

**FORM ADV PART 2
COMPARISON OF CURRENT REQUIREMENTS VS. PROPOSED REQUIREMENTS**

*(Caveat: This table shows current and proposed requirements as of August 21, 2008.
Proposed requirements are subject to change if and when final requirements are adopted by the SEC in the final rulemaking release.
This table is only a summary of selected items. Consult official rules and releases for details.)*

THE "FIRM BROCHURE" (Form ADV, Part 2A)

SELECTED ITEM	CURRENT REQUIREMENT	PROPOSED REQUIREMENT
Format	<p>"Check-the-box" items in Part II of Form ADV, supplemented by explanations on Schedule F attached to the back.</p> <p>Advisers may opt to prepare a separate narrative brochure in lieu of Part II.</p>	<p>Narrative brochure written in "Plain English" and covering specified items to the extent applicable. Items can be presented in any order and are not required to follow the order of items in Part 2. Must include Table of Contents. Brochure may include disclosures not required by specific items, unless it is so much additional information that the required information is obscured.</p>
Filing with SEC	<p>Currently, firm brochure (Part II of Form ADV) is not required to be physically "filed" with the SEC, either on paper or electronically via the IARD system. Advisers are simply required to keep their current brochure in their own files, subject to SEC inspection (and subject to client delivery requirements). By placing it in their internal files, advisers are deemed to have "filed" their brochure with the SEC.</p> <p>(Note: Some states require the firm brochure (Part II) to be filed with the state if the adviser is either registered with the state or is SEC-registered and is notice-filed in that state. Depending on the state, those state filings must be made on paper or via the IARD system, which has now been upgraded so that it is capable of accepting firm brochure filings electronically.)</p>	<p>Firm brochure must be filed electronically via the IARD.</p>

Updating and Filing Amended Brochure with the SEC	<p>Firm brochure (Part II) must be amended each year along with the adviser's annual updating of Form ADV, filed within 90 days after the end of the adviser's fiscal year.</p> <p>In addition, firm brochure must be amended promptly at any other time if the information becomes materially inaccurate.</p> <p>Part II is not physically filed with the SEC, but rather is deemed "filed" when placed in the adviser's internal files.</p>	<p>Firm brochure (Part 2) must be updated each year at the time the adviser files its annual updating amendment to Form ADV (within 90 days of its fiscal year end) <u>and</u> promptly whenever information in the brochure becomes materially inaccurate. Part 2 must be filed with the SEC electronically via IARD.</p> <p>Generally, advisers are not required to amend their firm brochures (Part 2) between annual updating amendments solely because their assets under management or fee schedules have changed; however, those items should be updated if they have become materially inaccurate and the adviser is filing an interim amendment for a separate reason.</p>
Which Clients Must Receive Delivery	<p>Each client and prospective client. Exceptions:</p> <ul style="list-style-type: none"> • SEC-registered investment companies • clients receiving impersonal advisory services and paying less than \$200 per year* <p>*Clients receiving impersonal advisory services and paying \$200 or more per year are required to receive an <u>offer of delivery upon request</u> at the time of entering into the advisory agreement and annually thereafter.</p>	<p>Each client and prospective client. Exceptions:</p> <ul style="list-style-type: none"> • SEC-registered investment companies • clients receiving impersonal advisory services and who pay less than \$500 per year • business development companies subject to Section 15(c) of the ICA
Initial Delivery	<p>Delivery must occur at least 48 hours before entering into the advisory agreement, or at the time of entering into the agreement if the client has the right to terminate the agreement without penalty within 5 business days thereafter.</p>	<p>Delivery must occur before or at the time of entering into the advisory agreement.</p>
Annual Delivery	<p>Annually must deliver or offer in writing to deliver upon request.</p>	<p>Must deliver at least once each year no later than 120 days after the end of the adviser's fiscal year.</p>

