



Investor Advisory Committee Meeting

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Licensing Bureau



Investor Advisory Committee Meeting

The views I express today are my own and do not necessarily represent the positions of NASAA, any NASAA member, or the State of Michigan.



Investor Advisory Committee Meeting

- What is NASAA and what does it do?
- Who do NASAA members oversee?
- How does NASAA help its members in the investment adviser regulatory space?
- Why does it matter for investors?



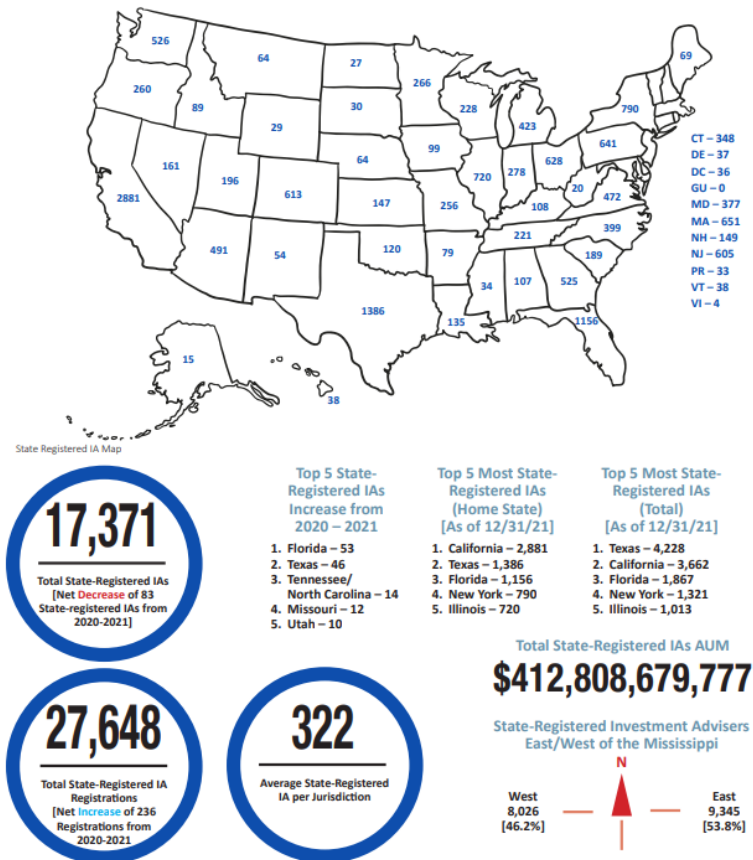
What is NASAA?

- The world's oldest international organization devoted to investor protection since 1919.
- Members include securities regulators in the 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, as well as the 13 provincial and territorial securities regulators in Canada, and the securities regulator in Mexico.
- www.NASAA.org

State-Registered Investment Advisers

- NASAA IA Section 2022 Survey Data
- Over 27,000 State-Registered IA Firms
- Texas, California, New York, Illinois have the highest number of State-Registered IA Firms
- Full Report Available at: <https://www.nasaa.org/wp-content/uploads/2022/06/2022-IA-Section-Report-FINAL-updated-05192022.pdf>

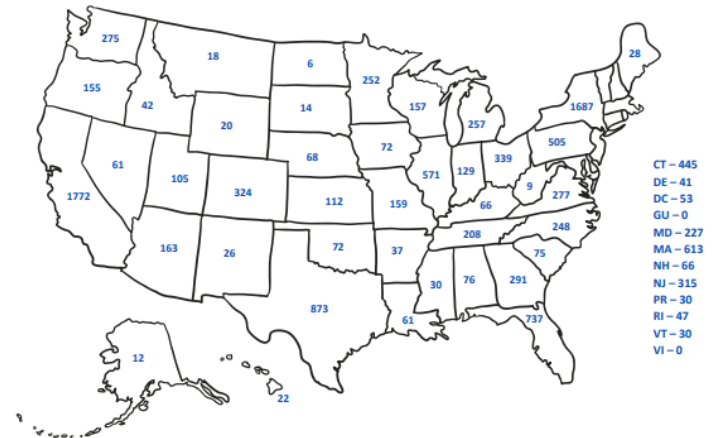
STATE-REGISTERED IA STATISTICS 2021



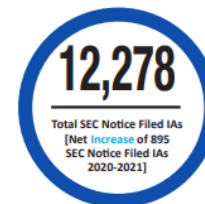
Federal Covered Notice Filers

- NASAA IA Section 2022 Survey Data
- Over 12,000 Notice-Filed Federal Firms
- Florida, California, Texas, Washington (state), and New York Top Notice-File Advisers
- Full Report Available at: <https://www.nasaa.org/wp-content/uploads/2022/06/2022-IA-Section-Report-FINAL-updated-05192022.pdf>

