

**Form ADV Part 2 –
The New Disclosure Brochure for Investment Advisers**

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I. Introduction

On July 21, the Securities and Exchange Commission adopted changes to Form ADV, Part 2, the principal disclosure document that registered investment advisers must provide to their clients and prospective clients.¹ Under new Form ADV, Part 2, the disclosure document is divided into three distinct components: the firm “brochure” (Part 2A), the wrap fee program brochure (Appendix 1 to Part 2A) and the “brochure supplement” (Part 2B).

Form ADV, Part 2A, commonly referred to as the “brochure,” provides clients with an adviser’s qualifications, investment strategies, and business practices. Currently, the brochure requires advisers to respond to a series of “check-the-box” questions organized in a format that frequently does not correspond well to an adviser’s business. In some cases, the required disclosure may not describe clearly the adviser’s business practices or any conflicts of interests. The amendments are intended to: (i) improve the format and update the requirements of the brochure; and (ii) expand the brochure’s content to better include details most relevant to clients. The principal differences between the previous and new Part 2 are the adoption of the new brochure supplement and increased disclosure of conflicts of interest. The new Part 2A also requires additional disclosure about disciplinary events affecting the adviser and its personnel, as well as risk factors relating to an adviser’s primary investment strategies. Advisers with fiscal years ending on or after December 31, 2010 must include the narrative brochure in their next annual updating amendment.

The new Form ADV, Part 2 now includes Part 2B, which requires clients to receive one or more “brochure supplements” that provide information about the supervised persons responsible for providing advisory services to that particular client.

II. The Firm “Brochure”

The narrative brochure is intended to improve the ability of clients and prospective clients to evaluate an adviser and to understand conflicts of interest that an adviser faces, the effects of

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¹ Amendments to Form ADV, Investment Advisers Act Release No. 3060 (July 28, 2010) (“Adopting Release”) available at <http://www.sec.gov/rules/final/2010/ia-3060.pdf>.

those conflicts on the adviser's services, and the steps the adviser takes to address the conflicts. The brochure is intended to be a document that is organized in a consistent, uniform manner and that uses plain English to describe the adviser's business practices, activities, fees, conflicts of interests and disciplinary information. For federally registered investment advisers, the narrative brochure must address eighteen topics the SEC believes are most relevant to clients when evaluating and comparing advisers. The items in the narrative brochure are drawn largely from disclosure advisers have long been required to make in response to the previous Part 2, with the addition of several items that are intended to address more recent regulatory concerns. Following is a summary of each of the disclosure items:

A. Cover Page (Item 1)

1. This item requires an adviser to identify on the cover page of its brochure the name of the firm, its business address, contact information (e.g., a general telephone number), website (if available) and the date of the brochure, as well as a statement that the brochure has not been approved by the SEC or state securities regulators. If an adviser holds itself out as "registered," the adviser must include a statement explaining that registration does not imply a certain level of skill or training.

B. Material Changes (Item 2)

1. This item requires an adviser to provide an annual summary of material changes. The summary should appear on the cover page of the brochure or the next page or in a separate document accompanying the brochure. A summary prepared as a separate document can be used to satisfy an adviser's annual delivery obligation.

C. Table of Contents (Item 3)

1. This item requires each adviser to include a table of contents that uses the same headings and is provided in the same order as the items in Part 2A. This approach is intended to assist clients in quickly locating the information contained in the brochure and provide a mechanism to compare information provided by multiple advisers.

D. Advisory Business (Item 4)

The brochure must describe the adviser's business, including the types of advisory services offered and whether the adviser holds itself out as specializing in a particular type of advisory service (e.g., financial planning, quantitative analysis or market timing). Although not the subject of comment in the Adopting Release, the new brochure requires an adviser to explain whether it tailors its services to the individual needs of clients and explain whether clients may impose restrictions on investing in certain securities or types of securities. These requirements relate to the considerations under Rule 3a-4 under the Investment Company Act of 1940, as amended (the "1940 Act"), which creates a safe harbor under which discretionary investment advisory programs are not deemed to involve the operation of a mutual fund or the issuance of securities.

The brochure must also disclose the amount of assets the adviser manages. In computing the amount of assets, an adviser may use a method that differs from the method used in Part 1A of Form ADV so long as the adviser keeps documentation describing the methodology used. An adviser need not disclose any aspect of an alternative methodology used to compute assets under management, although it may be prudent to do so to lessen the chance that the SEC or others would claim that the alternative methodology was misleading.²

Advisers also must update the amount of their assets under management annually and on an interim basis when the advisers are filing an “other than annual amendment” for separate reasons. In this connection, the SEC states that “as a fiduciary, an adviser has an ongoing obligation to inform its clients of any material information that could affect the advisory relationship, which could include a material change to assets under management.³” The positions that an adviser has an ongoing obligation to advise clients about material changes to assets under management and that these amendments are only required as part of annual or interim updates seem to conflict with one another. The new requirement and the conflicting guidance may prove troublesome to advisers that suffer a significant decline in their assets under management, especially in the context of a loss of major clients or the defection of key personnel.

E. Fees and Compensation (Item 5)

The adviser must describe how it is compensated for its advisory services, the adviser’s fee schedule and whether the adviser’s fees are negotiable. A brochure provided only to clients who are “qualified purchasers” (as defined under section 2(a)(51)(A) of the 1940 Act) may omit this information.⁴ In this regard, the SEC recognizes that standard fee schedules are likely “not useful to institutional and large, sophisticated clients who are often in a position to negotiate fee arrangements with their adviser.⁵” While permitting the omission is helpful, it is unclear how advisers that offer services to a broad range of investors (both qualified and non-qualified) would take advantage of this flexibility. Such an adviser likely would have to create two separate brochures and “qualify” investors before providing the brochure omitting the fee schedule.

The adviser must also describe whether it bills clients or deducts fees directly from clients’ accounts, how often it assesses fees, and the types of other fees and expenses a client may pay, such as brokerage and custody fees and fund expenses in connection with the advisory services

² As noted in the Adopting Release, the SEC has brought a range of enforcement cases against investment advisers for false or misleading statements concerning their assets under management. *See* Adopting Release n.48.

³ Adopting Release, at 15.

⁴ “Qualified purchasers,” as defined under section 2(a)(51)(A) the 1940 Act, include, among others, natural persons who own \$5 million or more in investments and persons who manage \$25 million or more in investments for their account or other accounts of other qualified purchasers.

⁵ Adopting Release, at 17.

provided by the adviser. With respect to the last point, advisers should consider clarifying that many of these other fees and expenses are not paid to the adviser itself.

Additionally, if an adviser receives compensation attributable to the sale of a security, it will be required to disclose this practice, the conflicts of interest it creates and how they are addressed. The brochure and supplement both elicit disclosure of compensation received by an adviser and its supervised persons that can raise conflicts of interest, including transaction-related compensation. In discussing these requirements, the SEC stated that it was not expressing a preference for a fee-based compensation structure over a transaction-based compensation structure. Instead, “the item simply recognizes that an adviser that accepts compensation from the sale to a client of securities has an incentive to base investment recommendations on the amount of compensation it will receive, rather than on the client’s best interests, and thus involves a significant conflict of interest.⁶” Although these requirements are not, in substance, different from the requirements in previous Part 2⁷, the more detailed focus in this area on the related conflicts and how the adviser addresses these conflicts could arguably be read as a tacit endorsement of the receipt by advisers of transaction-based compensation notwithstanding the conflicts involved, subject to appropriate disclosure. Indeed, the SEC stated that “nothing in the [the Investment Advisers Act of 1940 (the “Advisers Act”)] precludes an investment adviser from accepting transaction-based compensation,” subject to applicable broker-dealer registration requirements.⁸

F. Performance-Based Fees and Side-by-Side Management (Item 6)

Advisers that charge performance-based fees will be required to disclose this fact. If the adviser also manages accounts that are not subject to performance-based fees, the adviser must explain any conflicts of interest that arise from the simultaneous management of these accounts and how they are addressed. Interestingly, in its discussion of conflicts that can arise in connection with performance-based fees, the SEC notes that an adviser who charges performance-based fees “may have an incentive to direct the best investment ideas to, or to allocate or sequence trades in favor of, the account that pays a performance fee.⁹” This is the first time we are aware of that the SEC has specifically identified the sequencing of transactions as a form of favoritism to clients that pay performance-based (or higher) advisory fees.

G. Types of Clients (Item 7)

An adviser must describe the types of clients to whom it provides advisory services. In addition, the Adviser must disclose any requirements for opening or maintaining an account, such as minimum account size.

⁶ Adopting Release, at 18.

⁷ See Adopting Release n.62.

⁸ Adopting Release n.63.

⁹ Adopting Release n.67.

H. Methods of Analysis, Investment Strategies and Risk of Loss (Item 8)

The brochure must explain the adviser’s methods of analysis and investment strategies and state that the client bears the risk of loss on his or her investment. For the first time, the SEC is expressly requiring advisers to describe the material risks that may arise in connection with the adviser’s investment strategies, including specific disclosures of how frequent trading can affect investment performance. In this connection, the SEC requires that advisers “explain the material risks involved for each significant investment strategy or method of analysis they use and particular type of security they recommend, with more detail if those risks are *unusual*.¹⁰” The SEC refrained from defining “frequent trading of securities,” but instead stated that “we would expect advisers to respond to this Item only if their intended investment strategies involve frequent trading of securities that a reasonable client would otherwise not expect in light of the other disclosures contained in the brochure.¹¹”

An adviser must include each significant investment strategy or method of analysis it uses. The Adopting Release states that a method of analysis or strategy would be considered “significant” if more than a small portion of the adviser’s clients’ assets are advised using the method or strategy.¹² As a result, the SEC noted that the brochure may not always be the best place for a multi-strategy adviser to disclose risks associated with all of its methods of analysis or strategies because it would unnecessarily lengthen the brochure. “Accordingly, [the SEC] would not require these advisers to list in the brochure the risks involved in each type of security or trading strategy. In such cases, required risk disclosure with respect to particular strategies could be made separately to those clients to whom such disclosure is relevant¹³” (such as an investment policy statement or separate risk disclosure statement).

I. Disciplinary Events (Item 9)

The brochure will include disclosure about any legal or disciplinary event that is material to a client’s evaluation of the adviser’s business or the integrity of the adviser’s management persons.¹⁴ Much of this information overlaps with disclosure required by Item 11 of Part 1A,

¹⁰ Adopting Release, at 20.

¹¹ Adopting Release, at 21.

¹² See Adopting Release n.74.

¹³ Amendments to Form ADV, Investment Advisers Act Release No. 2711 (Mar. 3, 2008) (“Proposing Release”) available at <http://www.sec.gov/rules/proposed/2008/ia-2711.pdf>.

¹⁴ “Management Persons” are defined as anyone with the power to exercise, directly or indirectly, a controlling influence over the firm’s management or policies, or to determine the general investment advice given to clients. Generally, all of the following are management persons: (i) the adviser’s principal executive officers, such as the chief executive officer, chief financial officer, chief operations officer, chief legal officer, and chief compliance officer; directors, general partners, or trustees; and other individuals with similar status or performing similar functions; (ii) members of the adviser’s investment committee or group that determines general investment advice to be given to clients; and (iii) if the adviser does not have an investment

however, the brochure requirement is limited to the firm and its management personnel. The amended Part 2 provides a non-exclusive list of material disciplinary events that are presumptively material to clients. This disclosure generally addresses disciplinary events within the last 10 years, but it also potentially reaches back beyond 10 years if it is so serious that it remains material to a client's evaluation of the firm's advisory business or the integrity of its management. Disclosure about arbitration awards and claims is not required.