Interim Delivery	<p>No specific regulatory requirement to deliver on an interim basis.</p> <p>However, an adviser's fiduciary duty to its clients may require disclosure of material matters on an interim basis. Also, IAA Rule 206(4)-4 dictates that advisers disclose certain financial and disciplinary matters to clients, which may be disclosed through the ADV or other means.</p>	<p>Interim update of firm brochure must be delivered when adding a disciplinary event, or when materially changing information already disclosed, in response to Item 9 of Part 2A (disciplinary information).</p> <p>Interim update can be in the form of a "sticker" that identifies the information that has become inaccurate or is being added, and provides the new information and the date of the sticker.</p> <p>In addition, the SEC states that, as fiduciaries, advisers have an ongoing obligation to inform their clients of any material information that could affect the advisory relationship. Thus, disclosure of material matters may be required even if they don't trigger an interim updating requirement under the new Form ADV instructions.</p>
Electronic Delivery to Clients	<p>Permitted if in accordance with SEC interpretive guidance on electronic delivery. See, in particular, Release No. 33-7288 (May 9, 1996), which among other things discusses how an adviser can obtain and document a client's informed consent to electronic delivery.</p> <p>Caveat: Consider potential applicability of the Electronic Signatures in Global and National Commerce ("E-SIGN") Act requirements as well.</p>	No change.
Wrap Brochure	Sponsors of wrap fee programs must prepare and deliver to wrap fee program clients a narrative Schedule H wrap brochure instead of the regular firm brochure and Schedule F.	Sponsors of wrap fee programs must prepare and deliver to wrap fee program clients a narrative wrap fee program brochure (Appendix 1 to Part 2A) instead of the regular firm brochure (Part 2A).
Conflicts of Interest	Currently, conflicts disclosure is specifically called for only in Item 9 Participation in Client Transactions. However, based on Staff interpretations, court cases, fiduciary concerns, etc., advisers often include conflicts disclosure in many other areas as well.	Conflicts disclosure is specifically called for in many areas throughout proposed Part 2. Disclosure requirements generally call for a description of the practice, an explanation that the practice presents a conflict of interest and disclosure regarding the nature of the conflict. In cases, the disclosure is also required to include a description of procedures the adviser uses to address the conflict.

Cover (Proposed Part 2A, Item 1)	Cover of Part II is the first page of the pre-printed "check-the-box" form.	Cover must state: name, business address, telephone number, website address (if adviser has one) and date of brochure. If adviser does business under a DBA and the adviser's DBA is disclosed in Item 1.B. of Part 1, then adviser can use DBA throughout brochure. Cover must include boldface legend as dictated by form, including naming contact person. If adviser describes itself as a "registered investment adviser" or as being "registered" it must also include a statement that registration does not imply a certain level of skill or training.
Material Changes (Proposed Part 2A, Item 2)	No specific ADV requirement to notify clients of material changes to prior Form disclosure. Some advisers identify material changes in conjunction with their annual offer to deliver Part II.	Advisers must summarize material changes made since the date of their last annual brochure amendment. This summary may appear on the cover of the brochure, the page immediately following the cover page, or in a separate communication accompanying the brochure. If it appears in a separate communication, it does not have to be filed with the SEC but must be maintained in adviser's files subject to SEC inspection. Summary of changes does not need to be provided to any client or prospective client who has not received a previous version of the brochure.
Table of Contents (Proposed Part 2A, Item 3)	Table of Contents is part of pre-printed "check-the-box" portion of form.	Must include Table of Contents, detailed enough for clients to locate topics easily. Not required to follow the order of items in Part 2.
Advisory Business -- Description (Proposed Part 2A, Item 4)	In "check-the-box" portion of the form, must disclose (among other things): <ul style="list-style-type: none"> • percentage of billings from each of 9 types of advisory services • whether adviser provides "financial planning" or similar services • types of clients • types of investments Check-the-box is supplemented by Schedule F narratives.	Must describe: <ul style="list-style-type: none"> • advisory firm, including how long in business • principal owners (25%+ from Schedule A, with certain exceptions) • types of services offered (including specialization or limitations) • whether and how advice is tailored to client (including whether clients may impose restrictions) • if participate in wrap programs, explain differences and that adviser receives a part of wrap fee • AUM, if manage client assets Types of clients must also be described.

