



TITLE IV: REGULATION OF ADVISERS TO HEDGE FUNDS AND OTHERS

- Overhauls current federal regulation of investment advisers, in the most part through the elimination of the private advisers exemption to registration and the elimination of the registration exemption for intrastate advisers who advise private investment companies
- Creates new exemptions from registration, such as those for advisers to venture capital funds and for certain foreign investment advisers; also requires the SEC to create an exemption from registration for any investment advisers that exclusively advise private investment companies and that have less than US\$150 million in assets under management
- Generally raises the threshold for federal registration of investment advisers to those with at least US\$100 million in assets under management and subjects registered advisors to increased recordkeeping requirements
- Permits the SEC to issue rules requiring the registration and examination of investment advisers to private investment companies that reflect the level of “systemic risk” posed by such companies
- Raises the net worth threshold for accredited investors who are natural persons to US\$1 million, excluding the value of their primary residence, and authorizes the SEC to periodically review the definition of accredited investor as it applies to natural Persons, and
- Requires that the “qualified client” standard of US\$750,000 assets under management and US\$1.5 million net worth be adjusted annually for inflation for each of the six years following enactment

Rulemakings

Securities and Exchange Commission (SEC)	
By July 21, 2011 (Not later than 12 months after enactment)	Bill Section
With the Commodity Futures Trading Commission (CFTC), SEC to issue rules to establish the form and content of reports to be filed by advisers registered with the SEC and CFTC with respect to the private funds they advise.	§406
By July 21, 2011 (Not later than 1 year after enactment)	
SEC to issue final rules to define the term “venture capital fund” for purposes of this subsection; SEC to require such advisers to maintain such records and provide the SEC with such reports as it determines necessary or appropriate.	§407



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