

The SEC Proposes Registration Exemptions For Advisers to Venture Capital Funds, Private Fund Advisers With Less Than \$150 Million in Assets Under Management, and Foreign Private Advisers

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On November 19, 2010, the Securities and Exchange Commission ("SEC") issued proposed rules to implement new exemptions from the registration requirements of the Investment Advisers Act of 1940 ("Advisers Act") for certain advisers of private investment funds, as enacted in the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"). The Dodd-Frank Act repealed the section of the Advisers Act that exempts "any investment adviser from registration if the investment adviser (i) has had fewer than 15 clients in the preceding 12 months, (ii) does not hold itself out to the public as an investment adviser and (iii) does not act as an investment adviser to a registered investment company or a company that has elected to be a business development company" (the "private adviser exemption"). Congress repealed this provision primarily to require advisers to private funds to register under the Advisers Act, since the exemption allowed investment advisers with large amounts of assets under management and significant numbers of investors to avoid SEC oversight.

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