Advisory Business -- Assets Under Management (Proposed Part 2A, Item 4.E.)	Not required by Part II in firm brochure.	If adviser manages client assets, client AUM on a discretionary and non-discretionary basis must be disclosed. Method for calculating may be different than that required for AUM disclosure in Part 1, Item 5.F. If so, must keep documentation describing method used. "As of" date must be not more than 3 months before the date you last updated AUM in the brochure.
Fees and Compensation (Proposed Part 2A, Item 5)	In "check-the-box" portion of form, must disclose types of fees charged. On Schedule F, must disclose: <ul style="list-style-type: none"> • basic fee schedule • how fees are charged • whether fees are negotiable • when compensation is payable • if compensation is payable before service is provided, how clients may get a refund or may terminate an advisory contract before it expires. 	Disclose: <ul style="list-style-type: none"> • how compensated, fee schedule, whether negotiable • whether fees are deducted or billed, in advance or in arrears, how often, refund procedures (if applicable) • other types of fees and expenses client may occur (e.g. custodian fees, mutual fund fees, brokerage) • whether adviser or supervised persons accept compensation for sale of securities or other products (such as commissions or trail fees) <ul style="list-style-type: none"> -- if so, explain conflict and how addressed, including procedures -- explain clients have the option to purchase the same investment products through brokers or agents not affiliated with adviser -- if sales comp is more than 50% of adviser's revenues, disclose that sales comp is the primary (or exclusive) compensation • if advisory fees are charged in addition to sales comp, disclose whether advisory fees are reduced to offset commissions accepted <p>If adviser accepts sales comp, consider BD registration requirements under federal and state law.</p>
Performance Fees and Side-by-Side Management (Proposed Part 2A, Item 6)	Not specifically mentioned in Part II.	If adviser or supervised persons accept performance fees, disclose: <ul style="list-style-type: none"> • the practice • if applicable, the practice of managing both performance fee account(s) and account(s) charged different types of fees <ul style="list-style-type: none"> -- explain resulting conflicts, including incentive to favor performance fee account(s) -- describe generally how conflicts are addressed.
Types of Clients (Proposed Part 2A, Item 7)	In "check-the-box" portion of form, must disclose types of clients, with description of any "other" on Schedule F.	Describe types of clients and any requirements for opening or maintaining an account, such as account size minimums.

Methods of Analysis, Investment Strategies and Risk of Loss (Proposed Part 2A, Item 8)	<p>In "check-the-box" portion of the form, must disclose (among other things):</p> <ul style="list-style-type: none"> • methods of analysis • main sources of information • investment strategies <p>Check-the-box is supplemented by Schedule F narratives.</p>	<p>Must disclose:</p> <ul style="list-style-type: none"> • methods of analysis and investment strategies • explain investing involves risk of loss that clients should be prepared to bear • if primarily use a particular method or strategy, explain the specific risks involved • if "significant" or "unusual" risks, detail • if primary strategy involves "frequent trading" (there is no definition given of "frequent trading"), explain how this can affect performance • if recommend primarily a particular type of security, explain the specific risks involved • if "significant" or "unusual" risks, detail • describe practices with regard to cash balances.
Disciplinary Disclosures (Part 2A, Item 9)	<p>Not specifically required in Part II. However, disciplinary disclosures already appear in Part 1 of ADV. In addition, IAA Rule 206(4)-4 requires advisers to make certain disclosures to clients regarding financial and disciplinary events. These disclosures may be made in the firm brochure or through other means.</p>	<p>Must disclose all material facts about any legal or disciplinary events that are material to a client's evaluation of an adviser's business or integrity of management. A non-exhaustive list is provided of criminal, civil, administrative and SRO matters that are presumed to be "material" and therefore disclosable unless the adviser rebuts the materiality presumption based on various listed factors (proximity, nature, severity, elapsed time), which must be explained in a file memorandum retained by the adviser and subject to SEC inspection. Generally requires disclosure of events involving adviser and management persons for 10 years, although even events more than 10 years old need to be disclosed if they were so serious that they are still material to a client's evaluation.</p>
Financial Industry Affiliations (Proposed Part 2A, Item 10)	<p>Part II, Item 8, calls for check-the-box disclosure of affiliations with certain financial industry participants. Descriptions of each are required on Schedule F of Part II.</p> <p>Part 1, Item 7, also requires check-the-box disclosure of certain (mainly the same) financial industry affiliations. Details must be listed on Schedule D of Part 1.</p>	<p>Proposed Part 2A, Item 10, requires disclosure if adviser or any management persons are registered or applying to register as: BD, FCM, CPO, CTA or associated person thereof.</p> <p>Must also describe relationships or arrangements that are material to clients that adviser or management persons have with any related person that is: BD, fund, IA, financial planner, commodities firm/person, bank, accounting firm/-ant, lawyer or law firm, insurance co. or agency, pension consultant, real estate BD, LP sponsor or syndicator. Must describe any conflicts and how they are addressed.</p> <p>If adviser recommends other advisers for clients and receives compensation</p>

