

CHECKLIST OF NEW AND AMENDED FORM ADV PART 1A ITEMS

This checklist includes **only new and amended** Items for Form ADV Part 1A as a result of SEC amendments adopted in August 2016 and is *not a comprehensive checklist of every Item on Part 1A*. “**You**” refers to the investment adviser (i.e., the advisory firm). “**RAUM**” refers to regulatory assets under management, as defined in Form ADV: Instructions for Part 1A, Item 5 (see [here](#)). For reference, the SEC’s redline of the revised Form ADV Part 1A is available at <https://www.sec.gov/rules/final/2016/ia-4509-form-adv-summary-of-changes.pdf>; the SEC staff’s Frequently Asked Questions on Form ADV updated in June and September 2017 (SEC FAQs) are available at <https://www.sec.gov/divisions/investment/iard/iardfaq.shtml>; and Form ADV links are available at <https://www.sec.gov/divisions/investment/iard/ia-forms.shtml>.

October 2, 2017

This document is provided as a service to members. It is not intended as legal advice, and it is not a substitute for legal counsel. The IAA undertakes no duty to update it.

IAA members with questions should contact the IAA Legal Team at iaaservices@investmentadviser.org or (202) 293-4222.



INVESTMENT ADVISER
ASSOCIATION

Amended Item #	Requirements/Question	Additional Information and Guidance
Item 1: Identifying Information Umbrella registration: If you are filing an umbrella registration, information in Item 1 should be provided for the filing adviser only. General Instruction 5 provides information to assist an adviser with filing an umbrella registration.		
1.B.(2) Umbrella Registration	<input type="checkbox"/> Check box if you are using your Form ADV to register more than one adviser under an umbrella registration <input type="checkbox"/> If yes, complete a Schedule R for each relying adviser	New General Instruction 5 outlines the requirements for filing an umbrella registration.
Item 1.D.(3) CIK Numbers	<input type="checkbox"/> Report all Central Index Key numbers, if the adviser has any CIK numbers assigned to it by the SEC (regardless of public reporting company status)	
Items 1.E.(1), (2) CRD Numbers	<input type="checkbox"/> List all your CRD numbers	
Item 1.F.(1) Largest Offices	<input type="checkbox"/> List your largest 25 offices in terms of number of employees as of the end of your most recent fiscal year	The SEC amended the Instructions of the Form so that changes to Item 1.F. of Schedule D need only be updated annually.
Item 1.F.(5) Number of Offices	<input type="checkbox"/> List the total number of offices, other than your principal office and place of business, at which you conduct investment advisory business as of the end of your most recently completed fiscal year	The SEC amended the Instructions of the Form so that changes to Item 1.F. of Schedule D need only be updated annually.
Item 1.I. / Section 1.I of Schedule D Social Media	<input type="checkbox"/> Answer yes or no if you have one or more websites or accounts on publicly available social media platforms (including, but not limited to, Twitter, Facebook and LinkedIn) <input type="checkbox"/> If yes, list all firm website addresses and the firm's accounts on publicly available social media platforms on Section 1.I of Schedule D	<input type="checkbox"/> Do not include addresses of websites or accounts where the adviser does not control the content (based on the facts and circumstances). <input type="checkbox"/> Do not include social media platforms (e.g., provides job listings and enables the public to rate/review companies) where the adviser does not control the content. <input type="checkbox"/> Do <u>not</u> include employee email addresses or website addresses of employee accounts on publicly available social media platforms, even if the adviser controls the content (e.g., LinkedIn page of CEO where adviser populates the content). See SEC staff FAQs here .
Item 1.J.(2) Outsourced CCO	<input type="checkbox"/> If your CCO is compensated or employed by any person other than the adviser, a related person, or a registered investment company you advise for providing CCO services to you, provide the person's name and IRS Employer Identification Number (if any)	See SEC staff FAQs here .

Amended Item #	Requirements/Question	Additional Information and Guidance
Item 1.0 Balance Sheet Assets	<input type="checkbox"/> If you have \$1 billion or more in total [balance sheet] assets (not RAUM) on the last day of your most recent fiscal year end, list approximate amount: <input type="checkbox"/> \$1B to less than \$10B; <input type="checkbox"/> \$10B to less than \$50B; or <input type="checkbox"/> \$50B or more	<input type="checkbox"/> Non-proprietary assets, such as client assets under management, should be excluded when responding, regardless of whether they appear on an adviser's balance sheet. See SEC staff FAQs, Form ADV: Item 1.0 here . <input type="checkbox"/> Currently, advisers only have to disclose whether they have balance sheet assets of \$1B or more.

