

Insights

SEC NARROWS INTERNET ADVISER REGISTRATION RULE

Mar 29, 2024

On March 27, 2024, the U.S. Securities and Exchange Commission (the “SEC”) adopted amendments to narrow its rule permitting certain internet investment advisers to register with the SEC (the “internet adviser exemption”). See Rule 203A-2(e) under the Investment Advisers Act of 1940, as amended.

The internet adviser exemption permits an adviser that conducts its business over the internet to register with the SEC, rather than with applicable state regulatory authorities, regardless of the amount of such adviser’s regulatory assets under management. Before the amendments, the exemption contained a *de minimis* exception that allowed an internet adviser to have less than 15 non-internet clients in the prior 12 months and still rely on the exemption for SEC registration.

The principal change effected by the adopted amendments is the elimination of the *de minimis* exception. An investment adviser will only be able to base its SEC registration on the amended rule if it provides advice to all its clients **exclusively** through an operational interactive website. The compliance date for the amended rule is March 31, 2025.

For further information on the SEC Staff’s views on the operation of internet advisers, see [Robo-Advisers Guidance Update](#) and [Observations from Examinations of Advisers that Provide Electronic Investment Advice](#).

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