

OHIO DIVISION OF SECURITIES

NOTICE: TRANSITION FROM SEC TO STATE REGISTRATION

March 2012

The Dodd-Frank Wall Street Reform and Consumer Protection Act impacted the regulation of investment advisers by increasing the assets under management threshold for registration with the SEC. This change requires numerous investment advisers, referred to as "mid-sized advisers," to "switch" from SEC registration to one or more state securities regulators. Based on the information contained in your most recent ADV filing, it appears that your firm will be "switching" from SEC to state regulation. If that is in fact the case, you need to adhere to the following schedule:

1. File an amendment with the SEC, via IARD, updating the amount of assets under firm management **by March 30, 2012**.
2. Apply for registration with each state jurisdiction in which you are required to register **as soon as possible**. Temporary dual-registration (SEC and state(s)) will be permitted.
3. File a partial ADV-W to withdraw from SEC registration by **June 28, 2012**. You should not withdraw from the SEC until state registration(s) is approved.

If you have not already done so, we strongly encourage you to begin the state registration process now. The Division is prohibited from providing legal advice, but we can offer the following information to assist you with the upcoming transition:

AUM Buffer: A mid-sized adviser that is currently registered with the SEC may remain registered with the SEC so long as the firm's AUM is at least \$90 million.

The Investment Adviser ("IA") Application: Switching IA firms should electronically file, via the Web IARD system, their most recent Form ADV requesting OH registration. A complete filing of Form ADV includes: Part 1A and 1B, and Part 2 (2A, wrap fee brochure if applicable, and 2Bs for all investment adviser representatives). Additional information regarding the Form ADV is available at: <http://www.nasaa.org/industry-resources/investment-advisers/uniform-forms/form-adv/>

The Investment Adviser Representative ("IAR") Application: The Ohio Securities Act requires licensure of natural persons meeting the definition of an "investment adviser representative" that do not qualify for an exception. If the firm's IARs are already licensed as IARs in Ohio, there is nothing further you need to do for them with respect to the switch. In order to license an IAR that is not already licensed with the Division, IA firms must submit an initial application (Form U-4) through Web CRD. In connection with their application, an IAR applicant shall submit electronic fingerprint impressions to the Division, unless the IAR has previously submitted fingerprint impressions to the Division or FINRA and the results are available on Web CRD. For information regarding fingerprinting, visit: <http://www.com.ohio.gov/secu/FingerPrinting.aspx>.

Minimum Competency Requirements and Good Business Repute: IAs and IARs should carefully review the Ohio Securities Act's minimum competency requirements. IA firms that are sole proprietorships (without the use of a legal entity) must furnish to the Division evidence that the sole proprietor can satisfy one of the criteria in O.A.C. 1301:6-3-15.1(C). IARs must furnish to the

Division evidence that they can satisfy one of the criteria in O.A.C. 1301:6-3-16.1(B). <http://www.com.ohio.gov/secu/docs/OAC.pdf>. To the extent feasible, this information should be submitted via the Form ADV and Form U-4s. Further, all applicants are subject to an assessment of good business repute.

Division Filing Fees: The Division's annual filing fees are: \$100 per IA firm, and \$35 per IAR. These fees will be deducted from the firm's daily account with Web IARD/CRD. Firms must adequately fund their daily accounts to cover the license application fees. Effective September 28, 2011, under R.C. 1707.17(D), the Division is permitted to refund the additional filing fee (\$100) a switching IA firm may pay as a result of the switch (i.e., the firm paid a fee to renew its Notice Filing for 2012 and also will pay the state registration fee in order to "switch" in 2012). Firms should contact the Division for refund information. Note: IARD system fees have been waived for 2012.

Form BR: Prior to the operation of any place of business in this state, IA firms licensed by the Division must use the CRD to file a Uniform Form BR for each place of business.

Filing on the IARD System: For specific questions about the Web IARD/CRD filing process, contact the Gateway Call Center at 240-386-4848. The Division cannot assist with technical, filing questions.

NASAA Resource Center: For additional information regarding the IA switch, visit <http://www.nasaa.org/1719/ia-switch-resource-center/>. In addition, NASAA is conducting a voluntary coordinated review program for mid-sized advisers required to register in 4 to 14 states. More information is available at: <http://www.nasaa.org/industry-resources/investment-advisers/coordinated-review/>.

Questions about this Notice or your firm's status with the Division? Please contact Anne Followell, Licensing Chief, at anne.followell@com.ohio.gov or 614-728-2840