

Connecticut Banking Commissioner Issues Orders Relating to Investment Adviser State Registration in Response to the Dodd-Frank Act for Investment Advisers Transacting Business in Connecticut

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As previously discussed in a Foley Adviser dated June 22, 2011, the Securities and Exchange Commission (the "SEC") issued final rule releases relating to the implementation and interpretation of amendments to the Investment Advisers Act of 1940, as amended (the "Advisers Act"), contained within the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"). On July 11, 2012, the Connecticut Banking Commissioner issued two orders relating to investment adviser state registration requirements in response to the Dodd-Frank Act and the related SEC rule releases.

State Registration Time Line

The first order issued by the Banking Commissioner establishes a state registration timetable for certain investment advisers affected by the Dodd-Frank Act. In addition the order, effective July 21, 2011, repeals the Connecticut Banking Commissioner's prior order (the "Prior Order") exempting from state registration private advisers with at least \$30 million in assets under management and fewer than 15 clients, as the SEC exemption for advisers with fewer than 15 clients has been repealed by the Dodd-Frank Act.

Investment advisers currently registered with the SEC that have less than \$90 million of assets under management as of March 30, 2012 (who would have been previously exempted from state registration in Connecticut) will have until June 28, 2012 to withdraw from registration with the SEC and register with the State of Connecticut pursuant to the Connecticut Uniform Securities Act. Until that time, investment advisers currently registered with the SEC remain subject to Connecticut's annual notice requirement for SEC registered investment advisers.

Investment advisers relying on the transition provision in Rule 203-1(e) under the Advisers Act who otherwise would have had to register with the SEC and file a notice with Connecticut due to the repeal of the 15 or fewer client exemption and the unavailability of another exemption under the Advisers Act may defer filing of a notice or registration with the State of Connecticut until March 30, 2012.

Investment advisers currently relying on the Prior Order will have until March 30, 2012 to register with the State of Connecticut under the Connecticut Uniform Securities Act.

Exemptions from Registration

Effective July 21, 2011, the Dodd-Frank Act amended Section 203 of the Advisers Act to add exemptions from registration for certain (i) foreign private advisers, (ii) advisers to small business investment companies, (iii) advisers to venture capital funds and (iv) advisers rendering advice solely to private funds have less than \$150 million in assets under management in the United States. By an order dated July 11, 2011, the Connecticut Banking Commissioner has adopted the same exemptions from state registration effective July 21, 2011. Exempt reporting advisers relying on the exemptions afforded by items (iii) and (iv) above will be required to file reports on the SEC's investment adviser electronic filing system (IARD) and are required to make such reports available to the Connecticut Banking Commissioner.

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