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Form ADV Amendments: Relying Advisers in Focus

Currently, many investment advisory firms indicate to the Securities and Exchange Commission (SEC) on their Form ADV filings that they have "relying advisers." With the SEC's adoption on August 25, 2016, of [amendments to Form ADV](#), the landscape for related advisers has changed substantially under a new "umbrella registration" regime. For example, the SEC has now made clear:

- Non-U.S. advisers may not have relying advisers.
- Exempt reporting advisers may not have relying advisers.
- Each relying adviser must be independently eligible to register. It is not clear how to file for integrated (but individually ineligible) entities which together are required to register. For example, a small integrated adviser that does not share its principal place of business with the filing adviser may need further guidance.
- Similarly, the SEC let stand certain staff guidance that did not object to including special purpose vehicles (SPVs), such as fund general partners, in an adviser's filing. A small SPV that does not share its principal place of business with the filing adviser may need further guidance.
- An adviser with a separate account for a non-Qualified Client may not have a relying adviser. Similarly, a relying adviser may not have a separate account for a non-Qualified Client.
- An adviser may not have a relying adviser if either one has a separate account whose investment program is not sufficiently similar to the investment program of a private fund managed by the adviser or one of its relying advisers.

These and the various other Form ADV amendments must be complied with upon making any initial or amended Form ADV filing on or after October 1, 2017, and will affect most investment advisers when they make their spring 2018 annual amendments. Before that compliance date, firms might consider an assessment and transition plan to determine whether relying advisers should be removed from umbrella filings and transitioned to new registration or exemption filings.

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