<p>Code of Ethics and Participation in Client Transactions (Proposed Part 2A, Item 11)</p>	<p>Part II, Item 9, calls for check-the-box disclosure of certain participation or interest in client transactions applicable to adviser or a related person. Descriptions of each are required on Schedule F of Part II. Adviser's Code of Ethics must also be described on Schedule F and adviser must state that a copy of code will be provided upon request.</p> <p>Part 1, Item 8, also requires check-the-box disclosure of participation in certain client transactions by adviser or its related persons.</p>	<p>Must briefly describe Code of Ethics and explain a copy of the code will be provided upon request.</p> <p>Must also disclose if adviser or a related person participates in or has various other interests in client transactions, largely parallel to current requirements (material financial interest in securities, investing in same securities, investing at or about same time), related conflicts and how addressed.</p>
<p>Brokerage Practices -- Soft Dollars (Proposed Part 2A, Item 12.A.1.)</p>	<p>If the value of products, research and services given to the adviser or a related person is a factor in selecting brokers, must disclose:</p> <ul style="list-style-type: none"> • the products, research and services • whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services (i.e., whether adviser may cause clients to "pay up") • whether research is used to service all of adviser's accounts or just those accounts paying for it • any procedures the adviser used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received. <p>Must also disclose if adviser or a related person has any arrangements where it is paid cash by or receives some "economic benefit" (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients and, if so, describe on Schedule F.</p>	<p>Proposed Part 2A, Item 12., requires disclosure of the factors used to select or recommend broker-dealers for client transactions and to determine the reasonableness of their compensation (commissions). If the adviser receives research or other products or services other than execution from a BD or other third party in connection with client transactions, must disclose:</p> <ul style="list-style-type: none"> • the practice and the conflicts of interest that creates • that when adviser uses client commissions to obtain research or products or services, adviser receives a benefit because adviser does not have to produce or pay for it • that adviser has an incentive to select or recommend a broker-dealer based on the adviser's interest in receiving the benefit, rather than on the clients' interest in receiving best execution • if adviser "pays up" • whether soft dollar benefits are used to service all clients' accounts or just the accounts of the clients that paid for them • whether adviser seeks to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits they create • the types of products and services acquired within the last year <ul style="list-style-type: none"> • be specific and detailed so clients understand and can assess conflicts • must include both proprietary and third-party research • must be more detailed for items not covered by 28(e) • explain the adviser's soft dollar procedures.
<p>Brokerage Practices -- Brokerage for Client Referrals (Proposed Part 2A, Item 12.A.2.)</p>	<p>Not specifically mentioned in Part II. However, in Item 13, must generally disclose if adviser or a related person has any arrangements where it directly or indirectly compensates any person for clients referrals and, if so, describe the arrangement on Schedule F.</p>	<p>If adviser considers whether it or a related person receives client referrals from a BD or third party in selecting or recommending brokers, must disclose this practice and discuss conflict it creates, must disclose that it creates an incentive to select broker on the basis of the referral rather than client's interest in receiving best execution, and explain procedures used for directing brokerage for referrals.</p>