Amended Item #	Requirements/Question	Additional Information and Guidance
Item 2: SEC Registration Umbrella registration: If you are filing an umbrella registration, information in Item 2 should be provided for the filing adviser only. General Instruction 5 provides information to assist an adviser with filing an umbrella registration.		
Item 5: Information About Your Advisory Business		
Item 5.C.(1) No RAUM	<input type="checkbox"/> List approximate number of clients for whom you do not have RAUM	
Item 5.D. Types of Clients	<input type="checkbox"/> List approximate number of clients and amount of your RAUM attributable to each type of client below (note: if you have fewer than 5 clients in a category (other than in categories (d), (e), and (f), you may indicate "fewer than 5 clients"): a. Individuals (other than high net worth individuals) b. High net worth individuals (i.e., a qualified client or a qualified purchaser) c. Banking or thrift institutions d. Investment companies e. Business development companies f. Pooled investment vehicles (other than investment companies and business development companies) g. Pension and profit sharing plans (but not the plan participants or government pension plans) h. Charitable organizations i. State or municipal government entities (including government pension plans) j. Other investment advisers k. Insurance companies l. Sovereign wealth funds and foreign official institutions m. Corporations or other businesses not listed above n. Other: ____[list]	<input type="checkbox"/> The aggregate amount of RAUM in Item 5.D.(3) should equal the total amount of RAUM in Item 5.F.(2)(c). <input type="checkbox"/> Do not double count clients or assets: If a client fits into more than one category, select category that most accurately represents the client. <input type="checkbox"/> "Sovereign wealth funds and foreign official institutions" is a new category in Item 5.D and is not defined in the Form. <input type="checkbox"/> Count clients the way you normally count them for your firm. See SEC staff FAQs, Form ADV: Item 5.D. here . <input type="checkbox"/> You can follow Advisers Act rule 202(a)(30)-1 when counting clients. See SEC staff FAQs, Form ADV: Item 5.D. here .

Amended Item #	Requirements/Question	Additional Information and Guidance
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Notes About Item 5.D:

- **What is “SMA” client RAUM?** Under Form ADV, Separately Managed Account (SMA) client RAUM includes ALL of the adviser's RAUM except for RAUM attributable to: (d) Investment companies; (e) Business development companies; and (f) Pooled investment vehicles (other than investment companies and business development companies).
- **Pooled Investment Vehicles.** Pooled investment vehicle includes, but is not limited to, private funds (*i.e.*, funds that would be investment companies but for Section 3(c)(1) or 3(c)(7) of the Investment Company Act). The SEC staff stated that whether any other entity should be considered a pooled investment vehicle depends on the facts and circumstances. In reporting categories for clients in Item 5.D., a firm should be consistent with information that it reports internally and in other regulatory filings. The staff stated pooled investment vehicle may include: Section 3(c)(5) real estate funds, 3(c)(11) collective investment funds, and UCITS that are regulated by the European Commission and that are not registered under the Investment Company Act. The staff noted that there are some facts and circumstances in which it may be appropriate for an adviser to treat a single-investor fund (a “fund of one”) as a pooled investment vehicle (e.g., noted that an adviser could reasonably treat a single-investor fund as a pooled investment vehicle where the fund seeks to raise capital from multiple investors but has only a single, initial investor for a period of time, or where all but one of the investors in the fund have redeemed their interests). The staff noted that an adviser generally should not consider a single-investor fund to be a pooled investment vehicle if that entity in fact operates as a means for the adviser to provide individualized investment advice directly to the investor in the fund. See SEC staff FAQs [here](#).
- **Subadvisers to RICs, BDCs, Pooled Vehicles.** A firm that subadvises an investment company, business development company, or other pooled investment vehicle is providing advice to such company or vehicle. Accordingly, you should report those assets in Item 5.D. in rows (d), (e) or (f) (as applicable). Do not report the client in Item 5.D.(j) (“Other investment advisers”). See SEC staff FAQs [here](#).
- **Wrap Program PM.** For an adviser firm that serves as a portfolio manager under a wrap fee program, treat each wrap fee program participant to whom you provided advisory services as a client for purposes of determining types of clients in response to Item 5.D. See SEC staff FAQs [here](#).
- **RAUM.** As a reminder, advisers are required to determine their RAUM based on the current market value of the assets, plus any outstanding indebtedness or other accrued by unpaid liabilities, as determined within 90 days prior to the date of filing the Form ADV, and to determine market value using the same method the adviser used to report account values to clients or to calculate fees for investment advisory services. See Instructions for Form ADV, Item 5.F.