An adviser may rebut the presumption that a disciplinary event is material and avoid disclosure of the event. The note to the Item states that when considering the materiality of a disciplinary event for this purpose, an adviser should consider the proximity of the person involved in the event to the advisory function, the nature of the infraction that led to the disciplinary event, the severity of the disciplinary sanction and the time elapsed since the date of the disciplinary event.¹⁵ If an adviser determines that the materiality presumption has been overcome, the adviser must prepare and maintain in its files a memorandum of that determination in accordance with the amended recordkeeping rule, rule 204-2(a)(14)(iii).

Because Item 9 incorporates disciplinary disclosures formerly required by rule 206(4)-4 directly into the brochure, the SEC is rescinding rule 206(4)-4. The rescission of rule 206(4)-4 will be effective, with respect to any particular investment adviser, on the date by which that adviser must deliver its narrative brochure to existing clients and begin delivering its brochure to prospective clients under the amendments as adopted. Although the SEC is rescinding Rule 206(4)-4 because it has incorporated the related disclosures into the brochure, the SEC made clear its view that the fiduciary principles underlying that rule's disclosure requirements would continue to apply for any clients of an investment adviser to whom the adviser is not required to deliver the brochure, such as clients receiving only impersonal investment advice, registered investment companies and business development companies.¹⁶

J. Other Financial Industry Activities and Affiliations (Item 10)

The brochure must describe any relationship or arrangement it has with another financial industry participant, the conflicts of interest this creates and how the conflicts are addressed. In addition, if an adviser selects or recommends other advisers for clients, the brochure must disclose any compensation arrangements or other business relationships between the advisory firms that create material conflicts of interest and how they are addressed. The disclosure required by this Item is intended to highlight an adviser's other financial industry activities and affiliations that can create conflicts of interest that may impair the objectivity of the adviser's investment advice.

committee or group, the individuals who determine general investment advice provided to clients (if there are more than five people, an adviser may limit its response to their supervisors).

¹⁵ See Note to Item 9 for Part 2A of Form ADV.

¹⁶ See Adopting Release, at 28.

K. Code of Ethics, Participation in Client Transactions and Personal Trading (Item 11)

The brochure must summarize the adviser’s code of ethics and state that the code of ethics is available upon request. The requirement that an investment adviser provide a copy of its code of ethics is a new requirement and is not reflected in the SEC’s rule governing investment adviser codes of ethics. The new requirement to deliver a copy of the code on request may prompt many investment advisers to set forth their code of ethics in a separate document or discrete policy if they have not already done so.

The brochure also must state: (i) whether the adviser or an affiliate recommends to clients, or buys or sells for client accounts, securities in which the adviser or an affiliate has a material financial interest and, if so, the conflicts of interest associated with that practice and how these conflicts are addressed; and (ii) whether the adviser or an affiliate may invest in the same securities that it recommends to clients or in related securities, such as options or other derivatives, and, if so, explain the conflicts involved and how these conflicts are addressed. If the adviser trades in the recommended securities at or around the same time as the client, the adviser must also describe the specific conflicts inherent in that practice and how it addresses these conflicts.

L. Brokerage Practices (Item 12)

The adviser must describe the factors it considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of brokers’ compensation. The brochure also must describe the adviser’s soft dollar practices; use of client referrals; directed brokerage practices; trade aggregation practices; and how the adviser addresses the conflicts of interest associated with these practices.

With respect to the adviser’s soft dollar practices, the SEC has made clear that the “description must be specific enough for clients and prospective clients to understand the types of products or services the adviser is acquiring and permit them to evaluate associated conflicts of interest,¹⁷” with more detailed disclosure for products or services that do not qualify for the safe harbor under Section 28(e). In this connection, the SEC requires the disclosure of the types of conflicts an adviser encounters when accepting soft dollar benefits and how it addresses those conflicts. This includes disclosure of whether the adviser uses soft dollars to benefit all clients or only those accounts whose brokerage commissions pay for the benefits and whether the adviser seeks to allocate benefits to clients proportionately to the soft dollar credits those accounts generate. The Item also requires, in the SEC’s words, the adviser to explain whether it “pays up” for soft dollar benefits by paying more than the lowest available commission rate in exchange for soft dollar products or services.¹⁸ For the most part, these required disclosures correspond to common disclosure practices relating to soft dollar arrangements, but advisers will have to be careful to

¹⁷ Adopting Release, at 34.

¹⁸ See Adopting Release 34 and Item 12.A.1.c for Part 2A of Form ADV.

answer these questions in a way that reflects any flexibility they may need under the Section 28(e) safe harbor (e.g., by not disclaiming paying up).

With respect to the adviser’s directed brokerage practices, the SEC requires an explanation that the adviser “may be unable to obtain the most favorable execution of client transactions if the client directs brokerage.¹⁹” While true, advisers need to be careful when framing this disclosure to avoid suggesting that it otherwise is in a position to “*obtain* the most favorable execution of client transactions,” when in actuality the adviser’s obligation generally is simply to *seek* best execution.

With respect to the adviser’s trade aggregation practices, the SEC requires an adviser to describe whether and under what circumstances the adviser aggregates trades with the stated assumption that clients can benefit “when the adviser aggregates trades to obtain volume discounts on execution cost.²⁰” While disclosure of trade aggregation is appropriate, one can reasonably question whether in today’s institutional trading markets aggregation or disaggregation has any affect on the level of client commissions, which are increasingly negotiated on a broader relationship basis depending upon the type of execution required. At best, the assumptions seem oversimplistic, and institutional investment advisers will want to have a more nuanced discussion of trade aggregation and trade disaggregation and the related considerations.

M. Review of Accounts (Item 13)

Advisers must disclose whether, and how often, they review client accounts or financial plans. An adviser that reviews accounts on other than a periodic basis must describe the circumstances that trigger a review. This Item also requires advisers to describe the content and frequency of any reports they provide to clients.

N. Client Referrals and Other Compensation (Item 14)

The brochure must describe any arrangement under which an adviser compensates another party for client referrals, including the type of compensation. The brochure must also disclose any arrangement whereby the adviser receives any economic benefit for providing advisory services from a person who is not a client, the conflicts of interest this creates and how the conflicts are addressed.

O. Custody (Item 15)

Advisers with custody of client funds or securities must explain that clients will receive account statements directly from the qualified custodian. If the adviser also provides an account

¹⁹ Adopting Release, at 36.

²⁰ Adopting Release, at 37.

statement it must include a statement urging clients to compare both statements to determine whether account transactions are proper.²¹

P. Investment Discretion (Item 16)

An adviser must disclose if it has discretionary authority over client accounts and any limitations clients may place on this authority. An adviser may cross reference Item 4 if this information is already provided in the description of advisory services.

Q. Voting Client Securities (Item 17)

The brochure must disclose the adviser's proxy voting practices; whether the adviser has or will accept authority to vote client securities; whether (and how) clients can direct the adviser to vote in a particular solicitation; how the adviser addresses conflicts of interest when it votes securities; and how clients can obtain information from the adviser on how the adviser voted their securities. Advisers that do not accept authority to vote securities must disclose how clients receive their proxies and other solicitations. This disclosure is consistent with that required under Advisers Act Rule 206(4)-6.

R. Financial Information (Item 18)

Advisers that require prepayment of more than \$1,200 in fees per client, six months or more in advance, must include an audited balance sheet showing the adviser's assets and liabilities as of the end of the most recent fiscal year. Advisers with discretionary authority over client assets, custody of client funds or securities, or requiring prepayment of more than \$1,200 in fees per client and six months or more in advance must also describe any financial condition reasonably likely to impair the adviser's ability to meet contractual commitments. In addition, an adviser must disclose whether it has been the subject of a bankruptcy petition during the past ten years.²²

III. Wrap Fee Program Brochure

Appendix 1 to Part 2A contains the requirements for a wrap fee program brochure. Advisers whose entire advisory business is sponsoring wrap fee programs will prepare a wrap fee program brochure but will not be required to prepare a standard advisory firm brochure. Advisers that sponsor wrap fee programs and provide other types of advisory services will be required to prepare both types of brochures, and will deliver both to clients who receive both types of services.

²¹ This disclosure is similar to the statement required to be made by advisers under the recently amended custody rule. Custody of Funds or Securities of Clients by Investment Advisers, Investment Advisers Act Release No. 2968 (Dec. 30, 2009) available at <http://www.sec.gov/rules/final/2010/ia-2968.pdf>.

²² This item maintains the requirements in previous Form ADV, but raises the prepayment thresholds to \$1,200 from \$500.

The items in Appendix 1 are substantially similar to those in Schedule H, the separate wrap fee program brochure in previous Part 2, and incorporate many of the requirements of the Part 2 brochure. Appendix 1 requires an adviser that sponsors a wrap fee program to identify whether any of its related persons is a portfolio manager in the program and, if so, to describe the associated conflicts and how they are addressed. As an example, the SEC notes that “an adviser may have an incentive to select a related person to participate as a portfolio manager based on the person’s affiliation with the adviser, rather than based on expertise or performance.”²³ In addition, advisers are required to disclose whether related person portfolio managers are subject to the same selection and review criteria as the other portfolio managers who participate in the wrap fee program and, if they are not, how they are selected and reviewed.

In response to comments received and long-standing industry lobbying, the SEC confirmed that an adviser can delegate its brochure delivery requirement to the sponsor of a wrap fee program and that the adviser could satisfy its recordkeeping obligation to evidence delivery of its brochure by relying on records maintained in an appropriate office of the sponsor, not the investment adviser. The SEC stated “that a sponsor may deliver the adviser’s brochures and maintain certain records as long as the sponsor, upon request of the Commission’s staff, will produce promptly the records for the staff at the appropriate office of the adviser or the sponsor.”²⁴ The SEC noted, however, that advisers still have a legal delivery obligation, and should take the necessary steps to ensure a sponsor is performing the tasks delegated to it by the adviser.²⁵

IV. The “Brochure Supplement”

Advisers will be required to provide clients with separate brochure supplements containing information about the individuals who provide advisory services to clients, thereby allowing clients to assess each individual’s background and qualifications.²⁶ These résumé-like documents will be required for each supervised person who: (i) formulates investment advice for the client and has direct client contact; or (ii) makes discretionary investment decisions for the client’s assets, even if the supervised person has no direct client contact.²⁷ If a team of more than five supervised persons provides investment advice, brochure supplements need only be provided for the five supervised persons with the most significant responsibility for the day-to-

²³ Adopting Release, at 45-46.

²⁴ Adopting Release, at 46.

²⁵ *See Id.*

²⁶ The disclosure requirements in the brochure supplement pertain to an adviser’s “supervised persons.” Supervised persons are defined in the New Part 2 adopts the same definition of supervised persons as Section 202(a)(25) of the Advisers Act - any officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees of an investment adviser, or any other person who provides investment advice on the investment adviser’s behalf and is subject to the investment adviser’s supervision or control.

²⁷ Adopting Release, at 63.

day advice provided to the client.²⁸ The term “formulating investment advice” is a new concept not otherwise used in the Advisers Act. As a result, interpretive questions will likely be raised when advisers determine what employees require a supplement.

Brochure supplements must include the following:

A. Cover Page (Item 1)

Each brochure supplement must include a cover page identifying and providing contact information for the supervised person(s) covered by the supplement, as well as the adviser. The cover page must also include a statement informing the client that they should have also received a brochure, as well as contact information to request a brochure or ask any questions.