Brokerage Practices -- Directed Brokerage (Proposed Part 2A, Item 12.A.3.)	<p>Not specifically mentioned in Part II. As a matter of practice, directed brokerage disclosures are usually included on Schedule F in response to Item 12 Investment or Brokerage Discretion.</p>	<p>If adviser routinely <u>recommends, requests or requires</u> clients to direct adviser to execute transactions through a particular BD, must disclose practice and:</p> <ul style="list-style-type: none"> • explain not all advisers require clients to direct brokerage • if directed broker is an affiliate or in an economic relationship that creates material conflict, describe relationship and the conflict • explain that by directing brokerage, adviser may not be able to achieve best execution and that this practice may cost clients more money. <p>If adviser <u>permits</u> clients to direct brokerage, describe practice and:</p> <ul style="list-style-type: none"> • if applicable, explain adviser may be unable to achieve best execution • explain that directing brokerage may cost clients more money • Part 2 instructions give the example that, in a directed brokerage account, client may pay higher brokerage commissions because adviser may not be able to aggregate orders to reduce transaction costs or client may receive less favorable prices. <p>(This disclosure is not required if adviser permits clients to direct brokerage only <u>subject to best execution</u>.)</p>
Brokerage Practices -- Bunching (Proposed Part 2A, Item 12.B.)	<p>Not specifically mentioned in Part II. As a matter of practice, bunching disclosures are usually included on Schedule F in response to Item 12 Investment or Brokerage Discretion.</p>	<p>Must describe whether and under what conditions adviser aggregates purchases and sales for various client accounts in quantities sufficient to obtain reduced transaction costs. If adviser does not bunch, must explain adviser's practice and describe the costs to clients of not bunching.</p>
Review of Accounts (Proposed Part 2A, Item 13)	<p>Must describe review (frequency, different levels and triggering factors) and reviewers (number of reviewers, their titles and functions, instructions they receive from adviser on performing reviews and number of accounts assigned each). Must also describe the nature and frequency of regular reports sent to clients on their accounts.</p>	<p>Must indicate whether adviser performs account reviews. If so, must describe frequency and nature of review, and titles of employees who conduct the reviews. If reviews are other than periodic, describe triggering factors. Must also describe content and frequency of regular reports provided to clients regarding accounts, and state whether reports are written.</p>
Payment for Client Referrals (Proposed Part 2A, Item 14)	<p>Must check box indicating if adviser or a related person has any arrangements, oral or in writing, to directly or indirectly compensate any person for client referrals and, if so, describe the arrangement on Schedule F.</p>	<p>Must describe any arrangement where someone who is not a client provides an economic benefit (including sales awards or other prizes) to adviser for providing investment advice or other advisory services to adviser's clients. Also must describe any arrangement and compensation paid by adviser or a related person directly or indirectly to any person who is not an employee for client referrals.</p> <p>Consider applicability of Rule 206(4)-3 (cash solicitation rule) and state rules relating to IAR registration.</p>