Item 5.F.(3) RAUM of non-US clients	<input type="checkbox"/> Report the approximate amount of your total RAUM (reported in Item 5.F.(2)(c)) attributable to clients who are non-U.S. persons	<input type="checkbox"/> See Advisers Act rule 203(m)-1 for definition of U.S. person.
Item 5.G.(3) Parallel Managed Accounts to RICs You Advise	<input type="checkbox"/> If you provide advisory services under an advisory contract to a RIC, including as a subadviser, list in amended Section 5.G.(3) of Schedule D the RAUM (by series) all “parallel managed accounts” related to the RIC, or series thereof, or BDC that you advise. <input type="checkbox"/> A “parallel managed account” with respect to any RIC or BDC includes any managed account or other pool of assets that the adviser advises and that: <ul style="list-style-type: none"> • pursues substantially the same investment objective and strategy, and • invests side by side in substantially the same positions as the identified RIC or BDC that the adviser advises. 	<input type="checkbox"/> See SEC staff FAQs here .
Item 5.I.(2) Wrap Fee Programs	<input type="checkbox"/> If you participate in wrap fee programs, you must report the amount of RAUM attributable to acting as a: (i) sponsor to a wrap fee program; (ii) portfolio manager for a wrap fee program; or (iii) sponsor to, and portfolio manager for, the same wrap fee program. <input type="checkbox"/> You must also identify the wrap sponsors’ SEC file number and CRD number (if any) in Section 5.I.(2) of Schedule D .	

Amended Item #	Requirements/Question	Additional Information and Guidance
Item 5.J.(2) Reporting RAUM	<input type="checkbox"/> If you elect to report client assets in Part 2A of Form ADV differently from the RAUM you reported in Part 1A of Form ADV, check a box noting that election	
Item 5.K.(1) / Section 5.K.(1) of Schedule D Separately Managed Account Clients (SMA Clients) Asset Categories	<input type="checkbox"/> Do you have RAUM attributable to any SMA clients (<i>i.e.</i> , all client accounts other than investment companies, business development companies, or pooled investment vehicles)? <input type="checkbox"/> If yes, report in Section 5.K.(1) of Schedule D the approximate percentage of SMA RAUM on an aggregate basis across SMA clients invested in the following 12 asset categories: <input type="checkbox"/> Exchange-traded equity securities <input type="checkbox"/> Non exchange-traded equity securities <input type="checkbox"/> U.S. government/agency bonds <input type="checkbox"/> U.S. state and local bonds <input type="checkbox"/> Sovereign bonds <input type="checkbox"/> Investment grade corporate bonds <input type="checkbox"/> Non-investment grade corporate bonds <input type="checkbox"/> Derivatives <input type="checkbox"/> Securities issued by RICs or BDCs <input type="checkbox"/> Securities issued by pooled investment vehicles (other than RICs or BDCs) <input type="checkbox"/> Cash and cash equivalents <input type="checkbox"/> Other (describe) <input type="checkbox"/> Do you have more than \$10 billion SMA RAUM? <input type="checkbox"/> If yes, report both “ <i>end of year</i> ” date (<i>i.e.</i> , the date used to calculate your RAUM for purposes of your annual updating amendment) amount and “ <i>mid-year</i> ” date (<i>i.e.</i> , six months before the end of year date) amount. <input type="checkbox"/> If no, report only “ <i>end of year</i> ” date amount. <input type="checkbox"/> Are you a subadviser to a SMA client? <input type="checkbox"/> If yes, only provide information with respect to the portion of the account that you subadvise.	<input type="checkbox"/> The 12 asset categories are not defined by the SEC, except for “ <i>sovereign bonds</i> ,” which means any notes, bonds and debentures issued by a national government (including central government, other governments and central banks but excluding U.S. state and local governments), whether denominated in a local or foreign currency. <input type="checkbox"/> Methodology: Advisers may use their own internal methodologies and the conventions of their service providers in determining how (and where) to categorize assets, so long as their methodologies are consistently applied and consistent with information the advisers report internally and to current and prospective clients, but advisers should not double count assets (<i>i.e.</i> , do not include assets in more than one category). <input type="checkbox"/> Investments in derivatives, RICs, BDCs, and pooled investment vehicles should be reported in those categories. Advisers should not look through those assets to report those investments based on related or underlying portfolio assets.

Notes About Section 5.K.1:

- ☐ The SEC stated the goal in collecting more precise information is not to penalize advisers for minor inaccuracies but to enhance its ability to analyze data across investment advisers and allow it to see the scale and concentration of assets by client type.

Amended Item #	Requirements/Question	Additional Information and Guidance
Item 5.K.(2) / Section 5.K.(2) of Schedule D Do you engage in Borrowing Transactions on behalf of SMA clients you advise?	<input type="checkbox"/> Do you engage in borrowing transactions on behalf of your SMA clients? <input type="checkbox"/> If yes, but you manage SMA clients with RAUM of less than \$500 Million, do not complete Section 5.K.(2) of Schedule D . <input type="checkbox"/> If yes, and you manage SMA clients with RAUM of \$500 Million or More, complete Section 5.K.(2) of Schedule D . The required disclosure differs based on reporting thresholds as follows: <ul style="list-style-type: none"> • \$500 Million RAUM. If \$500 Million RAUM attributable to SMAs, but less than \$10 Billion RAUM attributable to SMAs => complete end of year number in Section 5.K.(2)(b). • \$10 Billion RAUM. If \$10 Billion RAUM or more attributable to SMAs => complete end of year number and mid-year number and derivatives exposures in Section 5.K.(2)(a). <input type="checkbox"/> However, an adviser may exclude any SMAs with RAUM of less than \$10 Million from reporting in Section 5.K.(2) .	<input type="checkbox"/> "Borrowing" is defined in the Form ADV Glossary to "include secured borrowings and unsecured borrowings, collectively. Secured borrowings are obligations for borrowed money in respect of which the borrower has posted collateral or other credit support and should include any reverse repos (<i>i.e.</i> , any sale of securities coupled with an agreement to repurchase the same (or similar) securities at a later date at an agreed price). Unsecured borrowings are obligations for borrowed money in respect of which the borrower has not posted collateral or other credit support." <input type="checkbox"/> See the Appendix for analysis on completing Section 5.K.(2) .

