checked, circle the box to indicate that it previously had been checked).

(e) **Submission of Incomplete Form.** A Form that is not prepared and executed in compliance with applicable requirements may be returned as not acceptable for filing. Acceptance of this Form, however, does not constitute any finding that it has been filed as required or that the information submitted is true, correct, or complete.

(f) **Failure to File Form.** Failure to file this Form is a violation of rule 203A-5(a) under the Advisers Act. Additionally, failure to file this Form will result in the Commission taking steps to determine whether a registrant is still in existence and is still engaged in business as an investment adviser. If the Commission finds that the registrant is no longer in existence or is not engaged in business as an investment adviser, it may, by order, cancel the registration of such registrant pursuant to section 203(h) of the Advisers Act.

(g) **SEC's Collection of Information.** An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number. Sections 203(c)(1) and 204 of the Advisers Act authorize the Commission to collect the information on this Form from registrants. See 15 U.S.C. §§ 80b-3(c)(1) and 80b-4. Filing of this Form is mandatory. The principal purpose of this collection of information is to enable the Commission to determine which investment advisers are eligible to maintain their registration with the Commission, and to provide for the withdrawal from Commission registration for advisers that are no longer eligible. The Commission will maintain files of the

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information on this Form and will make the information publicly available. Any member of the public may direct to the Commission any comments concerning the accuracy of the burden estimate on page ADV-T-A of this Form, and any suggestions for reducing this burden. This collection of information has been reviewed by the Office of Management and Budget in accordance with the clearance requirements of 44 U.S.C. § 3507. The applicable Privacy Act system of records is SEC-2, and the routine uses of the records are set forth at 40 Federal Register 39255 (Aug. 27, 1975) and 41 FR 5318 (Feb. 5, 1976).

(h) *Terms.* Unless the context clearly indicates otherwise, all terms used in this Form have the same meaning as in the Advisers Act and in the General Rules and Regulations of the Commission thereunder.

(i) *Current and Pending State Registration.* In item (j) of Part I, check the boxes of all States in which registrant is currently registered as an investment adviser. In item (k) of Part I, check the boxes of all States in which registrant's registration as an investment adviser is pending.

(j) *For Further Information.* Additional information about the rules referred to in this Form is found in the Commission's adopting release, *Rules Implementing Amendments to the Investment Advisers Act of 1940*, Investment Advisers Act Rel. No. 1633 (May 15, 1997), which may be obtained at the Commission's web site: www.sec.gov. The Commission has prepared a "FAQ" (list of frequently asked questions and answers), which is located at the Commission's web site at <http://www.sec.gov/rules/other/advfaq.htm>. For assistance in completing this Form, call the Commission's Form ADV-T Hotline at (202) 942-0691. Registrants with access to the World Wide Web are urged to review the FAQ before calling.

Instruction 2. Principal Office and Place of Business

Registrant's principal office and place of business is the executive office from which the officers, partners, or managers of the registrant direct, control, and coordinate registrant's activities. See rule 203A-3(c).

Instruction 3. Advisers in Colorado, Iowa, Ohio, or Wyoming; Foreign Advisers

Under the Advisers Act, a registrant whose principal office and place of business (see Instruction 2) is in a State that does not register investment advisers is required to maintain its registration with the Commission, even if none of the criteria for SEC registration (e.g., \$25 million of assets under management) is met. Currently, these States are Colorado, Iowa, Ohio, and Wyoming. Registrants that have their principal office and place of business in one of these States should check the box in item (a)(ii) of Part II.

A registrant whose principal office and place of business is located in a country other than the United States (i.e., not in the United States, the District of Columbia, Puerto Rico, the Virgin Islands, or any other possession of the United States) also is required to maintain its registration with the Commission. Such a registrant should check the box in item (a)(iii) of Part II.

Instruction 4. Advisers to Investment Companies

A registrant should not check item (a)(iv) of Part II unless registrant currently provides advisory services pursuant to an investment advisory contract to an investment company registered under the Investment Company Act of 1940. The investment company must be operational, i.e., have assets and shareholders (other than just the organizing shareholders).

Instruction 5. Exemptions

(a) *Effective Date of Rule 203A-2.* Rule 203A-2, the exemptive rule, will not become effective until sometime shortly after July 8, 1997. In completing Form ADV-T, a registrant should indicate its eligibility for an exemption as though rule 203A-2 was effective on the date the registrant completes the Form. During the period between July 8, 1997 and the effective date of rule 203A-2, the Commission will not cancel the registration of any adviser that will be eligible for an exemption.

