

NASAA Investment Adviser Section 2025 Annual Report

Highlighting 2024–2025 Section Activities



NASAA

NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION

Introduction

The North American Securities Administrators Association (NASAA) is the oldest international organization devoted to investor protection. NASAA members include 68 state, provincial, and territorial securities administrators in the 50 states, the District of Columbia, Guam, Puerto Rico, the United States Virgin Islands, Canada, and México.

NASAA's Investment Adviser Section Committee (IA Section) would like to begin the Annual Report on its 2024-2025 activities by acknowledging the life and career of Alisa Goldberg, previous Administrator for the State of Florida Division of Securities, Chair of the IA Section, and longtime Member and Chair of the Investment Adviser Operations Project Group. Alisa passed away in December after a courageous battle against cancer. She was a steadfast advocate for investors and a go-to expert for topics involving investment advisers and investment adviser examinations. Her kindness, spirit, and willingness to step up to the plate for investors will resonate with the IA Section and benefit investors and investment advisers for years to come.



The IA Section and its project groups have continued their work to help members fairly, effectively, and efficiently regulate investment advisers in 2024-2025. Members have leveraged enhancements in technology along with time-tested examination techniques to monitor and examine investment advisers and investment adviser representatives in their jurisdictions. Efforts by state securities regulators help not only to root out fraud by investment advisers, but to prophylactically prevent it from happening. These efforts by NASAA members enhance investor protection, encourage investment advisers to adhere to their fiduciary duties and regulatory obligations, and keep bad actors out of the industry.

This 2024-2025 IA Section Annual Report highlights the work done by the IA Section and its project groups to provide tools for state and provincial securities regulators, along with important resources to help investment advisers better serve the retail investors that we all work to protect. The Annual Report also highlights data about both state and SEC-registered investment advisers across jurisdictions and investment adviser representatives.

The IA Section hopes NASAA members, outside stakeholders, investment advisers, and investors all find the Annual Report useful, and we welcome suggestions on how to improve future editions. If there is anything the IA Section can do to further improve state investment adviser regulation, we welcome feedback, and look forward to it in the coming year.

Sincerely,



Steve Brey

Chair of Investment Adviser Section

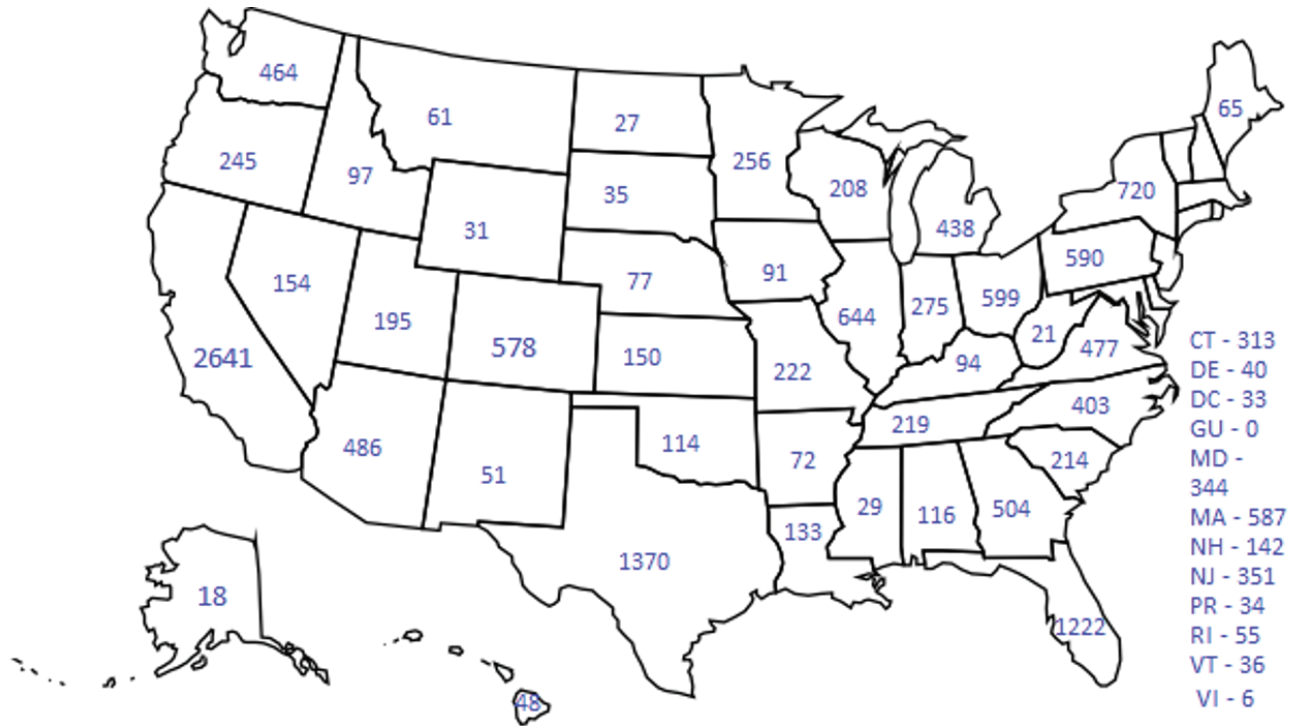
COMMITTEE MEMBERS:

William Baldwin (Vice Chair, WA), Nick Doyle (NB), Ronald Allman (IN), Jacob Strait (TN), Tung Chan (CO), Lauren Munschauer (MA), Inga Gilewski (MN), Dominique Kelly (Staff Liaison, NASAA)

SECTION 1: IA STATISTICS

While statistics and information regarding the broker-dealer population have always been fairly easy to obtain, information on state-registered investment advisers has been more elusive. The following facts and figures present a snapshot of the current status of state-registered investment advisers.