Notes About Section 5.K.(2) Borrowing and Derivatives:

- For purposes of Item 5.K.(2) and Schedule D, Section 5.K.(2), the staff believes that borrowings should include traditional lending activities such as client bank loans and margin accounts, other secured borrowings and unsecured borrowings, synthetic borrowings and transactions involving synthetic borrowings (e.g., total return swaps that meet the failed sale accounting requirements), transactions selling securities short, and transactions in which variation margin is owed, but as a result of not reaching a certain set threshold, has not been paid by the client. See SEC staff FAQs [here](#).
- For the purposes of Item 5.K.(2) and Schedule D, Section 5.K.(2), the staff believes that advisers should not report leverage embedded through the use of derivatives, securities lending or repurchase agreements as borrowings. See SEC staff FAQs [here](#).
- The SEC staff stated that where a client has arranged a personal loan without the firm's knowledge and used those loan proceeds to invest assets in its advisory account (noting that Item 5.K.(2) requires advisers to report if they "engage in borrowing transactions on behalf of any of the separately managed account clients" that they advise), advisers are not required to report client borrowings of which they are not aware. However, the staff noted that an adviser may not indirectly arrange borrowing transactions for separately managed account clients in order to circumvent any obligation to report those transactions on Form ADV. See SEC staff FAQs [here](#).
- Advisers with \$500 million up to \$10 billion in SMA RAUM must annually report the amount of aggregate SMA RAUM and the dollar amount of borrowings attributable to those assets that correspond to three levels of *gross notional exposure* as of the end of the year on Section 5.K.(2)(b) of Schedule D. Advisers with \$10 Billion or more in RAUM SMA must also annually include the mid-year values below.

Section 5.K.(2)(b):

Gross Notional Exposure*	1. Regulatory Assets Under Management	2. Borrowings
Less than 10%		
10-149%		
150% or more		

*"Gross notional exposure" of an account (defined in Section 5.K.(2)) is the percentage obtained by dividing (i) the sum of (a) the dollar amount of any borrowings and (b) the "gross notional value" of all derivatives, by (iii) the regulatory assets under management of the account.

*"Gross notional value" is defined as the gross nominal or notional value of all transactions that have been entered into but not yet settled as of the reporting date. For contracts with variable nominal or notional principal amounts, the basis for reporting is the nominal or notional principal amounts as of the reporting date. For options, use delta adjusted notional value.

Amended Item #	Requirements/Question	Additional Information and Guidance
	<ul style="list-style-type: none"> Advisers will need to calculate the gross notional exposure for each account and allocate it one of the 3 gross notional exposure buckets in the GNE column (i.e., Less than 10% GNE, 10-149% GNE, or 150% or more GNE). Advisers will need to calculate the per account borrowing figure. Advisers may include an optional disclosure to provide a narrative description of the strategies and/or manner in which borrowings and derivatives are used in the management of SMAs that the adviser advises. 	
Item 5.K.(3) / Section 5.K.(2) of Schedule D Do you engage in Derivatives Transactions on behalf of SMA clients you advise?	<input type="checkbox"/> Do you engage in derivatives transactions on behalf of your SMA clients? <input type="checkbox"/> If yes, but you manage SMA clients with RAUM of less than \$500 Million, do not complete Section 5.K.(2) of Schedule D . <input type="checkbox"/> If yes, and you manage SMA clients with RAUM of \$500 Million or More, complete Section 5.K.(2) of Schedule D . The required disclosure differs based on reporting thresholds as follows: <ul style="list-style-type: none"> \$500 Million RAUM. If \$500 Million RAUM attributable to SMAs, but less than \$10 Billion RAUM attributable to SMAs => complete end of year number in Section 5.K.(2)(b). \$10 Billion RAUM. If \$10 Billion RAUM or more attributable to SMAs => complete end of year number and mid-year number and derivatives exposures in Section 5.K.(2)(a). <input type="checkbox"/> However, an adviser may exclude any SMAs with RAUM of less than \$10 Million from reporting in Section 5.K.(2) .	<input type="checkbox"/> See Appendix for analysis on completing Section 5.K.(2) .