B. Education Background and Business Experience (Item 2)

Each brochure supplement must describe the individual’s formal education and business background for the past five years, including positions at prior employers. This requirement includes information required to be disclosed in Item 6 of previous Part 2, but significantly expands the category of people for whom disclosure is required.²⁹ Information regarding professional designations, although not mandated, may be included so long as it also includes a “sufficient explanation of the minimum qualifications required for the designation to allow clients and potential clients to understand the value of the designation.³⁰” The SEC also notes that the disclosure “cannot be materially false or misleading by suggesting, for example, that the designation implies more qualifications or experience than the actual designation standards require.³¹” An adviser is required to include disclosure of any event in which the supervised person has resigned or otherwise relinquished a professional attainment, designation or license in anticipation of it being suspended or revoked (other than for failure to pay membership dues) that the adviser knew or should have known. Like other Items covered by the supplement, this will require an adviser to elicit information from supervised persons and to be alert for any red flags that call into question whether the loss of a professional designation is a discloseable event.

²⁸ Adopting Release, at 64.

²⁹ Previous Part 2 required such information for each member of the investment committee or each individual that determines investment advice given to clients; and each principal executive officer or each person with similar status performing similar functions. New Part 2 requires such information for supervised persons. *See* definition of supervised person at *supra* note 26.

³⁰ Adopting Release, at 57.

³¹ *Id.*

C. Disciplinary Events (Item 3)

Each brochure supplement must include material facts about any legal or disciplinary event that is material to a client’s evaluation of the individual’s integrity.³² Similar to disciplinary events related to the adviser in the brochure, the amended Part 2 provides a non-exclusive list of disciplinary events that are presumptively material to clients and also permits the rebuttal of this presumption. In addition, as in the brochure, this disclosure generally addresses disciplinary events within the last 10 years, but it also potentially reaches back beyond 10 years in the case of a disciplinary event that is material to a client’s evaluation of the supervised person’s integrity. If the adviser is providing a brochure supplement electronically, the adviser may omit this information and provide a hyperlink to the SEC or FINRA website provided the IARD system or broker-check system contains the individual’s disciplinary events.

D. Other Business Activities (Item 4)

Each brochure supplement must describe other business activities of the individual, any conflicts of interest this creates and how the conflicts are addressed. This expands upon the previous Form ADV requirement to disclose whether the principal business of the principal executive officers of the adviser involves something other than providing investment advice. This requirement includes all activities, both investment related and unrelated, that involve a “substantial” amount of the supervised person’s time or pay. Both the Adopting Release and Part 2B state that if a business activity represents less than 10 percent of the supervised person’s time and income, it may be presumed not substantial.³³ A supplement must also include information about any compensation (*e.g.*, commissions, bonuses, distribution and service (“trail”) fees from mutual funds and non-cash compensation) an individual receives based on the sale of securities and the incentives this type of compensation creates.

E. Additional Compensation (Item 5)

Each brochure supplement must describe any arrangement in which someone other than a client provides an individual with an economic benefit for providing advisory services. This disclosure is intended to address sales awards or prizes and similar incentive structures that may create

³² Item 11 for Part 1A of Form ADV includes disciplinary information that is provided to the SEC for registration purposes, but does not focus specifically on what would be important to a client for purposes of evaluating an adviser’s business or integrity. Accordingly, Item 11 includes broad disclosure about advisory affiliates (current employees, officers, partners or directors and all persons directly or indirectly controlling or controlled by adviser). The disclosure requirement for the supplement focuses on disciplinary information relating specifically to a supervised person covered by the brochure supplement requirement. In addition, many of the disciplinary information in Item 3 for Part 2B overlaps with the disclosure questions in Item 14 for Form U4, the Uniform Application for Securities Industry Registration or Transfer. Form U4 is used by representatives of broker-dealers, investment advisers, or issuers of securities to become registered in appropriate jurisdictions and/or self-regulatory organizations.

³³ See Adopting Release, at 61 and Item 4.B for Part 2B of Form ADV.

conflicts of interest and bias the advice presented. It expands upon the previous Form ADV requirement to disclose additional compensation by applying the requirement to each supervised person rather than general firm-wide disclosure that covers a variety of supervised persons with a range of compensation arrangements. Although Item 5 specifically identifies sales awards and prizes, neither the Adopting Release nor Part 2B provides a clear definition of what constitutes additional compensation (e.g., gifts and entertainment), and this Item will likely raise questions when advisers are determining how to respond.

F. Supervision (Item 6)

Each brochure supplement must explain how the adviser monitors the advice provided by an individual as well as the name, title and telephone number of the person responsible for supervising the individual's advisory activities.

V. Conflicts of Interest Disclosure

The SEC's approach throughout the brochure and supplement often is to require disclosure about conflicts and how an adviser and its supervised persons address them, but not about the specific procedures. That said, there are a number of items in both forms that require greater specificity and reflect an inconsistent approach to disclosure of conflicts.³⁴ For example, in connection with the disclosure of personal trading, the SEC requires disclosure of conflicts when an adviser or a related person trades in the same securities and, according to the SEC, should include an explanation of how the adviser's "internal controls, including its code of ethics, prevent the firm and its staff from buying or selling securities contemporaneously with client transactions."³⁵ Additionally, an adviser that uses client brokerage to compensate or otherwise reward brokers for client referrals, is required to disclose this practice, the related conflicts and "any procedures the adviser used to direct client brokerage to referring brokers during the past fiscal year."³⁶

VI. Delivery Requirements and Material Changes

³⁴ The SEC appears to recognize this inconsistency as, with respect to Item 11.B, it states "we agree with these commentators that the requirement was inconsistent with the Commission's general approach throughout the brochure of requiring disclosure about conflicts and how they are addressed, but not about procedures." Adopting Release 31. On the SEC's general approach of disclosing how conflicts are addressed but not the related procedures, see Item 11 for Part 2A of Form ADV and the Adopting Release n.119.

³⁵ Adopting Release, at 32. Note also that the practice of trading alongside of clients is permissible in accordance with the considerations outlined in the SMC Capital, Inc. No-Action Letter, 1995 Fed. Sec. L. Rep. (CCH) ¶ 77,049 (Sept. 5, 1995).

³⁶ Adopting Release, at 36.

A. Brochures

Advisers must deliver brochures to new and prospective clients before or at the time the adviser enters into an advisory contract with a client.³⁷ The SEC has revised the requirements for brochure delivery to require that brochures be delivered at or before the time an adviser enters into an advisory contract with the client, abandoning the prior requirement that, if such delivery occurred less than 48 hours before entering into an advisory contract, the client had to have the right to terminate the agreement without penalty within five business days thereafter.³⁸ This is a welcome change, albeit one that may require that advisers revise their investment advisory agreements (or any separate acknowledgments of brochure delivery) to delete reference to this outmoded concept.

Annually, 120 days after the end of its fiscal year, an adviser must provide existing clients with either (i) a copy of the current brochure that includes or is accompanied by a summary of material changes; or (ii) a summary of material changes that includes an offer to provide the client a copy of the brochure, along with the contact information that a client can use to obtain the current brochure and the IARD website address.³⁹ If there are no material changes from the previous annual amendment and the brochure continues to be accurate in all material respects, the adviser will not have to prepare or deliver a summary of material changes or an updated brochure to clients. Summaries of changes, like all other summaries of complicated legal documents, are fraught with risks to the extent the summary excludes certain information or plays down certain facts. The SEC's guidance may contribute to this tension. Specifically, the SEC states "we emphasize that we intend this document to be a summary that identifies and broadly discusses the material changes, and that it should not be a lengthy discussion that replicates the brochure itself. Instead, the summary need contain no more than is necessary to inform clients of the substance of the changes to the adviser's fees, practices or conflicts of interest so that they can determine whether to review the brochure in its entirety or to contact the

³⁷ See Adopting Release, at 47. Unlike the pre-existing requirements of Rule 204-3, which carves out from brochure delivery requirements contracts for impersonal advisory services, the SEC amended this rule to require delivery of the brochure to any client who receives impersonal investment advice and is charged \$500 or more for such advice. As a result, various types of impersonal investment advice will become subject to brochure (but not supplemental brochure) delivery requirements, including subscriptions for investment advisory publications and hard dollar research provided by broker-dealers that are registered as investment advisers.

³⁸ See Adopting Release n.188.

³⁹ See Adopting Release, at 48. The Adopting Release includes a brief footnote discussion of materiality, including the statement that "the standard of materiality under the Advisers Act is whether there is a substantial likelihood that a reasonable investor (here, client) would have considered the information important. This is a facts and circumstances test, requiring an assessment of the "total mix of information," in the characterization of the Supreme Court. Given that materiality depends on the factual situation, which may vary with each situation, we do not believe that it is appropriate to specifically define or provide any bright line test for what is and is not material." Adopting Release n.35 (citations omitted).

adviser with questions about the changes.⁴⁰” In this regard, the notions of brevity and disclosure of the “substance” of changes may be at odds with one another. At the very least, advisers should include statements in the summary to the effect that the summary is modified in its entirety by the substance of the revised brochure.

Brochures must be updated promptly if the information becomes materially inaccurate (an “interim amendment”). Interim amendments must be delivered to clients if there is a change to any required disciplinary action.⁴¹ Advisers should note, however, that between annual updating amendments they have a fiduciary duty to disclose material changes to clients even if those changes do not trigger delivery of an interim amendment.

Although requested during the comment period, the SEC declined to adopt changes its guidance on electronic delivery in order to permit brochures that are publicly available through the adviser or the SEC’s website to be deemed to be delivered to clients (so-called “access equals delivery”) or to permit advisers to send clients a notice informing them that the brochure is available on the adviser or the SEC’s website (so-called “notice equals delivery”). Accordingly, advisers may rely on electronic delivery for the brochure and brochure supplements only for those clients that have consented in accordance with the SEC guidance regarding the electronic delivery of required documents.⁴²

Both the Adopting Release and the new form make clear that a brochure prepared under Form ADV’s requirements may not fully satisfy an adviser’s disclosure obligations under the Advisers Act or other applicable law.⁴³ Nevertheless, there is certainly a reasonable argument that Form ADV’s requirements create a presumption that an adviser’s disclosure of matters that are specifically addressed in Form ADV in the specific manner required by Form ADV should satisfy the adviser’s obligations, at least for purposes of the Advisers Act.

B. Brochure Supplements

Advisers must deliver brochure supplements to new and prospective clients before or at the time the adviser enters into an advisory contract with a client.⁴⁴ Advisers must provide existing clients brochure supplements before or at the time a new individual begins offering advisory services to that client.⁴⁵ Brochure supplements must be updated promptly if the information becomes materially inaccurate.⁴⁶ Although there is no requirement to update or deliver brochure

⁴⁰ Adopting Release, at 12.

⁴¹ Adopting Release, at 67.

⁴² *See, e.g.*, Use of Electronic Media for Delivery Purposes, Securities Act Release No. 7233 (Oct. 6, 1995) available at <http://www.sec.gov/rules/interp/33-7233.txt>.

⁴³ *See* Adopting Release n.7 and Instruction 3 of General Instruction for Part 2 of Form ADV.

⁴⁴ Instruction 2 of Instructions for Part 2A of Form ADV.

⁴⁵ *See* Adopting Release, at 66.

⁴⁶ *See* Adopting Release, at 67.

supplements annually, amendments to brochure supplements must be delivered to clients if there is a change to any required disciplinary information.⁴⁷ Amendments may be delivered in the form of a “sticker” that identifies the information that has become inaccurate and provides the new information and the date of the sticker. As with the brochure, advisers should note that they have a fiduciary duty to disclose material changes to clients even if those changes do not trigger delivery of an updated supplement.

