



ADVISOR
SOLUTIONS
GROUP, INC.

COMPLIANCE UPDATE

Final Rule: Amendments to Form ADV

Release Date: July 28, 2010

Effective Date: October 12, 2010

Compliance Date: Currently registered advisers must file an updated brochure with their annual updating amendment for fiscal years ending on or after December 31, 2010.

Each adviser initially applying for registration after January 1, 2011 must file a brochure meeting the requirements of the amended rule as part of its application.

On July 28, 2010, the Securities and Exchange Commission released the final rule adopting amendments to Part 2 of Form ADV. Form ADV Part 2 requires advisers to disclose to clients information that would be meaningful to a client's decision to hire or retain the adviser, including a description of the firm's business practices and affiliations, investment strategies and risks, disciplinary history, and conflicts of interest, and how the adviser addresses conflicts. In an effort to make these disclosures more understandable for clients, advisers must write Part 2 in a clear plain English narrative format.

The new Part 2 includes two sections: the Part 2A firm brochure, in the form of a narrative plain English disclosure document and wrap fee program brochure appendix, and the Part 2B supplement, which gives information on the individual(s) providing advice to clients. Each part includes an additional item applicable only to state registered advisers.

The Commission acknowledged in the final release that advisers will spend a significant amount of time to switch to the new narrative format. Based on industry comments to its proposed rule, the Commission tripled its initial estimate of the time it believes small advisers will take to complete their brochures and nearly doubled its estimate for medium-sized firms. Commenters collectively predicted a range of 15 to 60 hours to draft a small firm's initial brochure. The Commission expects medium-sized firms to spend an average of 97.5 hours initially on Form ADV.

The Amended Forms

Form ADV Part 2A Firm Brochure: Required Items

1. Cover Page
2. Material Changes summary
3. Table of Contents
4. Advisory Business
5. Fees and Compensation
6. Performance-Based Fees and Side-By-Side Management
7. Types of Clients
8. Methods of Analysis, Investment

Form ADV Part 2A Appendix 1 Wrap Fee Program Brochure: Required Items

1. Cover Page
2. Material Changes summary
3. Table of Contents
4. Services, Fees and Compensation
5. Account Requirements and Types of Clients
6. Portfolio Manager Selection and Evaluation
7. Client Information Provided to Portfolio

- Strategies and Risk of Loss
9. Disciplinary Information
 10. Other Financial Industry Activities and Affiliations
 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading
 12. Brokerage Practices
 13. Review of Accounts
 14. Client Referrals and Other Compensation
 15. Custody
 16. Investment Discretion
 17. Voting Client Securities
 18. Financial Information
 19. Requirements for State-Registered Advisers

- Managers
8. Client Contact with Portfolio Managers
 9. Additional Information
 10. Requirements for State-Registered Advisers

Form ADV Part 2B Supplement: Required Items

1. Cover Page
2. Educational Background and Business Experience
3. Disciplinary Information
4. Other Business Activities
5. Additional Compensation
6. Supervision
7. Requirements for State-Registered Advisers

Filing Requirements

Part 2A must be submitted electronically through the IARD and will be available to the public through the Commission's web site. State registered advisers must also file Part 2B supplements through IARD for each individual doing business in that state.

Delivery and Updating

Part 2A: A current firm brochure and/or wrap fee program brochure must be delivered to clients before or at the time they enter into an advisory contract with the adviser. The brochures must be updated at least annually at the time an adviser files its annual updating amendment and promptly whenever any information in the brochure becomes materially inaccurate. Advisers must annually deliver within 120 days of its fiscal year end either a complete updated copy of the brochure with summary of material changes or a summary of material changes that includes an offer to provide a full copy of the current brochure. With any addition or material change to disciplinary information in the brochure, advisers must deliver a summary of material facts relating to the disciplinary event or an amended brochure with a summary of material facts.

Part 2B: An adviser must provide its clients with a brochure supplement for each person who provides advisory services to the client before or at the time that person begins providing advisory services to that client. The supplement must be updated whenever any information becomes materially inaccurate. With any addition or material change to disciplinary information in the brochure supplement, advisers must deliver a summary of material facts relating to the disciplinary event or an amended supplement with a summary of material facts.

There are exceptions to the brochure and supplement delivery requirements for certain types of clients, including registered investment companies, "qualified clients," and clients receiving only impersonal investment advice who are charged less than \$500 per year.

This is only a summary of the amended rule and should not be relied upon to determine compliance.

For assistance in complying with the updated rule or drafting your Part 2 brochure and/or supplements, please contact:

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Advisor Solutions Group was among various industry professionals who commented on the rule proposal when it was released in 2008, and our comment letter was referenced 14 times in the adopting release. Our comments generally centered around an attempt to minimize the burden on advisers and make the Commission aware of the significant costs of its proposal to small and mid-sized advisers. For example, ASG was one of the commenters who suggested the option of sending the summary of material changes and offering the full brochure annually, rather than delivering the full brochure each year, a change that the Commission adopted.

Full details of the rule can be found in the final rule release at <http://www.sec.gov/rules/final/2010/ia-3060.pdf>.

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