Notes About Section 5.K.(2)(a) Derivatives:

- Advisers with \$10 Billion or more in SMA assets will also report derivatives exposure across six types of derivatives listed below and will report the information with mid-year and end of year numbers on the following table in Section 5.K.(2)(a):

GNE	1. RAUM	2. Borrowings	3. Derivatives Exposures*					
			(a) interest rate deriv.	(b) foreign exchange deriv.	(c) credit deriv.	(d) equity deriv.	(e) commodity deriv.	(f) other deriv.
Less than 10%								
10-149%								
150% or more								

**Calculating Column 3 - Derivatives Exposures.* Advisers must provide the aggregate “gross notional value” of derivatives divided by the aggregate RAUM of the accounts included in column 1 with respect to each category of derivatives in columns (a) through (f).

Advisers may include an optional disclosure to provide a narrative description of the strategies and/or manner in which borrowings and derivatives are used in the management of SMAs that the adviser advises.

Amended Item #	Requirements/Question	Additional Information and Guidance
Item 5.K.(4) / Section 5.K.(3) of Schedule D Custodians of SMA RAUM that Hold 10% or More of SMA RAUM	<input type="checkbox"/> Does any custodian hold ten percent or more of your RAUM attributable to SMAs? <input type="checkbox"/> If yes, complete a separate Schedule D Section 5.K.(3) for each such custodian and list for that custodian: <ul style="list-style-type: none"> <input type="checkbox"/> Legal name and primary business name of custodian; <input type="checkbox"/> Location of custodian's office responsible for the custody of the assets (city, state, country); <input type="checkbox"/> Whether the custodian is a related person of the adviser; <input type="checkbox"/> For broker-dealer custodians, the SEC registration number, if any; for custodians other than a broker-dealer, the legal entity identifier (LEI), if any; and <input type="checkbox"/> Amount of RAUM attributable to SMAs held at the custodian. 	<input type="checkbox"/> You are not required to report a "sub-custodian" if used by the custodian for some custodial services, such as settling trades or trade execution. See SEC staff FAQs here . <input type="checkbox"/> Location information is consistent with similar questions about custodians in Schedule D, Section 7.B.(1), Question 25 of Form ADV. Location information allows the SEC to identify the appropriate contacts when a custodian is part of a large organization with multiple offices. See SEC Release .

Amended Item #	Requirements/Question	Additional Information and Guidance
Item 7: Financial Industry Affiliations and Private Fund Reporting		
Item 7	<input type="checkbox"/> Instruction: If you are filing an umbrella registration, you should not check Item 7.A.(2) with respect to your relying advisers, and you do not have to complete a Section 7.A. in Schedule D for your relying advisers. You should complete Schedule R for each relying adviser. <input type="checkbox"/> Instruction: If you are registered or applying for registration with the SEC or reporting as an SEC exempt reporting adviser, and another SEC-registered adviser or SEC exempt reporting adviser reports information in Section 7.B.(1) for a private fund (e.g., if you are a subadviser), do not complete Section 7.B.(1) for that fund; instead, complete Section 7.B.(2).	
Item 7 – Section 7.B.(1) of Schedule D	<input type="checkbox"/> If the private fund auditor is registered with the Public Company Accounting Oversight Board, report the PCAOB-assigned number. <input type="checkbox"/> If filing an umbrella registration, identify the filing adviser and/or relying adviser that sponsors or manages (i.e., advises) the private fund. <input type="checkbox"/> If the fund's custodian is not a broker-dealer, or is a broker-dealer but does not have an SEC registration number, report its legal entity identifier.	
Item 7 – Question 15(b), Section 7.B.(1) of Schedule D - Qualified Clients in 3(c)(1) Funds	<input type="checkbox"/> If you are adviser to a Section 3(c)(1) fund, report whether sales of the 3(c)(1) fund are limited to qualified clients.	

Amended Item #	Requirements/Question	Additional Information and Guidance
Item 8: Participation or Interest in Client Transactions		
Item 8.H.(1) Participation or Interest in Client Transactions	<input type="checkbox"/> Report whether you or any of your related persons, directly or indirectly, compensates any person who is not an employee for client referrals.	<input type="checkbox"/> Newly-formed advisers should respond based on expectations during the next year.
Item 8.H.(2) Participation or Interest in Client Transactions	<input type="checkbox"/> Report whether you or any of your related persons, directly or indirectly, provides any employee compensation that is specifically related to obtaining clients for the firm (cash or non-cash compensation in addition to the employee's regular salary).	
Item 8.I. Participation or Interest in Client Transactions	<input type="checkbox"/> Report whether you or any of your related persons, including any employee, directly or indirectly, receives compensation from any person (other than you or any related person) for client referrals. Do not include the regular salary paid to an employee.	