An adviser may elect to prepare a supplement for each supervised person or separate supplements for different groups of supervised persons. Alternatively, an adviser may include the information required to be provided in the brochure supplement within the firm’s brochure, an approach that may be attractive to smaller firms. An adviser that does not have any clients to whom a supplement will have to be delivered will not have to prepare any supplements.⁴⁸

VII. Filing Requirements

Advisers must file brochures electronically with the SEC in PDF format. The brochures will be publicly available on the SEC’s website.⁴⁹ Brochures must be updated and filed with the SEC *promptly* if the information becomes materially inaccurate. Brochure supplements will not be filed with the SEC, but advisers should maintain copies as a record to provide examiners for review.

VIII. Compliance Dates

SEC-registered investment advisers with fiscal years ending on or after December 31, 2010 will be required to include the narrative brochure when they file their next annual updating

⁴⁷ *Id.*

⁴⁸ Advisers are not required to deliver supplements to three types of clients: (i) clients to whom the adviser is not required to deliver a brochure (*e.g.*, investment companies registered under the 1940 Act and certain business development companies); (ii) clients that receive only impersonal investment advice for which the adviser charges less than \$500 per year; and (iii) certain “qualified clients” that also are officers, directors, employees and other persons related to the adviser. “Qualified clients” are (i) any executive officers, directors, trustees, general partners, or persons serving in a similar capacity, of the advisory firm; or (ii) any employees of the advisory firm (other than employees performing solely clerical, secretarial or administrative functions) who, in connection with their regular functions or duties, participate in the investment activities of the firm and have been performing such functions or duties for at least 12 months.

⁴⁹ The SEC also clarified that the provision of information concerning private funds that are required by Part 2 would not preclude reliance on the private offering exemptions under the Securities Act of 1933. Specifically, the SEC stated “we believe registrants can provide information required by the Part 2 without jeopardizing reliance on those exemptions,” but cautioned that “the inclusion of private fund information beyond that required in Part 2, however, such as subscription instructions, performance information, and financial statements, may jeopardize such reliance by constituting a public offering or conditioning the market for the securities issued by those funds.” Adopting Release, at 70.

amendment. Advisers will then have an additional 60 days to deliver new brochures to existing clients. New advisers applying for registration after January 1, 2011, will be required to file and deliver narrative brochures.

At the request of the Securities Industry and Financial Markets Association (“SIFMA”), the SEC recently extended the compliance date for the brochure supplements (Form ADV, Part 2B) for an additional four months.⁵⁰

- Investment advisers that are registered with the SEC as of December 31, 2010 and that have a fiscal year ending on December 31, 2010 through April 30, 2011 have until July 31, 2011 to begin delivering brochure supplements to new and prospective clients. They have an additional 60 days (until September 30, 2011) to deliver their brochure supplements to existing clients.
- Newly registered investment advisers filing their applications for registration from January 1, 2011 through April 30, 2011, have until May 1, 2011 to begin delivering their brochure supplements to new and prospective clients. They have an additional 60 days (until July 1, 2011) to deliver their brochure supplements to existing clients.

The compliance dates for investment advisers with fiscal years ending after April 30, 2011, or for newly registered investment advisers filing applications for registration after April 30, 2011, remain unchanged.

The extension of the compliance date relates only to the delivery of the brochure supplements (Part 2B). The SEC was not asked by SIFMA to extend the compliance date for the filing and delivery of the brochure (Part 2A).

⁵⁰ Amendments to Form ADV; Extension of Compliance Date, Investment Advisers Act Release No. 3129 (December 28, 2010) available at <http://www.sec.gov/rules/final/2010/ia-3129.pdf>.

FORM ADV PART 2 – COMPARISON OF DISCLOSURE ITEMS

Item	Description	Information Required under Part 2A (Brochure)	Corresponding Requirement under Part II (or Part 1A)
1.A.	Cover Page	<p>The cover page of your <i>brochure</i> must state your name, business address, contact information, website address (if you have one), and the date of the <i>brochure</i>.</p> <p>Note: If you primarily conduct advisory business under a name different from your full legal name, <u>and</u> you have disclosed your business name in Item 1.B of Part 1A of Form ADV, then you may use your business name throughout your <i>brochure</i>.</p>	Automatically included in the pre-printed “check the box” portion of Part II of Form ADV (“Part II”)
1.B.	Cover Page	<p>Display on the cover page of your <i>brochure</i> the following statement or other clear and concise language conveying the same information, and identifying the document as a “brochure”:</p> <p>This brochure provides information about the qualifications and business practices of [your name]. If you have any questions about the contents of this brochure, please contact us at [telephone number and/or email address]. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.</p> <p>Additional information about [your name] also is available on the SEC’s website at www.adviserinfo.sec.gov.</p>	<p>Part II includes the following statement:</p> <p>This part of Form ADV gives information about the Investment Adviser and its business for the use of clients. The information has not been approved or verified by any governmental authority.</p>
1.C.	Cover Page	If you refer to yourself as a “registered investment adviser” or describe yourself as being “registered,” include a statement that registration does not imply a certain level of skill or training.	No specific requirement

Item	Description	Information Required under Part 2A (Brochure)	Corresponding Requirement under Part II (or Part 1A)
2	Material Changes	<p>If you are amending your <i>brochure</i> for your annual update and it contains material changes from your last annual update, identify and discuss those changes on the cover page of the <i>brochure</i> or on the page immediately following the cover page, or as a separate document accompanying the <i>brochure</i>. You must state clearly that you are discussing only material changes since the last annual update of your <i>brochure</i>, and you must provide the date of the last annual update of your <i>brochure</i>.</p> <p>Note: You do not have to separately provide this information to a <i>client</i> or prospective <i>client</i> who has not received a previous version of your <i>brochure</i>.</p>	No specific requirement
3	Table of Contents	<p>Provide a table of contents to your <i>brochure</i>.</p> <p>Note: Your table of contents must be detailed enough so that your <i>clients</i> can locate topics easily. Your <i>brochure</i> must follow the same order, and contain the same headings, as the items listed in Part 2A.</p>	Table of contents is automatically included as art of the “check-the-box” portion of Part II
4.A.	Advisory Business – Principal Owners	<p>Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).</p> <p>Notes:</p> <p>(1) For purposes of this item, your principal owners include the <i>persons</i> you list as owning 25% or more of your firm on Schedule A of Part 1A of Form ADV (Ownership Codes C, D or E).</p> <p>(2) If you are a publicly held company without a 25% shareholder, simply disclose that you are publicly held.</p> <p>(3) If an individual or company owns 25% or more of your firm through subsidiaries, you must identify the individual or parent company and intermediate subsidiaries. If you are an SEC-registered adviser, you must identify intermediate subsidiaries that are publicly held, but not other intermediate subsidiaries. If you are a state-registered adviser, you must identify all intermediate subsidiaries.</p>	No specific requirement in Part II; information about direct and indirect owners and executive officers is included in Schedules A and B to Part 1A

Item	Description	Information Required under Part 2A (Brochure)	Corresponding Requirement under Part II (or Part 1A)
4.B.	Advisory Business – Types of Advisory Services	Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.	See Items 1.A (Advisory Services and Fees), 1.B (Financial Planning) and 3 (Types of Investments) in Part II
4.C.	Advisory Business – Individual Needs of Clients	Explain whether (and, if so, how) you tailor your advisory services to the individual needs of <i>clients</i> . Explain whether <i>clients</i> may impose restrictions on investing in certain securities or types of securities.	No specific requirement in Part II, although generally included in Schedule H
4.D.	Advisory Business – Wrap Fee Programs	If you participate in <i>wrap fee programs</i> by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.	No specific requirement
4.E.	Advisory Business – Assets Under Management	If you manage <i>client</i> assets, disclose the amount of <i>client</i> assets you manage on a <i>discretionary basis</i> and the amount of <i>client</i> assets you manage on a <i>non-discretionary basis</i> . Disclose the date “as of” which you calculated the amounts. Note: Your method for computing the amount of “ <i>client</i> assets you manage” can be different from the method for computing “assets under management” required for Item 5.F. in Part 1A. However, if you choose to use a different method to compute “ <i>client</i> assets you manage,” you must keep documentation describing the method you use. The amount you disclose may be rounded to the nearest \$100,000. Your “as of” date must not be more than 90 days before the date you last updated your <i>brochure</i> in response to this Item 4.E.	No specific requirement in Part II; information about AUM, including amount of discretionary and non-discretionary assets is included in Item 5.F of Part 1A

Item	Description	Information Required under Part 2A (Brochure)	Corresponding Requirement under Part II (or Part 1A)
5.A.	Fees and Compensation – Fee Schedules	Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable. Note: If you are an SEC-registered adviser, you do not need to include this information in a <i>brochure</i> that is delivered only to qualified purchasers as defined in section 2(a)(51)(A) of the Investment Company Act of 1940.	See Item 1.C and 1.D (Advisory Services and Fees) in Part II
5.B.	Fees and Compensation – Deduction of Fees	Describe whether you deduct fees from <i>clients'</i> assets or bill <i>clients</i> for fees incurred. If <i>clients</i> may select either method, disclose this fact. Explain how often you bill <i>clients</i> or deduct your fees.	No specific requirement
5.C.	Fees and Compensation – Other Fees and Expenses	Describe any other types of fees or expenses <i>clients</i> may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that <i>clients</i> will incur brokerage and other transaction costs, and direct <i>clients</i> to the section(s) of your <i>brochure</i> that discuss brokerage.	See Items 1.C and 1.D (Advisory Services and Fees) and 9 (Participation or Interest in Client Transactions) of Part II
5.D.	Fees and Compensation – Prepaid Fees	If your <i>clients</i> either may or must pay your fees in advance, disclose this fact. Explain how a <i>client</i> may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.	See Item 1.D of Part II
5.E.	Fees and Compensation – Sale of Securities	If you or any of your <i>supervised persons</i> accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1., 5.E.2. 5.E.3. and 5.E.4. Note: If you receive compensation in connection with the purchase or sale of securities, you should carefully consider the applicability of the broker-dealer registration requirements of the Securities Exchange Act of 1934 and any applicable state securities statutes.	See Items 1.D (Advisory Services and Fees), 9 (Participation and Interest in Client Transactions) and 13 (Additional Compensation)

Item	Description	Information Required under Part 2A (Brochure)	Corresponding Requirement under Part II (or Part 1A)
5.E.1.	Fees and Compensation	Explain that this practice presents a conflict of interest and gives you or your <i>supervised persons</i> an incentive to recommend investment products based on the compensation received, rather than on a <i>client's</i> needs. <u>Describe generally how you address conflicts that arise, including your procedures for disclosing the conflicts to clients.</u> If you primarily recommend mutual funds, disclose whether you will recommend “no-load” funds.	See Items 1.D (Advisory Services and Fees), 9 (Participation and Interest in Client Transactions) and 13 (Additional Compensation)
5.E.2.	Fees and Compensation	Explain that <i>clients</i> have the option to purchase investment products that you recommend through other brokers or agents that are not affiliated with you.	See Items 1.D (Advisory Services and Fees), 9 (Participation and Interest in Client Transactions) and 13 (Additional Compensation)
5.E.3.	Fees and Compensation	If more than 50% of your revenue from advisory <i>clients</i> results from commissions and other compensation for the sale of investment products you recommend to your <i>clients</i> , including asset-based distribution fees from the sale of mutual funds, disclose that commissions provide your primary or, if applicable, your exclusive compensation.	See Items 1.D (Advisory Services and Fees), 9 (Participation and Interest in Client Transactions) and 13 (Additional Compensation)
5.E.4.	Fees and Compensation	If you charge advisory fees in addition to commissions or markups, disclose whether you reduce your advisory fees to offset the commissions or markups.	See Items 1.D (Advisory Services and Fees), 9 (Participation and Interest in Client Transactions) and 13 (Additional Compensation)
6	Performance-Based Fees and Side-by-Side Management	<p>If you or any of your <i>supervised persons</i> accepts <i>performance-based fees</i> – that is, fees based on a share of capital gains on or capital appreciation of the assets of a <i>client</i> (such as a <i>client</i> that is a hedge fund or other pooled investment vehicle) – disclose this fact.</p> <p>If you or any of your <i>supervised persons</i> manage both accounts that are charged a <i>performance-based fee</i> and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact.</p> <p>Explain the conflicts of interest that you or your <i>supervised persons</i> face by managing these accounts at the same time, including that you or your <i>supervised persons</i> have an incentive to favor accounts for which you or your <i>supervised persons</i> receive a <i>performance-based fee</i>, and <u>describe generally how you address these conflicts.</u></p>	See Item 1.D (Advisory Services and Fees)