SEC NOTICE-FILED INVESTMENT ADVISER STATISTICS 2021



SEC Registered IA Map

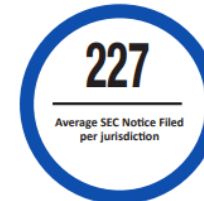


Top 5 Most SEC Notice Filed Investment Advisers [As of 12/31/21]

1. California – 1,772
2. New York – 1,687
3. Texas – 873
4. Florida – 737
5. Massachusetts – 613

Top 5 SEC Notice Filed Investment Advisers Increase from 2020 – 2021

1. Florida – 130
2. California – 106
3. Texas – 94
4. Washington – 41
5. New York – 32



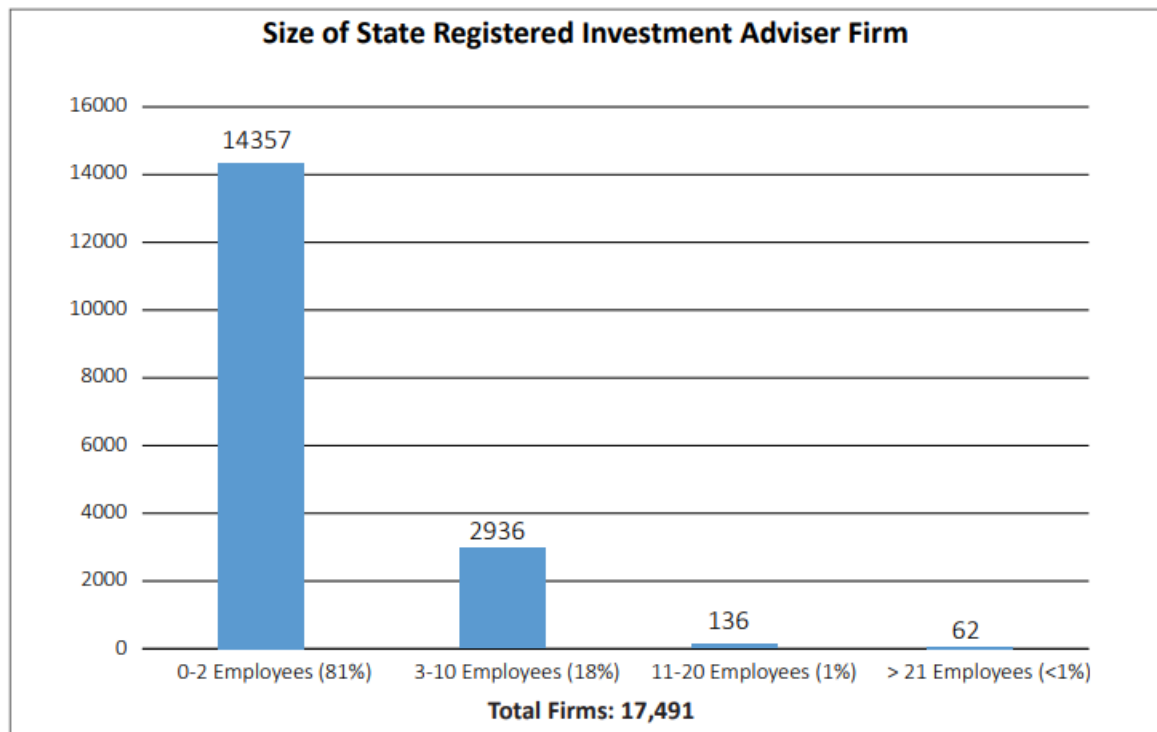
SEC Notice Filed Investment Advisers





Size of State-Registered Firms

Profile of State-Registered IAs for 2021



Source: <https://www.nasaa.org/wp-content/uploads/2022/06/2022-IA-Section-Report-FINAL-updated-05192022.pdf>



Investment Adviser Representatives

Table 1.4 Securities Industry Registered Individuals by Type of Registration, 2021¹
(Counts as of year-end)

DOWNLOAD THE DATA

	Total Number of Individuals
Broker-Dealer Only	304,867
Dual Broker-Dealer Investment Adviser Representative	307,590
All BD Registered Individuals	612,457
Investment Adviser Representative Only	77,468
Total Registered Individuals	689,925

Source: Financial Industry Regulatory Authority.

¹"Broker Dealer Representatives Only" refers to FINRA-registered representatives. "Dual Representatives" refers to FINRA-registered representatives who are also registered as investment adviser representatives. "Investment Adviser Representatives Only" refers to individuals who are registered only as investment adviser representatives and are overseen by the SEC or state regulators. "Securities Industry Registered Persons" represents the totality of registered individuals. Individuals are counted only once regardless of how many firms they represent.