Custody (Proposed Part 2A, Item 15)	Not specifically mentioned in Part II, except in Item 14 Balance Sheet, which requires any <u>state-registered</u> adviser that has custody to provide a balance sheet.	If adviser has custody of client funds or securities and qualified custodian sends quarterly or more frequent account statements directly to client: <ul style="list-style-type: none"> • explain that client will receive statement directly from custodian and client should carefully review statements. If adviser has custody of client funds or securities and qualified custodian <u>does not</u> send quarterly or more frequent account statements directly to client: <ul style="list-style-type: none"> • state that adviser has custody • explain the risks that clients face because of this.
Investment Discretion (Proposed Part 2A, Item 16)	Must check box indicating if adviser or a related person has authority to determine, without obtaining client consent, securities to be bought or sold and, if so, must describe on Schedule F any limitations on the authority.	If adviser accepts discretionary authority, must describe any limitations clients may (or customarily do) place on the authority. Must also describe procedures used to assume the authority (e.g. a power of attorney).
Proxy Voting (Proposed Part 2A, Item 17)	Not specifically mentioned in Part II. However, IAA Rule 206(4)-6 requires advisers who exercise voting authority to describe to clients their proxy voting procedures and disclose how clients may obtain information from adviser about how adviser voted their securities. Many advisers as a matter of practice make these disclosures in their firm brochure.	If adviser has or will accept proxy voting authority, describe: <ul style="list-style-type: none"> • procedures • whether and how clients can direct adviser's vote in particular situation • how conflicts of interest are addressed between adviser and client • how clients can obtain information about how proxies were voted • that clients may get a copy of adviser's procedures upon request. If adviser routinely uses proxy voting service, list service, describe how selected and explain whether clients can direct use of a particular service with respect to their accounts. Describe if adviser pays for proxy voting service with soft dollars or passes along to client through supplement to advisory fee. If adviser does not have proxy voting authority, disclose this and explain how clients will receive their proxies and whether clients can contact adviser in a particular situation.
Audited Balance Sheet Requirement (Proposed Part 2A, Item 18.A.)	Audited balance sheet (on Schedule G) required if adviser: <ul style="list-style-type: none"> • has custody of client funds or securities (for state-registered advisers) or • requires prepayment of more than \$500 in fees per client and 6 months or more in advance 	Audited balance sheet required if adviser: <ul style="list-style-type: none"> • requires or solicits prepayment of more than \$1,200* in fees per client, 6 months or more in advance. (*For state-registered advisers, this amount is \$500.) Exception: If adviser is a "qualified custodian" or an insurance company.

Financial Condition Disclosures (Proposed Part 2A, Item 18.B. and C.)	Not specifically mentioned in Part II. However, under IAA Rule 206(4)-4, an adviser must disclose to clients all material facts with respect to a financial condition of the adviser that is reasonably likely to impair the ability of the adviser to meet contractual commitments to clients, if the adviser has discretionary authority (express or implied) or custody over such client's funds or securities, or requires prepayment of advisory fees of more than \$500 from such client, 6 months or more in advance. This may be disclosed in Form ADV or through other means.	Proposed Part 2A, Item 18.B., calls for disclosure of any financial condition that is reasonably likely to impair the ability of the adviser to meet contractual commitments to clients, if the adviser has discretionary authority or custody of client funds or securities, or requires or solicits prepayment of more than \$1,200* in fees per client, 6 months or more in advance. (*For state-registered advisers, this amount is \$500.) Under Proposed Part 2A, Item 18.C., adviser must also disclose if it has been the subject of a bankruptcy petition in the last 10 years.
Index (Proposed Part 2A, Item 19)	Not required.	SEC filed version of brochure must be accompanied by an "Index" identifying where the required items are addressed or explaining why they are not addressed (such as that they are not applicable).
State-Registered Advisers (Proposed Part 2A, Item 20)	Not addressed separately in current Part II.	State-registered advisers must address 5 additional areas of disclosure spelled out by Part 2A, Item 20, including certain arbitration and SRO liability disclosures not applicable to federally-registered advisers.

THE "BROCHURE SUPPLEMENT" (Form ADV, Part 2B)

SELECTED ITEM	CURRENT REQUIREMENT	PROPOSED REQUIREMENT
Format	No specific regulatory requirement for a "brochure supplement." However, Part II, Item 6, requires certain background disclosures in the firm brochure on: <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 adviser has no investment committee or group, each individual who determines general investment advice given to clients (if more than 5, respond only for their supervisors) • each principal executive officer of the adviser or each person with similar status or performing similar functions. 	Supplement information can be contained in firm brochure or prepared as a separate document. If some -- but not all -- information is in the firm brochure, the supplement can provide the missing information and refer the reader back to the firm brochure for the rest. Supplements can be prepared covering groups of supervised persons, so long as the information is presented in a separate section for each supervised person. Supplements may include disclosures not required by specific items, unless it is so much additional information that the required information is obscured.