Item	Description	Information Required under Part 2A (Brochure)	Corresponding Requirement under Part II (or Part 1A)
7.	Types of Clients	Describe the types of <i>clients</i> to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.	See Items 2 (Types of Clients) and 10 (Conditions for Managing Accounts)
8.A.	Methods of Analysis, Investment Strategies and Risk of Loss – General Description	Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that <i>clients</i> should be prepared to bear.	See Items 4.A and 4.C (Methods of Analysis, Sources of Information, and Investment Strategies)
8.B.	Methods of Analysis, Investment Strategies and Risk of Loss – Material Risks for Investment Strategies	For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.	No specific requirement
8.C.	Methods of Analysis, Investment Strategies and Risk of Loss – Material Risks for Types of Securities	If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.	No specific requirement

Item	Description	Information Required under Part 2A (Brochure)	Corresponding Requirement under Part II (or Part 1A)
9	Disciplinary Information	<p>If there are legal or disciplinary events that are material to a <i>client's</i> or prospective <i>client's</i> evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.</p> <p>Items 9.A., 9.B., and 9.C. list specific legal and disciplinary events presumed to be material for this Item. If your advisory firm or a <i>management person</i> has been <i>involved</i> in one of these events, you must disclose it under this Item for ten years following the date of the event, unless (1) the event was resolved in your or the <i>management person's</i> favor, or was reversed, suspended or vacated, or (2) you have rebutted the presumption of materiality to determine that the event is not material (see Note below). For purposes of calculating this ten-year period, the "date" of an event is the date that the final <i>order</i>, judgment, or decree was entered, or the date that any rights of appeal from preliminary <i>orders</i>, judgments or decrees lapsed.</p> <p>Items 9.A., 9.B., and 9.C. do not contain an exclusive list of material disciplinary events. If your advisory firm or a <i>management person</i> has been <i>involved</i> in a legal or disciplinary event that is <u>not</u> listed in Items 9.A., 9.B., or 9.C., but nonetheless is material to a <i>client's</i> or prospective <i>client's</i> evaluation of your advisory business or the integrity of its management, you must disclose the event. Similarly, even if more than ten years have passed since the date of the event, you must disclose the event if it is so serious that it remains material to a <i>client's</i> or prospective <i>client's</i> evaluation.</p>	No specific requirement in Part II; information about disciplinary events is included in Item 11 of Part 1A

Item	Description	Information Required under Part 2A (Brochure)	Corresponding Requirement under Part II (or Part 1A)
9	Disciplinary Information	<p>Note: You may, under certain circumstances, rebut the presumption that a disciplinary event is material. If an event is immaterial, you are not required to disclose it. When you review a legal or disciplinary event involving your firm or a <i>management person</i> to determine whether it is appropriate to rebut the presumption of materiality, you should consider all of the following factors: (1) the proximity of the <i>person involved</i> in the disciplinary event to the advisory function; (2) the nature of the infraction that led to the disciplinary event; (3) the severity of the disciplinary sanction; and (4) the time elapsed since the date of the disciplinary event. If you conclude that the materiality presumption has been overcome, you must prepare and maintain a file memorandum of your determination in your records. See SEC rule 204-2(a)(14)(iii).</p>	No specific requirement in Part II; information about disciplinary events is included in Item 11 of Part 1A
9.A.1.	Disciplinary Information	<p>A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which your firm or a <i>management person</i> was convicted of, or pled guilty or nolo contendere (“no contest”) to (a) any <i>felony</i>; (b) a <i>misdemeanor</i> that <i>involved</i> investments or an <i>investment-related</i> business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses.</p>	See Items 11.A and 11.B of Part 1A
9.A.2.	Disciplinary Information	<p>A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which your firm or a <i>management person</i> is the named subject of a pending criminal <i>proceeding</i> that involves an <i>investment-related</i> business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses.</p>	See Item 11.B of Part 1A
9.A.3.	Disciplinary Information	<p>A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which your firm or a <i>management person</i> was <i>found</i> to have been <i>involved</i> in a violation of an <i>investment-related</i> statute or regulation.</p>	See Items 11.B and 11.H of Part 1A

Item	Description	Information Required under Part 2A (Brochure)	Corresponding Requirement under Part II (or Part 1A)
9.A.4.	Disciplinary Information	A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which your firm or a <i>management person</i> was the subject of any <i>order</i> , judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a <i>management person</i> from engaging in any <i>investment-related</i> activity, or from violating any <i>investment-related</i> statute, rule, or <i>order</i> .	See Item 11.H of Part 1A
9.B.1.	Disciplinary Information	An administrative <i>proceeding</i> before the SEC, any other federal regulatory agency, any state regulatory agency, or any <i>foreign financial regulatory authority</i> in which your firm or a <i>management person</i> was <i>found</i> to have caused an <i>investment-related</i> business to lose its authorization to do business.	See Items 11.C and 11.D of Part 1A
9.B.2.a.	Disciplinary Information	An administrative <i>proceeding</i> before the SEC, any other federal regulatory agency, any state regulatory agency, or any <i>foreign financial regulatory authority</i> in which your firm or a <i>management person</i> was <i>found</i> to have been <i>involved</i> in a violation of an <i>investment-related</i> statute or regulation and was the subject of an <i>order</i> by the agency or authority denying, suspending, or revoking the authorization of your firm or a <i>management person</i> to act in an <i>investment-related</i> business.	See Items 11.C and 11.D of Part 1A
9.B.2.b.	Disciplinary Information	An administrative <i>proceeding</i> before the SEC, any other federal regulatory agency, any state regulatory agency, or any <i>foreign financial regulatory authority</i> in which your firm or a <i>management person</i> was <i>found</i> to have been <i>involved</i> in a violation of an <i>investment-related</i> statute or regulation and was the subject of an <i>order</i> by the agency or authority barring or suspending your firm's or a <i>management person's</i> association with an <i>investment-related</i> business.	See Items 11.C and 11.D of Part 1A
9.B.2.c.	Disciplinary Information	An administrative <i>proceeding</i> before the SEC, any other federal regulatory agency, any state regulatory agency, or any <i>foreign financial regulatory authority</i> in which your firm or a <i>management person</i> was <i>found</i> to have been <i>involved</i> in a violation of an <i>investment-related</i> statute or regulation and was the subject of an <i>order</i> by the agency or authority otherwise significantly limiting your firm's or a <i>management person's</i> <i>investment-related</i> activities.	See Items 11.C and 11.D of Part 1A

Item	Description	Information Required under Part 2A (Brochure)	Corresponding Requirement under Part II (or Part 1A)
9.B.2.d.	Disciplinary Information	An administrative <i>proceeding</i> before the SEC, any other federal regulatory agency, any state regulatory agency, or any <i>foreign financial regulatory authority</i> in which your firm or a <i>management person</i> was <i>found</i> to have been <i>involved</i> in a violation of an <i>investment-related</i> statute or regulation and was the subject of an <i>order</i> by the agency or authority imposing a civil money penalty of more than \$2,500 on your firm or a <i>management person</i> .	See Items 11.C and 11.D of Part 1A
9.C.1.	Disciplinary Information	A <i>self-regulatory organization (SRO) proceeding</i> in which your firm or a <i>management person</i> was <i>found</i> to have caused an <i>investment-related</i> business to lose its authorization to do business.	See Item 11.E of Part 1A
9.C.2.	Disciplinary Information	A <i>self-regulatory organization (SRO) proceeding</i> in which your firm or a <i>management person</i> was <i>found</i> to have been <i>involved</i> in a violation of the <i>SRO's</i> rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from <i>investment-related</i> activities; or (iii) fined more than \$2,500.	See Item 11.E of Part 1A
10.A.	Other Financial Industry Activities and Affiliations	If you or any of your <i>management persons</i> are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.	See Item 8.A (Other Financial Industry Activities or Affiliations) in Part II
10.B.	Other Financial Industry Activities and Affiliations	If you or any of your <i>management persons</i> are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.	See Item 8.B (Other Financial Industry Activities or Affiliations) in Part II

Item	Description	Information Required under Part 2A (Brochure)	Corresponding Requirement under Part II (or Part 1A)
10.C.	Other Financial Industry Activities and Affiliations	<p>Describe any relationship or arrangement that is material to your advisory business or to your <i>clients</i> that you or any of your <i>management persons</i> have with any <i>related person</i> listed below. Identify the <i>related person</i> and <u>if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how you address it.</u></p> <ol style="list-style-type: none"> 1. broker-dealer, municipal securities dealer, or government securities dealer or broker 2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund) 3. other investment adviser or financial planner 4. futures commission merchant, commodity pool operator, or commodity trading advisor 5. banking or thrift institution 6. accountant or accounting firm 7. lawyer or law firm 8. insurance company or agency 9. pension consultant 10. real estate broker or dealer 11. sponsor or syndicator of limited partnerships. 	See Item 8.C (Other Financial Industry Activities or Affiliations in Part II)
10.D.	Other Financial Industry Activities and Affiliations	<p>If you recommend or select other investment advisers for your <i>clients</i> and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, <u>describe these practices and discuss the material conflicts of interest these practices create and how you address them.</u></p>	No specific requirement in Part II, but receipt of compensation from investment advisers could be picked up in Item 13A (Additional Compensation)

Item	Description	Information Required under Part 2A (Brochure)	Corresponding Requirement under Part II (or Part 1A)
11.A.	Code of Ethics, Participation or Interest in <i>Client</i> Transactions and Personal Trading	<p>If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your code of ethics to any <i>client</i> or prospective <i>client</i> upon request.</p> <p>Note: The description required by Item 11.A may include information responsive to Item 11.B, C or D. If so, it is not necessary to make repeated disclosures of the same information. You do not have to provide disclosure in response to Item 11.B, 11.C, or 11.D with respect to securities that are not “reportable securities” under SEC rule 204A-1(e)(10) and similar state rules.</p>	No specific requirement in Part II, but often addressed in response to Item 9 (Participation or Interest in Client Transactions)
11.B.	Code of Ethics, Participation or Interest in <i>Client</i> Transactions and Personal Trading	<p>If you or a <i>related person</i> recommends to <i>clients</i>, or buys or sells for <i>client</i> accounts, securities in which you or a <i>related person</i> has a material financial interest, <u>describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.</u></p> <p>Examples: (1) You or a <i>related person</i>, as principal, buys securities from (or sells securities to) your <i>clients</i>; (2) you or a <i>related person</i> acts as general partner in a partnership in which you solicit <i>client</i> investments; or (3) you or a <i>related person</i> acts as an investment adviser to an investment company that you recommend to <i>clients</i>.</p>	See Item 9.D (Participation or Interest in Client Transactions) in Part II
11.C.	Code of Ethics, Participation or Interest in <i>Client</i> Transactions and Personal Trading	<p>If you or a <i>related person</i> invests in the same securities (or related securities, <i>e.g.</i>, warrants, options or futures) that you or a <i>related person</i> recommends to <i>clients</i>, <u>describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.</u></p>	See Item 9.E (Participation or Interest in Client Transactions) in Part II
11.D.	Code of Ethics, Participation or Interest in <i>Client</i> Transactions and Personal Trading	<p>If you or a <i>related person</i> recommends securities to <i>clients</i>, or buys or sells securities for <i>client</i> accounts, at or about the same time that you or a <i>related person</i> buys or sells the same securities for your own (or the <i>related person's</i> own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.</p>	No specific requirement in Part II