(b) *Affiliated Advisers.* A registrant that controls, is controlled by, or is under common control with, an investment adviser that is eligible to maintain its registration with the Commission after July 8, 1997 (the "eligible adviser") is itself eligible to maintain its registration with the Commission if the principal office and place of business of the registrant is the same as that of the eligible adviser. See rule 203A-2(c).

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(c) *Advisers With SEC Exemptive Order.* If a copy of the exemptive order is not available, the "803-" application number and date of the Commission's order may be submitted in lieu of a copy of the actual order.

Instruction 6. Withdrawal Under Part II, Item (b)

If item (b) of Part II is checked, registrant's investment adviser registration with the SEC will be withdrawn effective as of the later of (i) July 8, 1997 or (ii) the date the registrant first files this Form or any amendment to the Form that indicates that registrant withdraws its registration. Registrants checking item (b) of Part II *should not separately file Form ADV-W.*

Instruction 7. Advisers in \$25 Million - \$30 Million "Window"

Under rule 203A-1(b), certain investment advisers that have assets under management of not less than \$25 million but not more than \$30 million may (but are not required to) register with the Commission. Such an adviser that chooses not to register with the Commission should check item (c) of Part II. The option not to register is not available to an adviser that is required to be registered with the Commission regardless of the amount of its assets under management, *i.e.*, an adviser (i) to a registered investment company, (ii) that is not regulated (or required to be regulated) as an investment adviser in the State in which it maintains its principal office and place of business (*see* Instruction 2), or (iii) that is exempted by rule 203A-2 from the prohibition on registering with the Commission (NRSROs, pension consultants, and certain advisers controlling, controlled by, or under common control with SEC-registered advisers).

If item (c) of Part II is checked, registrant's investment adviser registration with the SEC will be withdrawn effective as of the later of (i) July 8, 1997 or (ii) the date registrant first files this Form or any amendment to this Form that indicates that registrant withdraws its registration.

Instruction 8. Determining Assets Under Management

Not all registrants are required to provide the amount of their assets under management. A registrant must complete the Assets Under Management Worksheet in Part III only if:

- item II(a)(i) is checked yes "(x)" and the amount of assets registrant has under management is the sole basis for registrant's eligibility for SEC registration (*i.e.*, registrant has not checked any of items II(a)(ii) through (viii)), or
- item II(c) is checked yes "(x)."

In determining the amount of assets registrant has under management, include the total value of "securities portfolios" (or portions thereof) for which registrant provides "continuous and regular supervisory or management services" as of the date of filing this Form.

(a) *Securities Portfolios.* An account is a securities portfolio if at least 50% of the total value of the account consists of securities. For purpose of this 50% test, registrant may treat cash and cash equivalents (*i.e.*, bank deposits, certificates of deposit, bankers acceptances, and similar bank instruments) as securities.

Registrants may include securities portfolios that are: (i) family or proprietary accounts of the registrant (unless registrant is a sole proprietor, in which case the personal assets of the sole proprietor must be excluded); (ii) accounts for which registrant receives no compensation for its services; and (iii) accounts of clients who are not U.S. residents.

(b) *Value of Portfolio.* Include the entire value of each securities portfolio (or portion thereof) for which registrant provides "continuous and regular supervisory or management services." If registrant provides continuous and regular supervisory or management services for only a portion of a securities portfolio, include as assets under management only the portion of the securities portfolio that receives such services. Exclude, for example, a portion of an account:

- (1) under management by another person; or
- (2) that consists of real estate or businesses the operations of which are "managed" on behalf of a client but not as an investment.

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No deduction is required for securities purchased on margin.

(c) *Continuous and Regular Supervisory or Management Services.*

General Criteria. A registrant provides continuous and regular supervisory or management services with respect to a securities portfolio if the registrant either —

- (1) has discretionary authority over and provides ongoing supervisory or management services with respect to the account; or
- (2) does not have discretionary authority over the account, but has an ongoing responsibility to select or make recommendations, based upon the needs of the client, as to specific securities or other investments the account may purchase or sell and, if such recommendations are accepted by the client, is responsible for arranging or effecting the purchase or sale.

Factors. Registrants should consider the following factors in evaluating whether continuous and regular supervisory or management services are being provided.

