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December 19, 2016

**Submitted Electronically**

Brent J. Fields  
Secretary  
Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549-1090

**RE: Petition to Amend Form ADV to Update Reporting Criteria of Investment Adviser Asset Ownership**

Dear Mr. Fields:

On behalf of the Bond Dealers of America (“BDA”), I am pleased to submit this petition for rulemaking to the Securities and Exchange Commission. With over 14,000 registered investment advisers, it is a challenge for broker-dealers to successfully identify investment advisers with which the dealer and the adviser could form a mutually beneficial trading relationship. BDA believes that by making the recommended changes outlined below dealers will be able to more efficiently provide liquidity to the fixed-income marketplace and advisers will benefit from greater access to investment options and increased price competition, which will improve the ability of the adviser to achieve its investment goals.

The Form ADV amendment recommendations outlined below are intended to serve two purposes. First, the amendments would simplify reporting criteria for investment advisers by harmonizing the client-related reporting requirements of Form ADV, Item 5 (Information About Your Advisory Business) section D1 with section D2. Secondly, the BDA believes it would be meaningful to add a new section to Item 5, section F that would show a percentage breakdown of an adviser’s disclosed assets under management (AUM) by major asset-class categories.

**Section D2 Recommendation 1:** Harmonize the client and client-related asset under management percentages in Item 5, section D2 with the percentage-breakdowns in section D1.

Currently, Item 5, section D1 has more detailed information on the percentage of who an investment adviser's clients are in contrast to the percentage of AUM attributable to each client type. BDA recommends that the percentages used in section D2 be identical to D1. A more detailed AUM-by-client breakdown would allow dealers and other market participants to have a more detailed understanding of the types of clients and assets the adviser holds. This will allow dealer-sales personnel to more efficiently provide investment services to the adviser.

**Section D2 Recommendation 2:** Often investment advisers will input AUM attributable to credit unions in the section (m) for "other". BDA believes it would be more valuable to report those assets under (c) so that all AUM attributable to financial institutions be reported in a single line item. Therefore, BDA recommends 'credit unions' be explicitly added to section (c).

**New Item 5, section F3 Recommendation 3:** BDA recommends adding a new section F3 to Item 5, which would add a percentage breakdown of adviser AUM by asset type. While it is important to have the total value of AUM reported in section F, BDA believes that adding a section that shows the types of assets held would be valuable.

If an asset-specific-percentage breakdown is made available, the value of the Form ADV disclosures will increase. A dealer would be able to understand the adviser's clients, the percentage of assets attributable to different client types, and the types of holdings the adviser owns. This would allow dealers to provide better client support and provide liquidity for the specific asset types the adviser typically holds.

Please see the highlighted sections of the proposed changes to Item 5, section D2 below and the recommended Item 5, section F3 on pages 3-6.

Thank you for your consideration of this petition for rulemaking. If you have any questions or comments please contact John Vahey with the Bond Dealers of America at [jvahey@bdamerica.org](mailto:jvahey@bdamerica.org) or (202) 204-7902.

Sincerely,



Mike Nicholas  
Chief Executive Officer

cc: The Honorable Kara M. Stein  
The Honorable Michael S. Piwowar

## Current Format of Form ADV Item 5, section D1

Item 5, D1							
<p>What types of clients do you have? Indicate the approximate percentage that each type of client comprises of your total number of clients. If a client fits into more than one category, check all that apply.</p>							
Client Percentage	None	Up to 10%	11-25%	26-50%	51-75%	76-99%	100%
(a) Individuals (other than high net worth individuals)							
(b) High net worth individuals							
(c) Banking or thrift institutions							
(d) Investment companies							
(e) Business development companies							
(f) Pooled investment vehicles (other than investment companies)							
(g) Pension and profit sharing plans (but not the plan participants)							
(h) Charitable organizations							
(i) Corporations or other businesses not listed above							
(j) State or municipal government entities							
(k) Other investment advisers							
(l) Insurance companies							

## Recommended Changes to Item 5, section D2

<b>Item 5, D2</b>							
Indicate the approximate amount of your regulatory assets undermanagement (reported in Item 5.F. below) attributable to each of the following type of client. If a client fits into more than one category, check all that apply.							
Client/AUM Percentage	None	Up to 10%	11-25%	26-50%	51-75%	76-99%	100%
(a) Individuals (other than high net worth individuals)							
(b) High net worth individuals							
c) Depository or thrift institutions and credit unions							
(d) Investment companies							
(e) Business development companies							
(f) Pooled investment vehicles (other than investment companies)							
(g) Pension and profit sharing plans (but not the plan participants)							
(h) Charitable organizations							
(i) Corporations or other businesses not listed above							
(j) State or municipal government entities							
(k) Other investment advisers							
(l) Insurance companies							
(m) Other							

### New Item 5, section F3

Item 5, F3							
Indicate the approximate amount of your regulatory assets undermanagement (reported in Item 5.F. above) attributable to each of the following asset classes.							
Client Percentage	None	Up to 10%	11-25%	26-50%	51-75%	76-99%	100%
Cash							
Equity Securities							
Fixed Income Securities							
Alternative							