

NASAA Releases Annual Report on State-Registered Investment Advisers

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 - WASHINGTON, D.C. (April 27, 2020) – The North American Securities Administrators Association (NASAA) today released its annual report on the state-registered investment adviser industry and the related regulatory activities of state securities regulators.
 - “This report outlines the significant resources state securities regulators bring to help state-registered investment advisers, many of which are small- and mid-size businesses, continue to succeed, and to both understand and comply with state securities law,” said Christopher W. Gerold, NASAA President and Chief of the New Jersey Bureau of Securities.
 - The report highlights the important regulatory policy work, education and training, and coordination efforts of NASAA’s Investment Adviser Section Committee and Project Groups. Major undertakings discussed in the report include the 2019 Coordinated Exams overseen by the Section’s Operations Project Group and the information security model rule package developed by the Section’s Regulatory Review and Policy Project Group and adopted last year by NASAA’s membership.
 - Alex Glass, Indiana Securities Commissioner and Chair of NASAA’s Investment Adviser Section, said the report indicates that the cybersecurity preparation and practices among state-registered investment advisers continues to concern state securities regulators.
 - “Our coordinated examinations show that overall deficiencies in just about every category except cybersecurity have decreased since 2015,” Glass said. “NASAA’s new model rule requires investment advisers to adopt policies and procedures regarding information security and to deliver its privacy policy

annually to clients. This represents a significant step toward enhancing the cybersecurity and privacy practices of state-registered investment advisers.”

- Other highlights of the report include an updated profile of state-registered investment advisers; a discussion of updates to NASAA’s cybersecurity checklist, including the development of detailed guidance on each area of the checklist and a separate data inventory checklist. The report also showcases proactive outreach initiatives to state-registered investment advisers by NASAA member agencies.
- State securities regulators have regulatory oversight responsibility for more than 17,500 investment advisers with assets under management of \$100 million or less. The complete report is available on NASAA’s website, www.nasaa.org.
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