Item	Description	Information Required under Part 2A (Brochure)	Corresponding Requirement under Part II (or Part 1A)
12.A.	Brokerage Practices	Describe the factors that you consider in selecting or recommending broker-dealers for <i>client</i> transactions and determining the reasonableness of their compensation (<i>e.g.</i> , commissions).	See Items 12A. 3, 12A.4 and 12.B (Investment or Brokerage Discretion) in Part II
12.A.1.	Brokerage Practices – Soft Dollars	<p>Research and Other Soft Dollar Benefits. If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with <i>client</i> securities transactions (“soft dollar benefits”), <u>disclose your practices and discuss the conflicts of interest they create.</u></p> <p>Note: Your disclosure and discussion must include all soft dollar benefits you receive, including, in the case of research, both proprietary research (created or developed by the broker-dealer) and research created or developed by a third party.</p>	See Items 12A. 3, 12A.4 and 12.B (Investment or Brokerage Discretion) in Part II
12.A.1.a	Brokerage Practices	Explain that when you use <i>client</i> brokerage commissions (or markups or markdowns) to obtain research or other products or services, you receive a benefit because you do not have to produce or pay for the research, products or services.	See Items 12A. 3, 12A.4 and 12.B (Investment or Brokerage Discretion) in Part II
12.A.1.b	Brokerage Practices	Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving the research or other products or services, rather than on your <i>clients’</i> interest in receiving most favorable execution.	See Items 12A. 3, 12A.4 and 12.B (Investment or Brokerage Discretion) in Part II
12.A.1.c	Brokerage Practices	If you may cause <i>clients</i> to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), disclose this fact.	See Items 12A. 3, 12A.4 and 12.B (Investment or Brokerage Discretion) in Part II
12.A.1.d	Brokerage Practices	Disclose whether you use soft dollar benefits to service all of your <i>clients’</i> accounts or only those that paid for the benefits. Disclose whether you seek to allocate soft dollar benefits to <i>client</i> accounts proportionately to the soft dollar credits the accounts generate.	See Items 12A. 3, 12A.4 and 12.B (Investment or Brokerage Discretion) in Part II

Item	Description	Information Required under Part 2A (Brochure)	Corresponding Requirement under Part II (or Part 1A)
12.A.1.e	Brokerage Practices	Describe the types of products and services you or any of your <i>related persons</i> acquired with <i>client</i> brokerage commissions (or markups or markdowns) within your last fiscal year. Note: This description must be specific enough for your <i>clients</i> to understand the types of products or services that you are acquiring and to permit them to evaluate possible conflicts of interest. Your description must be more detailed for products or services that do not qualify for the safe harbor in section 28(e) of the Securities Exchange Act of 1934, such as those services that do not aid in investment decision-making or trade execution. Merely disclosing that you obtain various research reports and products is not specific enough.	See Items 12A. 3, 12A.4 and 12.B (Investment or Brokerage Discretion) in Part II
12.A.1.f.	Brokerage Practices	Explain the procedures you used during your last fiscal year to direct <i>client</i> transactions to a particular broker-dealer in return for soft dollar benefits you received.	See Items 12A. 3, 12A.4 and 12.B (Investment or Brokerage Discretion) in Part II
12.A.2.	Brokerage Practices – Client Referrals	<u>Brokerage for Client Referrals.</u> If you consider, in selecting or recommending broker-dealers, whether you or a <i>related person</i> receives <i>client</i> referrals from a broker-dealer or third party, disclose this practice and <u>discuss the conflicts of interest it creates.</u>	No specific requirement in Part II, although disclosure would be required if practice exists
12.A.2.a	Brokerage Practices	Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving <i>client</i> referrals, rather than on your <i>clients'</i> interest in receiving most favorable execution.	No specific requirement in Part II, although disclosure would be required if practice exists
12.A.2.b	Brokerage Practices	Explain the procedures you used during your last fiscal year to direct <i>client</i> transactions to a particular broker-dealer in return for <i>client</i> referrals.	No specific requirement in Part II, although disclosure would be required if practice exists

Item	Description	Information Required under Part 2A (Brochure)	Corresponding Requirement under Part II (or Part 1A)
12.A.3.a	Brokerage Practices – Directed Brokerage	<p><u>Directed Brokerage.</u> If you routinely <u>recommend</u>, <u>request</u> or <u>require</u> that a <i>client</i> direct you to execute transactions through a specified broker-dealer, describe your practice or policy. Explain that not all advisers require their <i>clients</i> to direct brokerage. If you and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, <u>describe the relationship and discuss the conflicts of interest it presents</u>. Explain that by directing brokerage you may be unable to achieve most favorable execution of <i>client</i> transactions, and that this practice may cost <i>clients</i> more money.</p>	No specific requirement in Part II, although typically disclosed in response to Item 12 (Investment or Brokerage Discretion)
12.A.3.b	Brokerage Practices	<p><u>Directed Brokerage.</u> If you <u>permit</u> a <i>client</i> to direct brokerage, describe your practice. If applicable, explain that you may be unable to achieve most favorable execution of <i>client</i> transactions. Explain that directing brokerage may cost <i>clients</i> more money. For example, in a directed brokerage account, the <i>client</i> may pay higher brokerage commissions because you may not be able to aggregate orders to reduce transaction costs, or the <i>client</i> may receive less favorable prices.</p> <p>Note: If your <i>clients</i> only have directed brokerage arrangements <u>subject to most favorable execution of <i>client</i> transactions</u>, you do not need to respond to the last sentence of Item 12.A.3.a. or to the second or third sentences of Item 12.A.3.b.</p>	No specific requirement in Part II, although typically disclosed in response to Item 12 (Investment or Brokerage Discretion)
12.B.	Brokerage Practices	Discuss whether and under what conditions you aggregate the purchase or sale of securities for various <i>client</i> accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to <i>clients</i> of not <u>aggregating</u> .	No specific requirement in Part II, although typically disclosed in response to Item 12 (Investment or Brokerage Discretion)
13.A.	Review of Accounts	Indicate whether you periodically review <i>client</i> accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the <i>supervised persons</i> who conduct the review.	See Item 11.A (Review of Accounts) of Part II

Item	Description	Information Required under Part 2A (Brochure)	Corresponding Requirement under Part II (or Part 1A)
13.B.	Review of Accounts	If you review <i>client</i> accounts on other than a periodic basis, describe the factors that trigger a review.	See Item 11.A (Review of Accounts) of Part II
13.C.	Review of Accounts	Describe the content and indicate the frequency of regular reports you provide to <i>clients</i> regarding their accounts. State whether these reports are written.	See Item 11.B (Review of Accounts) of Part II
14.A.	<i>Client</i> Referrals and Other Compensation	If someone who is not a <i>client</i> provides an economic benefit to you for providing investment advice or other advisory services to your <i>clients</i> , generally describe the arrangement, <u>explain the conflicts of interest, and describe how you address the conflicts of interest.</u> For purposes of this Item, economic benefits include any sales awards or other prizes.	See Item 13.A (Additional Compensation) of Part II
14.B.	<i>Client</i> Referrals and Other Compensation	If you or a <i>related person</i> directly or indirectly compensates any <i>person</i> who is not your <i>supervised person</i> for <i>client</i> referrals, describe the arrangement and the compensation. Note: If you compensate any <i>person</i> for <i>client</i> referrals, you should consider whether SEC rule 206(4)-3 or similar state rules regarding solicitation arrangements and/or state rules requiring registration of <i>investment adviser representatives</i> apply.	See Item 13.B (Additional Compensation) of Part II
15.	Custody	If you have <i>custody</i> of <i>client</i> funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your <i>clients</i> , explain that <i>clients</i> will receive account statements from the broker-dealer, bank or other qualified custodian and that <i>clients</i> should carefully review those statements. If your <i>clients</i> also receive account statements from you, your explanation must include a statement urging <i>clients</i> to compare the account statements they receive from the qualified custodian with those they receive from you.	No specific requirement in Part II, but often addressed in response to Item 11.B (Review of Accounts)
16.	Investment Discretion	If you accept <i>discretionary authority</i> to manage securities accounts on behalf of <i>clients</i> , disclose this fact and describe any limitations <i>clients</i> may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (<i>e.g.</i> , execution of a power of attorney).	See Item 12.A (Investment or Brokerage Discretion) in Part II

Item	Description	Information Required under Part 2A (Brochure)	Corresponding Requirement under Part II (or Part 1A)
17.A.	Voting Client Securities	If you have, or will accept, authority to vote <i>client</i> securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) your <i>clients</i> can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your <i>clients</i> with respect to voting their securities. Describe how <i>clients</i> may obtain information from you about how you voted their securities. Explain to <i>clients</i> that they may obtain a copy of your proxy voting policies and procedures upon request.	No specific requirement in Part II, but often addressed in response to Item 12 (Investment or Brokerage Discretion)
17.B.	Voting Client Securities	If you do not have authority to vote <i>client</i> securities, disclose this fact. Explain whether <i>clients</i> will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) <i>clients</i> can contact you with questions about a particular solicitation.	No specific requirement in Part II, but often addressed in response to Item 12 (Investment or Brokerage Discretion)

Item	Description	Information Required under Part 2A (Brochure)	Corresponding Requirement under Part II (or Part 1A)
18.A.	Financial Information	<p>If you require or solicit prepayment of more than \$1,200 in fees per <i>client</i>, six months or more in advance, include a balance sheet for your most recent fiscal year.</p> <ol style="list-style-type: none"> 1. The balance sheet must be prepared in accordance with generally accepted accounting principles, audited by an independent public accountant, and accompanied by a note stating the principles used to prepare it, the basis of securities included, and any other explanations required for clarity. 2. Show parenthetically the market or fair value of securities included at cost. 3. Qualifications of the independent public accountant and any accompanying independent public accountant’s report must conform to Article 2 of SEC Regulation S-X. <p>Note: If you are a sole proprietor, show investment advisory business assets and liabilities separate from other business and personal assets and liabilities. You may aggregate other business and personal assets unless advisory business liabilities exceed advisory business assets.</p> <p>Note: If you have not completed your first fiscal year, include a balance sheet dated not more than 90 days prior to the date of your <i>brochure</i>.</p> <p>Exception: You are not required to respond to Item 18.A of Part 2A if you also are: (i) a qualified custodian as defined in SEC rule 206(4)-2 or similar state rules; or (ii) an insurance company.</p>	See Item 14 (Balance Sheet) in Part II

Item	Description	Information Required under Part 2A (Brochure)	Corresponding Requirement under Part II (or Part 1A)
18.B.	Financial Information	<p>If you have <i>discretionary authority</i> or <i>custody</i> of <i>client</i> funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per <i>client</i>, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to <i>clients</i>.</p> <p>Note: With respect to Items 18.A and 18.B, if you are registered or are registering with one or more of the <i>state securities authorities</i>, the dollar amount reporting threshold for including the required balance sheet and for making the required financial condition disclosures is more than \$500 in fees per <i>client</i>, six months or more in advance.</p>	See Item 14 (Balance Sheet) in Part II
18.C.	Financial Information	If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.	No existing requirement in Part II

