

Bond Case Briefs

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BDA to Submit Petition for SEC Rulemaking: Amendments to Form ADV.

Today, Bond Dealers of America will submit a letter that petitions the SEC to engage in a rulemaking to amend Form ADV. BDA's recommendations, if adopted, would make client prospecting more efficient for dealer sales personnel.

BDA's letter recommends three changes to Form ADV:

Recommendation 1: Harmonize the client and client-related asset under management percentages in Item 5, section D2 with the percentage-breakdowns in section D1. This would allow for a more detailed understanding of not only who an adviser's clients are, but what percentage of AUM is related to each client type.

Recommendation 2: Often investment advisers will input AUM attributable to credit unions in the section (m) for "other". BDA believes it would be more valuable to report those assets under (c) so that all AUM attributable to financial institutions be reported in a single line item. Therefore, BDA recommends 'credit unions' be explicitly added to section (c).

Recommendation 3: BDA recommends adding a new section titled F3 to Item 5, which would add a percentage breakdown of adviser AUM by asset type. While it is important to have the total value of AUM reported in section F, BDA believes that adding a section that shows the types of assets, including fixed-income assets, held would be valuable.

We hope this information is helpful. Please contact the BDA with questions or comments.

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