Covering Whom	See above.	<p>"Brochure supplements" must be prepared on supervised persons who:</p> <ul style="list-style-type: none"> • formulate investment advice for clients and have direct client contact, or • have discretionary authority over client assets, even if they have no direct client contact. <p>No supplement is required for a supervised person who has no direct client contact and has discretionary authority over client assets <u>only</u> as part of a team.</p>
Filing with SEC	N/A	<p>Supplements need not be filed with the SEC either on paper or electronically via the IARD system. However, copies of supplements must be preserved by the adviser and made available to the Staff upon inspection. [Note: Proposal does not make reference to supplements being deemed "filed" with the SEC.]</p> <p>State-registered advisers must file with the state a copy of their brochure supplement for each supervised person and investment adviser representative doing business in that state. Contact the state to determine if the filing should be made on paper or via IARD.</p>
Deliver to Which Clients	N/A	<p>Must deliver to a client the brochure supplements for each supervised person who provides advisory services to that client.</p> <p>Exceptions: Need not deliver brochure supplements to:</p> <ul style="list-style-type: none"> • clients to whom adviser is not required to deliver a firm brochure; • clients who receive only impersonal investment advice, even if they receive a firm brochure; • clients who are "qualified purchasers" (see Section 2(a)(51)(A) of the ICA); • clients who are individuals who would be "qualified clients" (see Rule 205-3(d)(1)(iii) of the IAA).
Initial Delivery	N/A	<p>Delivery before or at the time the supervised person begins to provide advisory services to the client.</p>
Updating Supplement	N/A	<p>Supplements must be updated promptly whenever any information in them becomes materially inaccurate.</p> <p>Note: There is no requirement for supplements to be updated or delivered (or offered for delivery) annually.</p>

Delivery of Updated Supplement	N/A	<p>Updated supplements must be delivered to clients if they amend information in response to Item 3 of Part 2B (disciplinary information).</p> <p>Such amendments may be 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.</p> <p>In addition, the SEC states that, as fiduciaries, advisers have a continuing obligation to inform their clients of any material information that could affect the advisory relationship. As a result, between annual updating amendments [to Form ADV], advisers must disclose material changes to clients even if those changes don't trigger delivery of an updated supplement under the new Part 2 requirements.</p>
Electronic Delivery to Clients	N/A	<p>Permitted if in accordance with SEC interpretive guidance on electronic delivery. See, in particular, Release No. 33-7288 (May 9, 1996), which among other things discusses how an adviser can obtain and document a client's informed consent to electronic delivery.</p> <p>Caveat: Consider potential applicability of the Electronic Signatures in Global and National Commerce ("E-SIGN") Act requirements as well.</p>
Cover (Proposed Part 2B, Item 1)	N/A	<p>Include supervised person's name, business address and telephone number (if different than adviser's); adviser's name, business address and telephone number; and date of supplement. Cover must also include boldface legend as dictated by form. (However, do not have to include the statement directing clients to IARD for more information unless the person is an IAR required to register with the states, and until IAR information is available through IARD.)</p>
Educational Background and Business Experience (Proposed Part 2B, Item 2)	<p>Certain educational and business background disclosures are required on Schedule F in response to Part II, Item 6, for:</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 adviser has no investment committee or group, each individual who determines general investment advice given to clients (if more than 5, respond only for their supervisors) • each principal executive officer of the adviser or each person with similar status or performing similar functions. 	<p>Must disclose the supervised person's name, age (or year of birth), formal education after high school, and business background for preceding 5 years. If person has no formal education after high school or no business background, must disclose this fact.</p>