Amended Item #	Requirements/Question	Additional Information and Guidance
Item 9: Custody		
Item 9 Custody	<input type="checkbox"/> Beginning with your next annual updating amendment after October 1, 2017, you should include client assets that are subject to a SLOA that result in custody in your response to Item 9, according to the SEC No-Action Letter to the IAA (Feb. 21, 2017) here .	<input type="checkbox"/> Note: The SEC has not yet amended the Form or the instructions for this new requirement stated in the Feb. 21, 2017 no-action letter.

Amended Item 10: Control Persons

Umbrella registration: If you are filing an umbrella registration, information in Item 10 should be provided for the filing adviser only.

Amended Item 11: Disclosure Information

Umbrella registration: "You" and "your" include the filing adviser and all relying advisers under an umbrella registration.

Compliance Date. After October 1, 2017, firms will be required to fill in all new items in order to pass the IARD system completeness checks. However, the SEC staff has provided the following guidance about the compliance date: In certain circumstances, if an adviser does not have enough data to provide a complete response to a new or amended question in Item 5 or the Schedule D sections related to Item 5 during the period ranging from October 1, 2017 to the adviser's next annual amendment, the staff would not recommend enforcement action to the Commission under section 207 of the Investment Advisers Act of 1940 if the adviser responds "0" as a placeholder in order to submit its Form ADV, with a corresponding note in the Miscellaneous section of Schedule D to identify that a placeholder value of "0" was entered. See IM Information Update (Aug. 2017) [here](#).

Conditions for New Schedule R - Umbrella Registration for Private Fund Advisers

Advisers to private funds that are able to use umbrella registration to file a single Form ADV will also file a new Schedule R. One adviser (the filing adviser) can file the ADV on behalf of itself and other advisers that are controlled by or under common control with the filing adviser (each a relying adviser), as long as they *operate a single advisory business*. The SEC considers the following factors as indicia of a single advisory business: (i) commonality of advisory services and clients; (ii) a consistent application of the Advisers Act and rules thereunder to all advisers in the business; and (iii) a unified compliance program. The SEC treats as a single adviser two or more affiliated advisers that are separate legal entities but are operationally integrated.

Single Part 1 and Part 2 ADV and Form PF Required. To satisfy the requirements of Form ADV while using umbrella registration, the filing adviser is required to file, and update as required, a single Form ADV (Parts 1 and 2) that relates to, and includes all information concerning, the filing adviser and each relying adviser, and must include the same information in any other reports or filings it must file under the Advisers Act, such as Form PF.

The SEC adopted new instructions that describe the conditions required to rely on umbrella registration, including:

- The **filing adviser and each relying adviser must advise only private funds and clients in separately managed accounts that are qualified clients** that are otherwise eligible to invest in the private funds advised by the filing or a relying adviser and whose **accounts pursue investment objectives and strategies that are substantially similar** or otherwise related to those private funds;
- The **filing adviser has its principal office and place of business in the United States**, and the rules thereunder apply to the filing adviser's and each relying adviser's dealings with each of its clients, regardless of whether any client or the filing adviser or relying adviser providing the advice is a United States person;
- Each relying adviser, its employees and the persons acting on its behalf are **subject to the filing adviser's supervision and control** and, therefore, each relying adviser, its employees and the persons acting on its behalf are "persons associated with" the filing adviser;
- The advisory activities of each relying adviser are **subject to the Advisers Act** and the rules thereunder, and each relying adviser is subject to examination by the SEC; and
- The filing and each relying adviser operate under a **single code of ethics** under the Advisers Act and a **single set of written policies and procedures** under Rule 206(4)-7 and administered by a **single CCO**.

The SEC did not withdraw its view that permits certain exempt reporting advisers to file a single Form ADV on behalf of multiple special purpose vehicle (SPV) entities (without filing a Schedule R). See SEC staff ADV FAQs [here](#).

Schedule R

Schedule R will need to be filed with respect to each relying adviser, as well as a new question to Schedule D noted above, that will link a private fund reported on Form ADV to the specific (filing or relying) adviser that advises it.

Schedule R – Umbrella Registration		
Section 1 - Identifying Information	<input type="checkbox"/> New Schedule R <input type="checkbox"/> Amended Schedule R <input type="checkbox"/> Delete an existing Schedule R for a relying adviser that is no longer eligible for SEC registration <input type="checkbox"/> Delete an existing Schedule R for a relying adviser that is no longer relying on this umbrella registration <input type="checkbox"/> Name under which you primarily conduct your advisory business, if different from the filing adviser, other names and jurisdictions in which you use them <input type="checkbox"/> Your CRD number, if you have one or had one <input type="checkbox"/> Principal office and place of business and if same as filing adviser or private residence, hours, phone, mailing address <input type="checkbox"/> Your LEI, if you have one <input type="checkbox"/> Your CIK numbers, if you have any	
Section 2 - Basis for SEC Registration	<input type="checkbox"/> The basis for which the relying adviser is independently eligible to register with the SEC	
Section 3 - Form of Organization	<input type="checkbox"/> Form of organization, FYE, laws of state or country in which you are organized	
Section 4 - Control Persons (Direct or Indirect)	<input type="checkbox"/> Direct owners and executive officers, indirect owners, other related information	<input type="checkbox"/> You will be able to check a box to pre-fill the information with the same direct owners and executive officers provided in the Schedule A of the filing adviser; however, you will be able to manually edit the information