- (1) **Terms of the advisory contract.** A provision in an advisory contract by which the registrant agrees to provide ongoing management services suggests that the account receives such services. Other provisions in the contract, or the actual management of the registrant, however, may rebut such a suggestion.
- (2) **Form of compensation.** A form of compensation based on the average value of assets under management over a specified period of time would suggest that the registrant provides continuous and regular supervisory or management services. On the other hand, a form of compensation based upon time the registrant spends with a client during a client visit would suggest otherwise. A retainer based upon a percentage of assets covered by a financial plan would not suggest that the registrant provides continuous and regular supervisory or management services.
- (3) **The management practice of the registrant.** The extent to which the registrant is actively managing assets or providing advice bears on whether the services are continuous and regular supervisory or management services. However, infrequent trades (e.g., based on a "buy and hold" strategy) should not alone form the basis for a determination that the services are not provided on a continuous and regular basis.

Examples. To assist registrants, the Commission is providing examples of accounts that may receive continuous and regular supervisory or management services, based upon the criteria and factors discussed above. These examples are not exclusive.

Accounts that may receive continuous and regular supervisory or management services:

- (1) Accounts for which the registrant allocates assets of a client among mutual funds (even if it does so without a grant of discretionary authority, but only if the general criteria for non-discretionary accounts is satisfied and the factors suggest that the account receives continuous and regular supervisory or management services); and
- (2) Accounts for which the registrant allocates assets among other managers — but only under a grant of discretionary authority by which it may hire and fire managers and reallocate assets among them.

Accounts that do not receive continuous and regular supervisory or management services:

- (1) Accounts for which the registrant provides market timing recommendations (to buy or sell) but has no ongoing management responsibilities;
- (2) Accounts for which the registrant provides only impersonal advice, e.g., market newsletters;
- (3) Accounts for which the registrant provides an initial asset allocation, without continuous and regular monitoring and reallocation; and

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(4) Accounts for which the registrant provides advice only on an intermittent or periodic basis, upon the request of the client, or in response to some market event, e.g., an account that is reviewed and adjusted on a quarterly basis.

(d) *Value of Assets Under Management.* Determine the total amount of assets under management based on the current market value of the assets as determined within 90 business days prior to the date of filing this Form. Current market value should be determined using the same method as that used to determine the account value reported to clients or fees for investment advisory services.

(e) *Example.* To assist registrants, the Commission is providing an example of the method of determining whether a client account may be included as "assets under management."

Example:

A client's portfolio consists of the following:

\$ 6,000,000	stocks and bonds
\$ 1,000,000	cash and cash equivalents
\$ 3,000,000	non-securities (collectibles, commodities, real estate, etc.)
<u>\$10,000,000</u>	Total Assets

First, is the account a "securities portfolio?" The account is a securities portfolio because securities as well as cash and cash equivalents (which the registrant has chosen to include as securities) (\$6,000,000 + \$1,000,000 = \$7,000,000) comprise at least 50% of the value of the account (here, 70%). (See Instruction 8(a))

Second, does the account receive "continuous and regular supervisory or management services?" The entire account is managed on a discretionary basis and is provided ongoing supervisory and management services, and therefore receives continuous and regular supervisory or management services. (See Instruction 8(c))

Third, what is the entire value of the account? The entire value of the account (\$10,000,000) is included in the calculation of the adviser's total assets under management.

Instruction 9. Reliance on Non-Discretionary Assets

If, but for the inclusion of client accounts that registrant manages on a non-discretionary basis, registrant would not have \$25 million of assets under management (and has no other basis of eligibility for Commission registration), registrant must attach to this Form ADV-T a typed statement describing the nature of the supervisory or management services provided to such non-discretionary accounts. For example, a registrant that has \$30 million of discretionary and \$5 million of non-discretionary assets under management would not be required to attach the statement. A registrant that has \$20 million of discretionary and \$5 million of non-discretionary assets under management would attach a statement, but the statement would only describe the nature of the supervisory or management services provided to the \$5 million of non-discretionary assets. A registrant that has \$20 million of discretionary and \$5 million of non-discretionary assets under management, but that is an adviser to a registered investment company (and therefore has an additional basis of eligibility for SEC registration) would not be required to attach the statement.