Source: <https://www.finra.org/rules-guidance/guidance/reports-studies/2022-industry-snapshot/representative-data>



2021 Coordinated Examinations

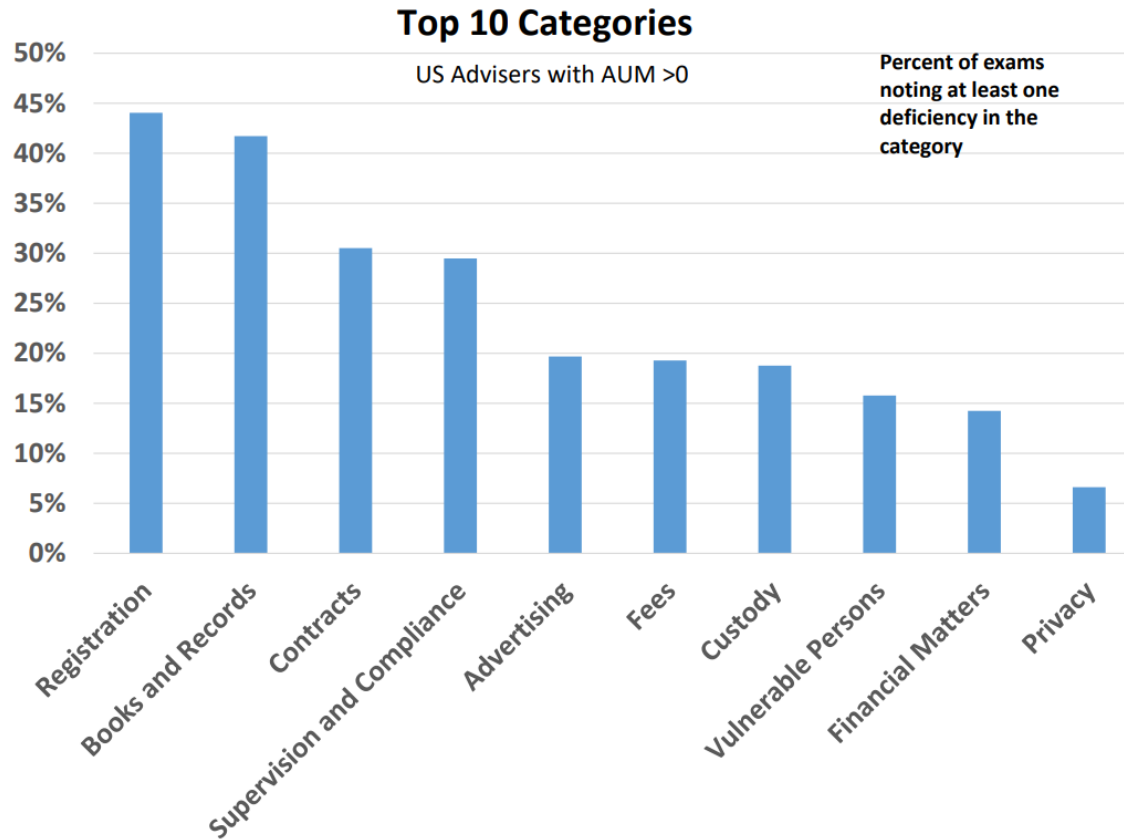


Exams Overview

- 1206 routine investment adviser examinations
- January 1 – July 7, 2021
- 289 IAs first time examined by the state
- 73% of examined US Advisers had AUM > 0
 - 62.8% had AUM > \$30MM
 - 37.2 % had AUM < \$30MM
 - Others were solicitors or financial planners with 0 AUM

Source: <https://www.nasaa.org/wp-content/uploads/2021/09/2021-Coordinated-IA-Exams-Public-Final-9-10-21.pdf>

Common Deficiencies



Source: <https://www.nasaa.org/wp-content/uploads/2021/09/2021-Coordinated-IA-Exams-Public-Final-9-10-21.pdf>



Investor Protection Policies Informed by Data

- NASAA Model Rule for Investment Adviser Written Policies and Procedures Under the Uniform Securities Acts of 1956 and 2002 (Adopted November 24, 2020).
- NASAA Model Rule on Investment Adviser Continuing Education (Model Rule 2002-411(h) or 1956-204(b)(6)-CE) (Adopted November 24, 2020).
- Proposed NASAA Model Rule for an Investment Adviser Representative Examination Validity Extension Program Under the 1956 and 2002 Uniform Securities Acts (Proposed December 2, 2022).



NASAA Protects Retail Investors

- NASAA provides tools resources to its members to support their investor protection missions at home.
- NASAA and its members marshal resources to gather and analyze data effectively.
- Effective and relevant data drive informed policy initiatives to protect investors and encourage industry compliance.
- Education is key for investment professionals and retail investors alike.