**Appendix –
IAA Worksheet on Form ADV Part 1A Amendments and Completing Section 5.K.(2)
August 25, 2016 (adopted)**

CLIENT TYPES

Identify Your Types of Clients and SMA Clients (New Instructions in Revised Item 5.D)

- **Step 1:** Report **approximate number of clients** in each category of client type listed and the **amount of your total regulatory assets under management** (RAUM) attributable to each type of client for revised Item 5.D.
 - **Note:** If fewer than 5 clients in a particular category (other than RICs, BDCs, and/or pooled investment vehicles, adviser may check Item 5.D.(2) rather than respond to Item 5.D.(1).
 - **Note:** Do not double count clients. If a client fits into more than one category, select one category that most accurately represents the client to **avoid double counting** clients and assets.
- **Step 2:** Track which of these clients are separately managed account (SMA) clients.

SMA	Not SMA
<ul style="list-style-type: none">Individuals (other than high net worth individuals)High net worth individualsBanking or thrift institutionsPension and profit sharing plans (but not the plan participants or government pension plans)Charitable organizationsState or municipal government entities (including government pension plans)Other investment advisersInsurance companiesSovereign wealth funds and foreign official institutions (new)Corporations or other businesses not listed“Other”	<ul style="list-style-type: none">Registered investment companies (RICs)Business development companies (BDCs)Pooled investment vehicles (including, but not limited to, private funds)

ASSET TYPES

If You Have Any SMA Clients, Aggregate and Report Asset Types on Section 5.K.(1) of Schedule D

- **Step 1:** Report the approximate percentage of assets of SMA clients (SMA RAUM) attributable to the following categories:

Asset Type	Mid-Year	End of Year
Exchange-traded equity securities	___%	___%
Non exchange-traded equity securities		
U.S. government/agency bonds		
U.S. state and local bonds		
Sovereign bonds		
Investment grade corporate bonds [term not defined]		
Non-investment grade corporate bonds [term not defined]		
Derivatives [term not defined]		
Securities issued by RICs or BDCs (includes ETFs)		
Securities issued by pooled investment vehicles (other than RICs or BDCs)		
Cash and cash equivalents (includes bank deposits, certificates of deposit, bankers' acceptances and similar bank instruments)		
Other (describe)		

Only if you have \$10 billion or more in SMA RAUM

If you have **any** SMA RAUM

- **Note: Do Not Look Through Assets** - Note that investments in derivatives, RICs, BDCs, and pooled investment vehicles should be reported in those categories. Advisers should not look through those assets to report those investments based on related or underlying portfolio assets.
- **Note: Use Your Own Methodology to Categorize Assets But Do Not Double Count** - Advisers may use their own internal methodologies and conventions of their service providers to determine how to categorize assets, as long as the methodologies are consistently applied and consistent with information the advisers report internally and to current and prospective clients, but should not double count assets (*i.e.*, do not include assets in more than one category).
- **Note:** Each column should add to 100% and numbers should be rounded to the nearest percent.

DERIVATIVES EXPOSURE AND BORROWING ACROSS SMA ASSETS

If You Manage Less than \$500 Million in SMA Assets

- Disregard Derivatives and Borrowing Reporting

If You Manage \$500 Million to up to \$10 Billion in SMA Assets, Aggregate Holdings in SMAs to Calculate Derivatives and Borrowings and Report in Section 5.K.2(b) of Schedule D

- **Step 1:** Decide whether to *exclude* any SMA with RAUM of less than \$10 million for purposes of this chart.
- **Step 2:** Determine the gross notional exposure of *each account* using this formula:

$$\left\{ \begin{array}{l} \text{The dollar amount of} \\ \text{any "borrowings"} \end{array} \right\} + \left\{ \begin{array}{l} \text{The "gross national} \\ \text{value" of all derivatives} \end{array} \right\} \div \text{The RAUM of} \\ \text{the account}$$

* "Borrowings" include secured borrowings and unsecured borrowings, collectively.

* "Gross notional value" is defined as the gross nominal or notional value of all transactions that have been entered into but not yet settled as of the reporting date. For contracts with variable nominal or notional principal amounts, the basis for reporting is the nominal or notional principal amounts as of the reporting date. For options, use delta adjusted notional value.

- **Step 3:** Bucket the accounts into the three levels of the GNE category listed below as of the end of the year (*i.e.*, Less than 10%, 10-149%, or 150% or more).