APPENDIX B [NOTE: The text of Schedule I will not appear in the Code of Federal Regulations.]
SCHEDULE I

Schedule for Declaring Eligibility for SEC Registration

OMB APPROVAL
OMB Number: 3235-0490
Expires: 4/30/00
Estimated average burden
hours per response: 52 minutes

Applicant:	SEC File No. 801-	Date: MM/DD/YY
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Part I Eligibility for SEC Registration

Section 203(h) of the Investment Advisers Act of 1940 ("Advisers Act") authorizes the Commission to cancel or deny the registration of any investment adviser that does not meet the criteria for SEC registration set forth in section 203A of the Advisers Act. This Part I requires applicant to declare whether it is eligible, or continues to be eligible, for Commission registration.

Check either (a) or (b):

(a) Applicant is eligible (or will remain eligible) for SEC registration.

In order for an applicant to be eligible (or remain eligible) for SEC registration, applicant must respond affirmatively (by checking the appropriate box or boxes) to at least one of the items (i) through (ix) below:

Applicant:

(i) has assets under management of \$25 million (in U.S. dollars) or more;

Report assets under management in Part II if "assets under management" is the sole basis of applicant's eligibility for SEC registration (i.e., this item (i) is checked, and none of items (ii) through (ix) below are checked).

(ii) has its principal office and place of business in Colorado, Iowa, Ohio, or Wyoming (See Instruction 3);

(iii) has its principal office and place of business outside the United States (See Instruction 3);

(iv) is an investment adviser to an investment company registered under the Investment Company Act of 1940 (See Instruction 4);

(v) is a nationally recognized statistical rating organization;

(vi) is a pension consultant that qualifies for the exemption in rule 203A-2(b);

(vii) is an investment adviser that controls, is controlled by, or is under common control with, an investment adviser eligible to maintain its registration with the Commission, and whose principal office and place of business is the same as the eligible adviser (See Instruction 5(a));

(viii) is a newly formed adviser relying on rule 203A-2(d) (See Instruction 5(b));

(ix) has received an order of the Commission exempting applicant from the prohibition on registration with the Commission.

Application number: 803-

Date of Commission's order: _____

(b) Registrant is no longer eligible for SEC registration. (See Instruction 6)

Applicant:	SEC File No. 801-	Date: MM/DD/YY
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Part II Assets Under Management

Report assets under management if required by Part I (i.e., if item I(a)(i) is checked yes "x" and is the sole basis for applicant's eligibility for SEC registration).

(a) State the amount of applicant's assets under management (in U.S. dollars): (See Instruction 7)

\$ _____ .00 as of _____ (date)
(in U.S. dollars)

Applicants are reminded that it is a violation of section 207 of the Advisers Act to make any untrue statement of a material fact in any report filed with the Commission, or willfully to omit to state in any such report any material fact that is required to be stated therein.

SCHEDULE I INSTRUCTIONS**Instruction 1. General Instructions**

(a) *SEC's Collection of Information.* An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number. Sections 203(c)(1) and 204 of the Advisers Act authorize the Commission to collect the information on this Schedule from applicants. See 15 U.S.C. §§ 80b-3(c)(1) and 80b-4. Filing of this Schedule is mandatory. The principal purpose of this collection of information is to enable the Commission to determine which investment advisers are eligible to maintain their registration with the Commission, and to provide for the withdrawal from Commission registration for advisers that are no longer eligible. The Commission will maintain files of the information on this Schedule and will make the information publicly available. Any member of the public may direct to the Commission any comments concerning the accuracy of the burden estimate on page one of this Schedule, and any suggestions for reducing this burden. This collection of information has been reviewed by the Office of Management and Budget in accordance with the clearance requirements of 44 U.S.C. § 3507. The applicable Privacy Act system of records is SEC-2, and the routine uses of the records are set forth at 40 Federal Register 39255 (Aug. 27, 1975) and 41 FR 5318 (Feb. 5, 1976).

(b) *For Further Information.* Additional information about the rules referred to in this Schedule is found in the Commission's adopting release, *Rules Implementing Amendments to the Investment Advisers Act of 1940*, Investment Advisers Act Rel. No. 1633 (May 15, 1997).

Instruction 2. Principal Place of Business

Applicant's principal place of business reported in Form ADV, Part I, Item 2.A, is the applicant's principal office and place of business, i.e., the executive office from which the officers, partners, or managers of the applicant direct, control, and coordinate applicant's activities. See rule 203A-3(c).