Item	Description	Information Required under Part 2A – Appendix 1 (Wrap Brochure)	Corresponding Requirement under Schedule H (or Part II or Part 1A)
1.A.	Cover Page	<p>The cover page of your <i>wrap fee program brochure</i> must state your name, business address, contact information, web site address (if you have one), and the date of the <i>wrap fee program brochure</i>.</p> <p>Note: If you primarily conduct advisory business under a name different from your full legal name, <u>and</u> you have disclosed your business name in Item 1.B of Part 1A of Form ADV, then you may use your business name throughout your <i>wrap fee program brochure</i>.</p>	See Item 7(a) of Schedule H of Form ADV (“Schedule H”)
1.B.	Cover Page	<p>Display on the cover page of your <i>wrap fee program brochure</i> the following (or other clear and concise language conveying the same information) and identifying the document as a “wrap fee program brochure”:</p> <p>This wrap fee program brochure provides information about the qualifications and business practices of [your name]. If you have any questions about the contents of this brochure, please contact us at [telephone number and/or email address]. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.</p> <p>Additional information about [your name] also is available on the SEC’s website at www.adviserinfo.sec.gov.</p>	<p>See Item 7(a) of Schedule H; The cover page must include the following legend in bold type or some other prominent fashion:</p> <p>This brochure provides clients with information about [name of sponsor] and the [name of program or programs] that should be considered before becoming a client of the [name of program or programs]. This information has not been approved or verified by any governmental authority.</p>
1.C.	Cover Page	If you refer to yourself as a “registered investment adviser” or describe yourself as being “registered,” include a statement that registration does not imply a certain level of skill or training.	No specific requirement

Item	Description	Information Required under Part 2A – Appendix 1 (Wrap Brochure)	Corresponding Requirement under Schedule H (or Part II or Part 1A)
2.	Material Changes	<p>If you are amending your <i>wrap fee program brochure</i> for your annual update and it contains material changes from your last annual update, identify and discuss those changes on the page immediately following the cover page of the <i>wrap fee program brochure</i> or as a separate document accompanying the <i>brochure</i>. You must clearly state that you are discussing only material changes since the last annual update of the <i>wrap fee program brochure</i>, and must provide the date of the last annual update to the <i>wrap fee program brochure</i>.</p> <p>Notes: You do not have to provide this information to a <i>client</i> or prospective <i>client</i> who has not received a previous version of your <i>wrap fee program brochure</i>.</p>	No specific requirement, although Item 6 of Schedule H requires that an amendment be filed after any information in the brochure becomes materially inaccurate.
3.	Table of Contents	<p>Provide a table of contents to your <i>wrap fee program brochure</i>.</p> <p>Note: Your table of contents must be detailed enough so that your <i>clients</i> can locate topics easily. Your <i>wrap fee program brochure</i> must follow the same order, and contain the same headings, as the items listed in this Appendix 1.</p>	See Item 7(b) of Schedule H
4.A.	Services, Fees and Compensation	Describe the services, including the types of portfolio management services, provided under each program. Indicate the wrap fee charged for each program or, if fees vary according to a schedule, provide your fee schedule. Indicate whether fees are negotiable and identify the portion of the total fee, or the range of fees, paid to portfolio managers.	See Item 7(c) of Schedule H
4.B.	Services, Fees and Compensation	Explain that the program may cost the <i>client</i> more or less than purchasing such services separately and describe the factors that bear upon the relative cost of the program, such as the cost of the services if provided separately and the trading activity in the <i>client's</i> account.	See Item 7(d) of Schedule H
4.C.	Services, Fees and Compensation	Describe any fees that the <i>client</i> may pay in addition to the wrap fee, and describe the circumstances under which <i>clients</i> may pay these fees, including, if applicable, mutual fund expenses and mark-ups, markdowns, or spreads paid to market makers.	See Item 7(f) of Schedule H

Item	Description	Information Required under Part 2A – Appendix 1 (Wrap Brochure)	Corresponding Requirement under Schedule H (or Part II or Part 1A)
4.D.	Services, Fees and Compensation	If the <i>person</i> recommending the <i>wrap fee program</i> to the <i>client</i> receives compensation as a result of the <i>client's</i> participation in the program, disclose this fact. Explain, if applicable, that the amount of this compensation may be more than what the <i>person</i> would receive if the <i>client</i> participated in your other programs or paid separately for investment advice, brokerage, and other services. Explain that the <i>person</i> , therefore, may have a financial incentive to recommend the <i>wrap fee program</i> over other programs or services.	See Item 7(e) of Schedule H
5.	Account Requirements and Types of <i>Clients</i>	If a <i>wrap fee program</i> imposes any requirements to open or maintain an account, such as a minimum account size, disclose these requirements. If there is a minimum amount for assets placed with each portfolio manager as well as a minimum account size for participation in the <i>wrap fee program</i> , disclose and explain these requirements. To the extent applicable to your <i>wrap fee program clients</i> , describe the types of <i>clients</i> to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans.	See Item 7(k) of Schedule H asking for information required by Items 2 (Types of Clients) and 10 (Conditions for Managing Accounts) of Part II
6.A.	Portfolio Manager Selection and Evaluation	Describe how you select and review portfolio managers, your basis for recommending or selecting portfolio managers for particular <i>clients</i> , and your criteria for replacing or recommending the replacement of portfolio managers for the program and for particular <i>clients</i> .	See Item 7(g) of Schedule H
6.A.1.	Portfolio Manager Selection and Evaluation	Describe any standards you use to calculate portfolio manager performance, such as industry standards or standards used solely by you.	See Item 7(h)(3) of Schedule H
6.A.2.	Portfolio Manager Selection and Evaluation	Indicate whether you review, or whether any third-party reviews, performance information to determine or verify its accuracy or its compliance with presentation standards. If so, briefly describe the nature of the review and the name of any third party conducting the review.	See Item 7(h)(2) of Schedule H
6.A.3.	Portfolio Manager Selection and Evaluation	If applicable, explain that neither you nor a third-party reviews portfolio manager performance information, and/or that performance information may not be calculated on a uniform and consistent basis.	See Item 7(h)(1) of Schedule H

Item	Description	Information Required under Part 2A – Appendix 1 (Wrap Brochure)	Corresponding Requirement under Schedule H (or Part II or Part 1A)
6.B.	Portfolio Manager Selection and Evaluation	Disclose whether any of your <i>related persons</i> act as a portfolio manager for a <i>wrap fee program</i> described in the <i>wrap fee program brochure</i> . Explain the conflicts of interest that you face because of this arrangement and describe how you address these conflicts of interest. Disclose whether <i>related person</i> portfolio managers are subject to the same selection and review as the other portfolio managers that participate in the <i>wrap fee program</i> . If they are not, describe how you select and review <i>related person</i> portfolio managers.	No specific requirement
6.C.	Portfolio Manager Selection and Evaluation	If you, or any of your <i>supervised persons</i> covered under your investment adviser registration, act as a portfolio manager for a <i>wrap fee program</i> described in the <i>wrap fee program brochure</i> , respond to Items 4.B, 4.C, 4.D (Advisory Business), 6 (<i>Performance-Based Fees</i> and Side-By-Side Management), 8.A (Methods of Analysis, Investment Strategies and Risk of Loss) and 17 (Voting <i>Client Securities</i>) of Part 2A of Form ADV.	See Item 7(m) of Schedule H, which requires only a general description of the investments and investment strategies utilized by these portfolio managers
7.	<i>Client</i> Information Provided to Portfolio Managers	Describe the information about <i>clients</i> that you communicate to the <i>clients'</i> portfolio managers, and how often or under what circumstances you provide updated information.	See Item 7(i) of Schedule H
8.	<i>Client</i> Contact with Portfolio Managers	Explain any restrictions placed on <i>clients'</i> ability to contact and consult with their portfolio managers.	See Item 7(j) of Schedule H
9.A.	Additional Information	Respond to Item 9 (Disciplinary Information) and Item 10 (Other Financial Industry Activities and Affiliations) of Part 2A of Form ADV.	Response to Item 9 of Part 2A: No specific requirement in Schedule H Response to Item 10 of Part 2A: See Item 7(k) of Schedule H asking for information required by Item 8 of Part II. Items 8.A, 8.B, and 8.C (Other Financial Industry Activities or Affiliations) in Part II correspond to Items 10.A, 10.B, and 10.C of Part 2A respectively. No specific requirement in Part II for Item 10.D.

Item	Description	Information Required under Part 2A – Appendix 1 (Wrap Brochure)	Corresponding Requirement under Schedule H (or Part II or Part 1A)
9.B.	Additional Information	Respond to Items 11 (Code of Ethics, Participation or Interest in <i>Client</i> Transactions and Personal Trading), 13 (Review of Accounts), 14 (<i>Client</i> Referrals and Other Compensation), and 18 (Financial Information) of Part 2A of Form ADV, as applicable to your wrap fee <i>clients</i> .	<p>Response to Item 11 of Part 2A: No specific requirement in Schedule H</p> <p>Response to Item 13 of Part 2A: See Item 7(k) of Schedule H asking for information required by Item 11 (Review of Accounts) of Part II. Item 11 of Part II corresponds to Item 13 of Part 2A.</p> <p>Response to Item 14 of Part 2A: See Items 7(k) and 7(l) of Schedule H asking for information required by Item 13 (Additional Compensation) of Part II. Item 13 of Part II corresponds to Item 14 of Part 2A.</p> <p>Response to Item 18 of Part 2A: See Item 7(k) of Schedule H asking for information required by Item 14 (Balance Sheet) of Part II. Item 14 of Part II corresponds to Items 18.A and 18.B of Part 2A. No specific requirement in Schedule H for Item 18.C.</p>

Item	Description	Information Required under Part 2B (Brochure Supplement)	Corresponding Requirement under Part II (or Part 1A)
1.A.	Cover Page	<p>Include the following on the cover page of the supplement:</p> <ol style="list-style-type: none"> 1. The <i>supervised person's</i> name, business address and telephone number (if different from yours). 2. Your firm's name, business address and telephone number. If your firm <i>brochure</i> uses a business name for your firm, use the same business name for the firm in the supplement. 3. The date of the supplement. 	<p>Item 6 (Education and Business Background) requires advisers to disclose certain information about:</p> <ul style="list-style-type: none"> • Each member of the investment committee or group that determines general investment advice to be given to clients; or • If the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, only respond for their supervisors) • Each principal executive officer of applicant or each person with similar status or performing similar functions.

