Dodd-Frank Act Changes to Investment Adviser Registration Requirements

The final compliance date for the provisions of the Dodd-Frank Act that amended the registration provisions of the Advisers Act was June 28, 2012. (*See,* Rules Implementing Amendments to the Investment Advisers Act of 1940 http://www.sec.gov/rules/final/2011/ia-3221.pdf.)

By March 30, 2012:

- advisers to many hedge funds, private equity funds, and other "private funds" that previously were exempt from registration were required to register with the Commission;

- exempt reporting advisers (*i.e.*, unregistered advisers to venture capital funds and to private funds with less than $150 million in assets) were required to submit reports on Form ADV for the first time; and

By June 28, 2012:

- mid-sized advisers (*i.e.,* advisers with between $25 million and $100 million in assets under management subject to examination by state regulators) switching to state registration were required to amend their Form ADVs reporting that they are no longer eligible to remain registered with the Commission and complete their switch.

The Division of Investment Management has prepared the following summary of the results of these changes. Unless otherwise noted, all data is as of January 2, 2013.

Registered Private Fund Advisers. There are approximately 4,020 investment advisers that manage one or more private funds registered with the Commission, of which 38% (1,521) registered since the effective date of the Dodd-Frank Act (July 21, 2011) (Fig. 1). The staff estimates that this represents over 50% increase in registered private fund advisers; 37% of all advisers currently registered with the Commission report that they advise at least one private fund. Of the 4,020 registered private fund advisers, 314 (8%) are domiciled in a foreign country; most of these (144) are domiciled in the United Kingdom (Fig. 2).

Figure 1: Number of SEC-Registered Advisers to Private Funds

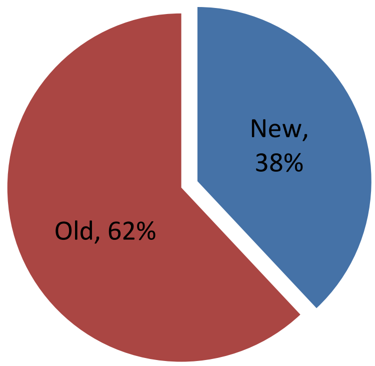
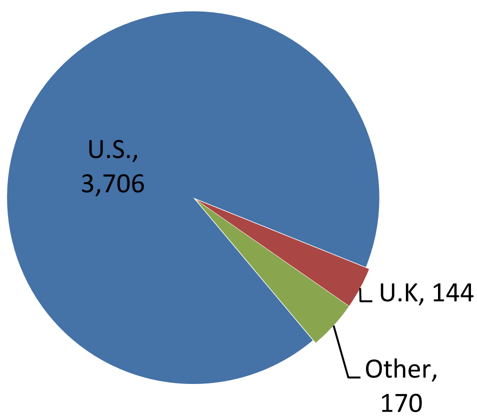


Figure 2: Domicile of Private Fund RIAs



Registered private fund advisers report to us that they advise 24,398 private funds with total assets of $7.9 trillion, which is 16% of total assets managed by all registered advisers (Fig. 3). Approximately 32% of total private fund gross assets are attributable to advisers that registered since the effective date of the Dodd-Frank Act. Hedge funds (53%) and private equity funds (24%) comprised the majority of private fund assets managed by registered advisers (Fig. 4).

Figure 3: Distribution of SEC-Registered Advisers' Assets Under Management

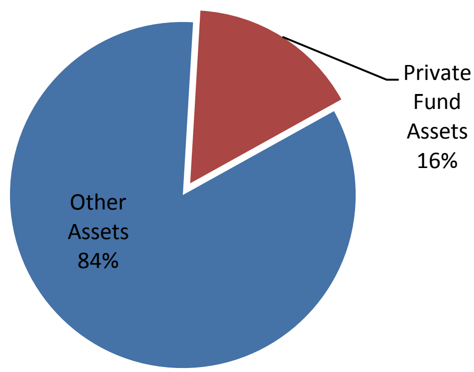
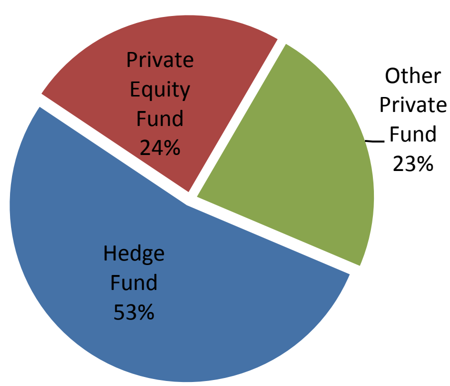


Figure 4: Types of Private Funds of SEC-Registered Advisers by Gross Assets of Private Funds



Note: Other Private Fund includes venture capital funds, liquidity funds, real estate funds, securitized asset funds, and other fund types.

Exempt Reporting Advisers. A total of 2,331 exempt reporting advisers filed Form ADVs with the Commission. A large number of these advisers (39%) are foreign advisers (Fig. 5). Exempt reporting advisers reported to us that they advise 7,372 private funds with total assets of $1.9 trillion (Fig. 6).

Figure 5: Domicile of SEC Exempt Reporting Advisers

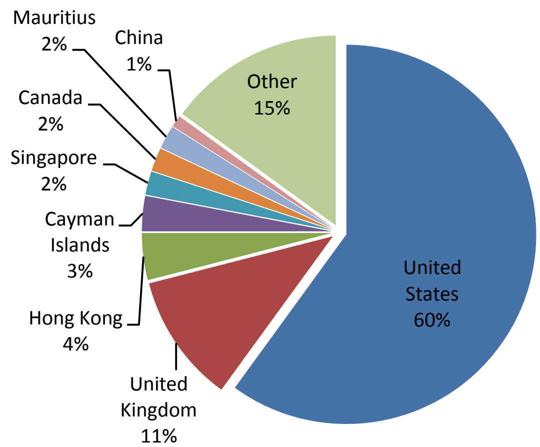
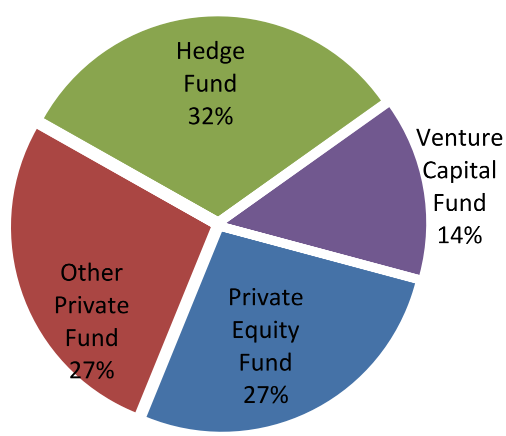


Figure 6: Types of Private Funds of SEC Exempt Reporting Advisers by Gross Assets of Private Funds



Note: Other Private Fund includes liquidity funds, real estate funds, securitized asset funds, and other fund types.

Impact on Population of Registered Advisers. There are 10,754 advisers registered with the Commission with total assets under management of $49.66 trillion. The cumulative impact of the Dodd-Frank Act registration changes has been a 10% decrease in the number of advisers registered with the Commission, but a 13% increase in the total assets under management of those registered advisers (Fig. 7).

Figure 7: Number of SEC-Registered Advisers and Assets Under Management