Disciplinary Disclosures (Proposed Part 2B, Item 3)	Disciplinary disclosures in Part 1A, Item 11, cover both the adviser and its "advisory affiliates."	Must disclose all material facts about any legal or disciplinary events that are material to a client's evaluation of the supervised person. A non-exhaustive list is provided of criminal, civil, administrative and SRO matters that are presumed to be "material" and therefore disclosable unless the adviser rebuts the materiality presumption based on various listed factors (proximity, nature, severity, elapsed time), which must be explained in a file memorandum retained by the adviser and subject to SEC inspection. Includes revocation or suspension (or resignation in anticipation) of professional license or attainment if based on violation of professional conduct rules. Generally requires disclosure of events for 10 years, although even events more than 10 years old need to be disclosed if they were so serious that they are still material to a client's evaluation.
Other Business Activities (Proposed Part 2B, Item 4)	Not currently required unless supervised person's "other" business activities fall within the Part 1 or Part II required disclosures of financial industry activities or affiliations.	Must disclose any investment-related business or occupation in which the supervised person is actively engaged. Must also disclose any OTHER business or occupation in which the supervised person is actively engaged for compensation, if it provides a substantial source of income or involves a substantial amount of the supervised person's time.
Additional Compensation (Proposed Part 2B, Item 5)	Must check box in Item 13.B. of Part II indicating if adviser or a related person has any arrangements, oral or in writing, to directly or indirectly compensate <u>any person</u> for client referrals and, if so, describe the arrangement on Schedule F.	Must describe any arrangement where someone who is not a client provides an economic benefit (including sales awards or other prizes, but not regular salary) to the supervised person for providing advisory services. Bonuses paid at least in part on the basis of number or amount of sales, client referrals or new accounts should be considered an "economic benefit" but other regular bonuses should not.
Supervision (Proposed Part 2B, Item 6)	N/A	Must disclose how the supervised person is supervised, including how the adviser monitors the advice given. Must also provide the name, title and phone number of the person responsible for supervising the supervised person on behalf of the firm.
State-Registered Advisers (Proposed Part 2B, Item 7)	N/A	Adds disclosure requirements for supervised persons of state-registered advisers, including certain arbitration, SRO and bankruptcy proceedings.

**FORM ADV – PART 2
PROPOSED FILING AND DELIVERY REQUIREMENTS**

(Caveat: These tables show proposed requirements as of August 21, 2008.
Proposed requirements are subject to change if and when final requirements are adopted by the SEC.
Consult official rules and releases for details.)

FIRM BROCHURE FILING AND DELIVERY REQUIREMENTS		
	Must the brochure be filed with the SEC?	Must the brochure be delivered to clients?
When adviser registers initially with SEC	Yes	No (assuming no “clients” yet)
When adviser enters into client relationship	No	Yes (must deliver to new clients before or at time of entering into relationship)
When adviser needs to add disciplinary event disclosure or change disciplinary event information already disclosed	Yes	Yes
Whenever <u>other</u> information in brochure becomes materially inaccurate (Note: changes in AUM or fee table alone are not material changes for this purpose)	Yes (must file “promptly”)	No (not required to deliver to existing clients; however, must start delivering to new clients; also, see caveat below)
Annually	Yes (must file within 90 days of fiscal year end)	Yes (must deliver to existing clients within 120 days after fiscal year end; must also start delivering to new clients)

BROCHURE SUPPLEMENT FILING AND DELIVERY REQUIREMENTS		
	Must the supplement be filed with the SEC?	Must the supplement be delivered to clients?
When adviser registers initially with SEC or when supervised person joins advisory firm	No (supplements are never required to be filed with the SEC, but they must be preserved and made available to SEC Staff upon inspection)	No (assuming no "clients" yet)
When adviser or supervised person enters into client relationship	No	Yes (must deliver to client before or at the time the supervised person begins to provide advisory services to the client)
When supervised person needs to add disciplinary event disclosure or change disciplinary event information already disclosed	No (however, must update supplement "promptly"; also, adviser may need to update its own ADV filing with the SEC)	Yes (must deliver to existing clients and starting delivering to new clients; can be in the form of a "sticker")
Whenever <u>other</u> information in supplement becomes materially inaccurate	No (however, must update supplement "promptly"; also, adviser may need to update its own ADV filing with the SEC)	No (not required to deliver to existing clients; however, must start delivering to new clients; also, see caveat below)
Annually	No (no annual update of supplements is required)	No (no annual update of supplements is required)

Caveat: The SEC has said that, as fiduciaries, advisers have an ongoing obligation to inform their clients of any material information that could affect the advisory relationship. Thus, disclosure of material matters may be required even if they do not trigger an updating requirement under the instructions to Form ADV.