Gross Notional Exposure*	1. Regulatory Assets Under Management	2. Borrowings
Less than 10%		
10-149%		
150% or more		

- **Step 4:** For each GNE bucket, report the aggregate RAUM (Column 1) and aggregate borrowings (Column 2).

If You Are a Subadviser to SMA Accounts

- A subadviser to an SMA should only provide information on types of assets and use of derivatives and borrowing with respect to the portion of the account that it subadvises. Subadvisers and advisers would both report on the same regulatory assets under management (*i.e.*, the assets they both manage in an account). The SEC noted this is consistent with current Form ADV reporting of RAUM.

If You Manage \$10 Billion or More in SMA Assets, Aggregate Holdings in SMAs to Calculate GNE, Borrowings, and Derivatives Exposure and Report in Section 5.K.2(a) of Schedule D

- **Steps 1 through 4:** Same as above for advisers who manage between \$500 million and \$10 billion in SMA RAUM.
- **Step 5:** For each GNE bucket, complete additional reporting on derivatives exposures by dividing the aggregate gross notional value of each type of derivative by the aggregate RAUM of the accounts in that bucket (Column 1):

GNE	1. RAUM	2. Borrowings	3. Derivatives Exposures*					
			(a) interest rate derivative	(b) foreign exchange derivative	(c) credit derivative	(d) equity derivative	(e) commodity derivative	(f) other derivative
Less than 10%								
10-149%								
150% or more								

For example, this data point will be calculated using this formula:

The “gross notional value” of all foreign exchange derivatives attributable to SMAs in the middle bucket (those with 10 - 149 percent GNE to all derivatives)

÷

The RAUM of the accounts in that bucket

= %

- **Note:** For this chart, advisers will report the information with mid-year values and with end of year values.

SELECT NEW TERMS IN FORM ADV PART 1 GLOSSARY

Borrowings: Borrowings include secured borrowings and unsecured borrowings, collectively. Secured borrowings are obligations for borrowed money in respect of which the borrower has posted collateral or other credit support and should include any reverse repos (i.e., any sale of securities coupled with an agreement to repurchase the same (or similar) securities at a later date at an agreed price). Unsecured borrowings are obligations for borrowed money in respect of which the borrower has not posted collateral or other credit support. *[Used in: Part 1A, Instructions, Item 5, Schedule D]*

Commodity Derivative: Exposures to commodities that you do not hold physically, whether held synthetically or through derivatives (whether cash or physically settled). *[Used in: Part 1A, Schedule D]*

Credit Derivative: Single name credit default swap, including loan credit default swap, credit default swap referencing a standardized basket of credit entities, including credit default swap indices and indices referencing leveraged loans, and credit default swap referencing bespoke basket or tranche of collateralized debt obligations and collateralized loan obligations (including cash flow and synthetic) other than mortgage backed securities. *[Used in: Part 1A, Schedule D]*

Equity Derivative: Includes both listed equity derivative and derivative exposure to unlisted securities. Listed equity derivative includes all synthetic or derivative exposure to equities, including preferred equities, listed on a regulated exchange. Listed equity derivative also includes a single stock future, equity index future, dividend swap, total return swap (contract for difference), warrant and right. Derivative exposure to unlisted equities includes all synthetic or derivative exposure to equities, including preferred equities, that are not listed on a regulated exchange. Derivative

exposure to unlisted securities also includes a single stock future, equity index future, dividend swap, total return swap (contract for difference), warrant and right. *[Used in: Part 1A, Schedule D]*

Foreign Exchange Derivative: Any derivative whose underlying asset is a currency other than U.S. dollars or is an exchange rate. Cross-currency interest rate swaps should be included in foreign exchange derivatives and excluded from interest rate derivatives. *[Used in: Part 1A, Schedule D]*

Gross Notional Value: The gross nominal or notional value of all transactions that have been entered into but not yet settled as of the reporting date. For contracts with variable nominal or notional principal amounts, the basis for reporting is the nominal or notional principal amounts as of the reporting date. For options, use delta adjusted notional value. *[Used in: Part 1A, Schedule D]*

Interest Rate Derivative: Any derivative whose underlying asset is the obligation to pay or the right to receive a given amount of money accruing interest at a given rate. Cross-currency interest rate swaps should be included in foreign exchange derivatives and excluded from interest rate derivatives. This information must be presented in terms of 10-year bond equivalents. *[Used in: Part 1A, Schedule D]*

Other Derivative: Any derivative that is not a commodity derivative, credit derivative, equity derivative, foreign exchange derivative or interest rate derivative. *[Used in: Part 1A, Schedule D]*

Sovereign Bonds: Any notes, bonds and debentures issued by a national government (including central government, other governments and central banks but excluding U.S. state and local governments), whether denominated in a local or foreign currency. *[Used in: Part 1A, Schedule D]*



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