Item	Description	Information Required under Part 2B (Brochure Supplement)	Corresponding Requirement under Part II (or Part 1A)
1.B.	Cover Page	<p>Display on the cover page statements containing the following or other clear and concise language conveying the same information, and identifying the document as a “brochure supplement:”</p> <p>This brochure supplement provides information about [name of supervised person] that supplements the [name of advisory firm] brochure. You should have received a copy of that brochure. Please contact [service center or name and/or title of your contact person] if you did not receive [name of advisory firm]’s brochure or if you have any questions about the contents of this supplement.</p> <p>Additional information about [name of supervised person] is available on the SEC’s website at www.adviserinfo.sec.gov.</p> <p>Note: You do not have to include this statement directing <i>clients</i> to the public website unless the <i>supervised person</i> is an <i>investment adviser representative</i> required to register with <i>state securities authorities</i>. The above information must be on the cover page of the supplement but need not be the only information on the cover page of the supplement. If other information is included on the cover page of the supplement, the above information must be on the top of the first page of the supplement.</p>	No existing requirement in Part II
2.	Educational Background and Business Experience	Disclose the <i>supervised person’s</i> name, age (or year of birth), formal education after high school, and business background (including an identification of the specific positions held) for the preceding five years. If the <i>supervised person</i> has no high school education, no formal education after high school, or no business background, disclose this fact. You may list any professional designations held by the <i>supervised person</i> , but if you do so, you must provide a sufficient explanation of the minimum qualifications required for each designation to allow <i>clients</i> to understand the value of the designation.	See Item 6 (Education and Business Background) of Part II, which requires disclosure of name, year of birth, formal education after high school and business background for the preceding five years.

Item	Description	Information Required under Part 2B (Brochure Supplement)	Corresponding Requirement under Part II (or Part 1A)
3.	Disciplinary Information	<p>If there are legal or disciplinary events material to a <i>client's</i> or prospective <i>client's</i> evaluation of the <i>supervised person</i>, disclose all material facts regarding those events.</p> <p>Items 3.A., 3.B., 3.C., and 3.D. below list specific legal and disciplinary events presumed to be material for this Item. If the <i>supervised person</i> has been <i>involved</i> in one of these events, you must disclose it under this Item for ten years following the date of the event, unless (1) the event was resolved in the <i>supervised person's</i> favor, or was reversed, suspended or vacated, or (2) you have rebutted the presumption of materiality to determine that the event is not material (see Note below). For purposes of calculating this ten-year period, the “date” of an event is the date the final <i>order</i>, judgment, or decree was entered, or the date any rights of appeal from preliminary <i>orders</i>, judgments or decrees lapsed.</p> <p>Items 3.A., 3.B., 3.C., and 3.D. do not contain an exclusive list of material disciplinary events. If the <i>supervised person</i> has been <i>involved</i> in a legal or disciplinary event that is <u>not</u> listed in Items 3.A., 3.B., 3.C., or 3.D. but <u>is</u> material to a <i>client's</i> or prospective <i>client's</i> evaluation of the <i>supervised person's</i> integrity, you must disclose the event. Similarly, even if more than ten years have passed since the date of the event, you must disclose the event if it is so serious that it remains currently material to a <i>client's</i> or prospective <i>client's</i> evaluation.</p> <p>If you deliver a supplement electronically and if a particular disclosure required below for the <i>supervised person</i> is provided through either the Financial Industry Regulatory Authority’s (FINRA) BrokerCheck system or the IAPD, you may satisfy that particular disclosure obligation by including in that supplement (i) a statement that the <i>supervised person</i> has a disciplinary</p> <p style="text-align: center;">27</p>	<p>No specific requirement in Part II; information about disciplinary events is included in Item 11 of Part 1A</p>

Item	Description	Information Required under Part 2B (Brochure Supplement)	Corresponding Requirement under Part II (or Part 1A)
3	Disciplinary Information	<p>history, the details of which can be found on FINRA’s BrokerCheck system or the IAPD, and (ii) a hyperlink to the relevant system with a brief explanation of how the <i>client</i> can access the disciplinary history. The BrokerCheck link is www.finra.org/brokercheck; the IAPD link is www.adviserinfo.sec.gov.</p> <p>Note: You may, under certain circumstances, rebut the presumption that a disciplinary event is material. If an event is immaterial, you are not required to disclose it. When you review a legal or disciplinary event involving the <i>supervised person</i> to determine whether it is appropriate to rebut the presumption of materiality, you should consider all of the following factors: (1) the proximity of the <i>supervised person</i> to the advisory function; (2) the nature of the infraction that led to the disciplinary event; (3) the severity of the disciplinary sanction; and (4) the time elapsed since the date of the disciplinary event. If you conclude that the materiality presumption has been overcome, you must prepare and maintain a file memorandum of your determination in your records. See SEC rule 204-2(a)(14)(iii) and similar state rules.</p>	No specific requirement in Part II; information about disciplinary events is included in Item 11 of Part 1A
3.A.1.	Disciplinary Information	A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which the <i>supervised person</i> was convicted of, or pled guilty or nolo contendere (“no contest”) to (a) any <i>felony</i> ; (b) a <i>misdemeanor</i> that <i>involved</i> investments or an <i>investment-related</i> business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses.	See Items 11.A and 11.B of Part 1A
3.A.2.	Disciplinary Information	A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which the <i>supervised person</i> is the named subject of a pending criminal <i>proceeding</i> that involves an <i>investment-related</i> business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses.	See Item 11.B of Part 1A

Item	Description	Information Required under Part 2B (Brochure Supplement)	Corresponding Requirement under Part II (or Part 1A)
3.A.3.	Disciplinary Information	A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which the <i>supervised person</i> was found to have been involved in a violation of an <i>investment-related</i> statute or regulation.	See Items 11.B and 11.H of Part 1A
3.A.4.	Disciplinary Information	A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which the <i>supervised person</i> was the subject of any <i>order</i> , judgment, or decree permanently or temporarily enjoining, or otherwise limiting, the <i>supervised person</i> from engaging in any <i>investment-related</i> activity, or from violating any <i>investment-related</i> statute, rule, or <i>order</i> .	See Item 11.H of Part 1A
3.B.1.	Disciplinary Information	An administrative <i>proceeding</i> before the SEC, any other federal regulatory agency, any state regulatory agency, or any <i>foreign financial regulatory authority</i> in which the <i>supervised person</i> was found to have caused an <i>investment-related</i> business to lose its authorization to do business.	See Items 11.C and 11.D of Part 1A
3.B.2.a.	Disciplinary Information	An administrative <i>proceeding</i> before the SEC, any other federal regulatory agency, any state regulatory agency, or any <i>foreign financial regulatory authority</i> in which the <i>supervised person</i> was found to have been involved in a violation of an <i>investment-related</i> statute or regulation and was the subject of an <i>order</i> by the agency or authority denying, suspending, or revoking the authorization of the <i>supervised person</i> to act in an <i>investment-related</i> business.	See Items 11.C and 11.D of Part 1A
3.B.2.b.	Disciplinary Information	An administrative <i>proceeding</i> before the SEC, any other federal regulatory agency, any state regulatory agency, or any <i>foreign financial regulatory authority</i> in which the <i>supervised person</i> was found to have been involved in a violation of an <i>investment-related</i> statute or regulation and was the subject of an <i>order</i> by the agency or authority barring or suspending the <i>supervised person's</i> association with an <i>investment-related</i> business.	See Items 11.C and 11.D of Part 1A

Item	Description	Information Required under Part 2B (Brochure Supplement)	Corresponding Requirement under Part II (or Part 1A)
3.B.2.c.	Disciplinary Information	An administrative <i>proceeding</i> before the SEC, any other federal regulatory agency, any state regulatory agency, or any <i>foreign financial regulatory authority</i> in which the <i>supervised person</i> was <i>found</i> to have been <i>involved</i> in a violation of an <i>investment-related</i> statute or regulation and was the subject of an <i>order</i> by the agency or authority otherwise significantly limiting the <i>supervised person's investment-related</i> activities.	See Items 11.C and 11.D of Part 1A
3.B.2.d.	Disciplinary Information	An administrative <i>proceeding</i> before the SEC, any other federal regulatory agency, any state regulatory agency, or any <i>foreign financial regulatory authority</i> in which the <i>supervised person</i> was <i>found</i> to have been <i>involved</i> in a violation of an <i>investment-related</i> statute or regulation and was the subject of an <i>order</i> by the agency or authority imposing a civil money penalty of more than \$2,500 on the <i>supervised person</i> .	See Items 11.C and 11.D of Part 1A
3.C.1.	Disciplinary Information	A <i>self-regulatory organization (SRO) proceeding</i> in which the <i>supervised person</i> was <i>found</i> to have caused an <i>investment-related</i> business to lose its authorization to do business.	See Item 11.E of Part 1A
3.C.2.	Disciplinary Information	A <i>self-regulatory organization (SRO) proceeding</i> in which the <i>supervised person</i> was <i>found</i> to have been <i>involved</i> in a violation of the <i>SRO's</i> rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from <i>investment-related</i> activities; or (iii) fined more than \$2,500.	See Item 11.E of Part 1A
3.D.	Disciplinary Information	Any other <i>proceeding</i> in which a professional attainment, designation, or license of the <i>supervised person</i> was revoked or suspended because of a violation of rules relating to professional conduct. If the <i>supervised person</i> resigned (or otherwise relinquished his attainment, designation, or license) in anticipation of such a <i>proceeding</i> (and the adviser knows, or should have known, of such resignation or relinquishment), disclose the event.	No existing requirement in Part II or Part 1A

Item	Description	Information Required under Part 2B (Brochure Supplement)	Corresponding Requirement under Part II (or Part 1A)
4.A.	Other Business Activities	If the <i>supervised person</i> is actively engaged in any <i>investment-related</i> business or occupation, including if the <i>supervised person</i> is registered, or has an application pending to register, as a broker-dealer, registered representative of a broker-dealer, futures commission merchant (“FCM”), commodity pool operator (“CPO”), commodity trading advisor (“CTA”), or an associated <i>person</i> of an FCM, CPO, or CTA, disclose this fact and describe the business relationship, if any, between the advisory business and the other business.	No existing requirement in Part II
4.A.1.	Other Business Activities	If a relationship between the advisory business and the <i>supervised person’s</i> other financial industry activities creates a material conflict of interest with <i>clients</i> , <u>describe the nature of the conflict and generally how you address it.</u>	No existing requirement in Part II
4.A.2.	Other Business Activities	If the <i>supervised person</i> receives commissions, bonuses or other compensation based on the sale of securities or other investment products, including as a broker-dealer or registered representative, and including distribution or service (“trail”) fees from the sale of mutual funds, disclose this fact. If this compensation is not cash, explain what type of compensation the <i>supervised person</i> receives. Explain that this practice gives the <i>supervised person</i> an incentive to recommend investment products based on the compensation received, rather than on the <i>client’s</i> needs.	See Item 9.D (Participation or Interest in Client Transactions) of Part II
4.B.	Other Business Activities	If the <i>supervised person</i> is actively engaged in any business or occupation for compensation not discussed in response to Item 4.A, above, and the other business activity or activities provide a substantial source of the <i>supervised person’s</i> income or involve a substantial amount of the <i>supervised person’s</i> time, disclose this fact and describe the nature of that business. If the other business activities represent less than 10 percent of the <i>supervised person’s</i> time and income, you may presume that they are not substantial.	See Item 7 (Other Business Activities) of Part II

Item	Description	Information Required under Part 2B (Brochure Supplement)	Corresponding Requirement under Part II (or Part 1A)
5.	Additional Compensation	If someone who is not a <i>client</i> provides an economic benefit to the <i>supervised person</i> for providing advisory services, generally describe the arrangement. For purposes of this Item, economic benefits include sales awards and other prizes, but do <u>not</u> include the <i>supervised person's</i> regular salary. Any bonus that is based, at least in part, on the number or amount of sales, <i>client</i> referrals, or new accounts should be considered an economic benefit, but other regular bonuses should not.	See Item 13.A (Additional Compensation) in Part II
6.	Supervision	Explain how you <i>supervise</i> the <i>supervised person</i> , including how you monitor the advice the <i>supervised person</i> provides to <i>clients</i> . Provide the name, title and telephone number of the <i>person</i> responsible for supervising the <i>supervised person's</i> advisory activities on behalf of your firm.	No existing requirement in Part II