Instruction 3. Advisers in Colorado, Iowa, Ohio, or Wyoming; Foreign Advisers

Under the Advisers Act, an applicant whose principal office and place of business (see Instruction 2) is in a State that does not register investment advisers is required to register with the Commission, even if none of the criteria for SEC registration (e.g., \$25 million of assets under management) is met. Currently, these States are Colorado, Iowa, Ohio, and Wyoming. Applicants that have their principal office and place of business in one of these States should check the box in item (a)(ii) of Part I.

An applicant whose principal office and place of business is located in a country other than the United States (i.e., not in the United States, the District of Columbia, Puerto Rico, the Virgin Islands, or any other possession of the United States) also is required to register with the Commission. Such an applicant should check the box in item (a)(iii) of Part I.

Instruction 4. Advisers to Investment Companies

An applicant should not check item (a)(iv) of Part I unless applicant currently provides advisory services pursuant to an investment advisory contract to an investment company registered under the Investment Company Act of 1940. The investment company must be operational, *i.e.*, have assets and shareholders (other than just the organizing shareholders).

Instruction 5. Exemptions

(a) **Affiliated Advisers.** An applicant that controls, is controlled by, or is under common control with, an investment adviser that is eligible to maintain its registration with the Commission after July 8, 1997 (the "eligible adviser") is itself eligible to maintain its registration with the Commission if the principal office and place of business of the applicant is the same as that of the eligible adviser. See rule 203A-2(c).

(b) **Newly Formed Advisers.** A newly formed adviser may register with the Commission at the time of its formation if the adviser has a reasonable expectation that within 120 days of registration it will become eligible for Commission registration. At the end of the 120-day period, the adviser is required to file an amended Schedule I. If the adviser indicates on the amended Schedule I that it has not become eligible to register with the Commission, the adviser is required to file a Form ADV-W concurrently with the Schedule I, thereby withdrawing from registration with the Commission. An applicant registering with the Commission in reliance on this exemption must include on Schedule E of Form ADV an undertaking to withdraw from registration if, at the end of the 120-day period, the adviser would be prohibited from Commission registration. See rule 203A-2(d).

Instruction 6. Part I, Item (b)

If item (b) of Part I is checked, registrant's investment adviser registration with the SEC must be withdrawn within 90 days after the date this Schedule I was required by rule 204-1(a) to have been filed with the Commission. Thus, registrant's registration must be withdrawn no later than 180 days after the end of its fiscal year. If registrant's registration is not withdrawn within this time period, registrant will be subject to having its registration cancelled pursuant to section 203(h) of the Advisers Act. See rule 203A-1(c).

Instruction 7. Determining Assets Under Management

Not all applicants are required to provide the amount of their assets under management. An applicant must report its assets under management in Part II only if item I(a)(i) is checked yes "(x)" and the amount of assets applicant has under management is the sole basis for applicant's eligibility for SEC registration (*i.e.*, applicant has not checked any of items I(a)(ii) through (ix)).

In determining the amount of assets applicant has under management, include the total value of "securities portfolios" (or portions thereof) for which applicant provides "continuous and regular supervisory or management services" as of the date of filing this Schedule.

(a) **Securities Portfolios.** An account is a securities portfolio if at least 50% of the total value of the account consists of securities. For purpose of this 50% test, applicant may treat cash and cash equivalents (*i.e.*, bank deposits, certificates of deposit, bankers acceptances, and similar bank instruments) as securities.

Applicants may include securities portfolios that are: (i) family or proprietary accounts of the applicant (unless applicant is a sole proprietor, in which case the personal assets of the sole proprietor must be excluded); (ii) accounts for which applicant receives no compensation for its services; and (iii) accounts of clients who are not U.S. residents.

(b) **Value of Portfolio.** Include the entire value of each securities portfolio (or portion thereof) for which applicant provides "continuous and regular supervisory or management services." If applicant provides continuous and regular supervisory or management services for only a portion of a securities portfolio, include as assets under management only the portion of the securities portfolio that receives such services. Exclude, for example, a portion of an account:

- (1) under management by another person; or
- (2) that consists of real estate or businesses the operations of which are "managed" on behalf of a client but not as an investment.

No deduction is required for securities purchased on margin.

(c) *Continuous and Regular Supervisory or Management Services.*

General Criteria. An applicant provides continuous and regular supervisory or management services with respect to a securities portfolio if the applicant either —

- (1) has discretionary authority over and provides ongoing supervisory or management services with respect to the account; or
- (2) does not have discretionary authority over the account, but has an ongoing responsibility to select or make recommendations, based upon the needs of the client, as to specific securities or other investments the account may purchase or sell and, if such recommendations are accepted by the client, is responsible for arranging or effecting the purchase or sale.

