

SEC vs. State Registration for Investment Advisers (“IAs”) Based on Level of Regulatory Assets Under Management (“RAUM”)

At RAUM < \$150M, an IA may qualify for the private fund adviser exemption (an IA whose principal office and place of business is outside the US may also qualify even at higher RAUM amounts) and file with the SEC as an “exempt reporting adviser.” However, these IAs may also be required to register in one or more states.

At $\$25M \leq \text{RAUM} < \$100M$, IAs may NOT register with the SEC unless they are not registered *and* “subject to examination” in the state where the IA’s “principal office and place of business” is located (i.e., New York or Wyoming), or another exception applies.

At $\$110M \leq \text{RAUM}$, IAs must register with the SEC, unless an exemption applies.

\$25 M

\$90 M

\$100 M

\$110 M

\$150 M

At RAUM < \$25 million, IAs may NOT register with the SEC unless they are not regulated in the state where the IA’s “principal office and place of business” is located (i.e., Wyoming), or another exception applies.

At $\$100M \leq \text{RAUM} < \$110M$, IAs have the option of registering with the SEC or with one or more states (unless the IA’s principal office is in NY or WY). Once registered with the SEC, the IA may remain registered unless assets drop below \$90M.

An IA whose principal office and place of business is outside the US is permitted, but not necessarily required, to register with the SEC regardless of amount of RAUM.

This chart is intended only to help familiarize readers with the broad scope of the divide between SEC and state registration for investment advisers, and does not address all of the nuances included in the rules and the SEC’s guidance. The chart is not intended as a substitute for a more thorough legal analysis.