Factors. Applicants should consider the following factors in evaluating whether continuous and regular supervisory or management services are being provided.

- (1) **Terms of the advisory contract.** A provision in an advisory contract by which the applicant agrees to provide ongoing management services suggests that the account receives such services. Other provisions in the contract, or the actual management of the applicant, however, may rebut such a suggestion.
- (2) **Form of compensation.** A form of compensation based on the average value of assets under management over a specified period of time would suggest that the applicant provides continuous and regular supervisory or management services. On the other hand, a form of compensation based upon time the applicant spends with a client during a client visit would suggest otherwise. A retainer based upon a percentage of assets covered by a financial plan would not suggest that the applicant provides continuous and regular supervisory or management services.
- (3) **The management practice of the applicant.** The extent to which the applicant is actively managing the assets or providing advice bears on whether the services are continuous and regular supervisory or management services. However, infrequent trades (e.g., based on a "buy and hold" strategy) should not alone form the basis for a determination that the services are not provided on a continuous and regular basis.

Examples. To assist applicants, the Commission is providing examples of accounts that may receive continuous and regular supervisory or management services, based upon the criteria and factors discussed above. These examples are not exclusive.

Accounts that may receive continuous and regular supervisory or management services:

- (1) Accounts for which the applicant allocates assets of a client among mutual funds (even if it does so without a grant of discretionary authority, but only if the general criteria for non-discretionary accounts is satisfied and the factors suggest that the account receives continuous and regular supervisory or management services); and
- (2) Accounts for which the applicant allocates assets among other managers — but only under a grant of discretionary authority by which it may hire and fire managers and reallocate assets among them.

Accounts that do not receive continuous and regular supervisory or management services:

- (1) Accounts for which the applicant provides market timing recommendations (to buy or sell) but has no ongoing management responsibilities;
- (2) Accounts for which the applicant provides only impersonal advice, e.g., market newsletters;
- (3) Accounts for which the applicant provides an initial asset allocation, without continuous and regular monitoring and reallocation; and
- (4) Accounts for which the applicant provides advice only on an intermittent or periodic basis, upon the request of the client, or in response to some market event, e.g., an account that is reviewed and adjusted on a quarterly basis.

(d) *Value of Assets Under Management.* Determine the total amount of assets under management based on the current market value of the assets as determined within 90 business days prior to the date of filing this Schedule. Current market value should be determined using the same method as that used to determine the account value reported to clients or fees for investment advisory services.

(e) *Example.* To assist applicants, the Commission is providing an example of the method of determining whether a client account may be included as "assets under management."

Example:

A client's portfolio consists of the following:

\$ 6,000,000	stocks and bonds
\$ 1,000,000	cash and cash equivalents
\$ 3,000,000	non-securities (collectibles, commodities, real estate, etc.)
<u>\$10,000,000</u>	Total Assets

First, is the account a "securities portfolio?" The account is a securities portfolio because securities as well as cash and cash equivalents (which the applicant has chosen to include as securities) (\$6,000,000 + \$1,000,000 = \$7,000,000) comprise at least 50% of the value of the account (here, 70%). (See Instruction 7(a))

Second, does the account receive "continuous and regular supervisory or management services?" The entire account is managed on a discretionary basis and is provided ongoing supervisory and management services, and therefore receives continuous and regular supervisory or management services. (See Instruction 7(c))

Third, what is the entire value of the account? The entire value of the account (\$10,000,000) is included in the calculation of the adviser's total assets under management.

Instruction 8. Reliance on Non-Discretionary Assets

If, but for the inclusion of client accounts that applicant manages on a non-discretionary basis, applicant would not have \$25 million of assets under management (and has no other basis of eligibility for Commission registration), applicant must attach to this Schedule I a typed statement describing the nature of the supervisory or management services provided to such non-discretionary accounts. For example, an applicant that has \$30 million of discretionary and \$5 million of non-discretionary assets under management would not be required to attach the statement. An applicant that has \$20 million of discretionary and \$5 million of non-discretionary assets under management would attach a statement, but the statement would only describe the nature of the supervisory or management services provided to the \$5 million of non-discretionary assets. An applicant that has \$20 million of discretionary and \$5 million of non-discretionary assets under management, but that is an adviser to a registered investment company (and therefore has an additional basis of eligibility for SEC registration) would not be required to attach the statement.