State Registered Map



16,575

Total State-Registered IAs
(home state): [Net **Decrease**
of 322 state-registered IAs
from 2023-2024]

Top 5 Most State- Registered IAs (Home State) [As of 12/31/24]

1. California – 2,641
2. Texas – 1,370
3. Florida – 1,222
4. New York – 720
5. Illinois – 644

Top 5 Most State Registered IAs (Total) [As of 12/31/24]

1. Texas – 4,618
2. California – 3,548
3. Florida – 1,984
4. New York – 1,298
5. Illinois – 914

Top 5 State- Registered IAs Increase from 2023-2024

1. Georgia – 15
2. South Carolina – 8
3. North Carolina – 7
- 4-5. Nebraska &
Connecticut – 6

Total State-Registered IAs AUM:

\$361,805,693,471

[Net **Increase** of \$18,531,482,737 from 2023-2024]

27,782

Total State-Registered IA
registrations (including out-
of-state) [Net **Decrease** of
14 registrations from
2023-2024]

312.7

Average State-Registered IA
per jurisdiction:

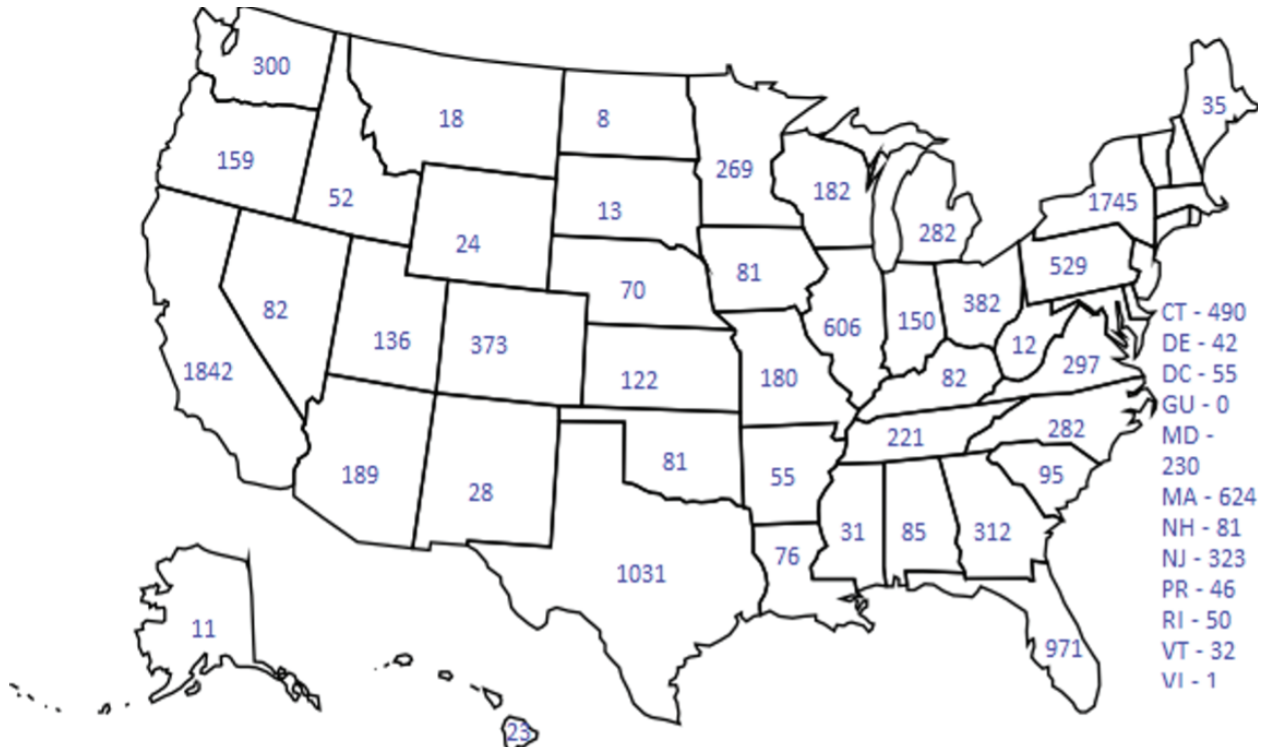
State-Registered Investment Advisers East / West of the Mississippi:

West 7,616 [45.9%], East 8,959 [54.1%],

State-Registered Investment Advisers AUM East / West of the Mississippi:

West \$177,173,657,525 [46.6%], East \$203,163,518,685 [53.4%],

SEC Registered IA Map



13,496

Total SEC Notice Filed IAs [Net
Increase of 469 SEC Notice
Filed IAs 2023-2024]

Top 5 Most SEC Notice Filed Investment Advisers (Home State) [As of 12/31/24]

1. California – 1,842
2. New York – 1,745
3. Texas – 1031
4. Florida – 971
5. Massachusetts – 624

Top 5 Most SEC Notice Filed Investment Advisers (Total) [As of 12/31/24]

1. Texas – 8,016
2. Florida – 6,540
3. California – 6,532
4. New York – 5,290
5. North Carolina – 3,312

Top 5 SEC Notice Filed Investment Advisers Increase from 2023-2024

1. Florida – 91
2. Texas – 54
3. California – 33
4. New York – 28
5. Arizona – 20

118,209

Total SEC Notice Filed IA
Registrations [Net **Increase**
of 4,649 registrations
2023-2024]

254.6

Average SEC Notice Filed per
jurisdiction

SEC Notice Filed Investment Advisers East / West of the Mississippi:

West
5,147
[38.1%],

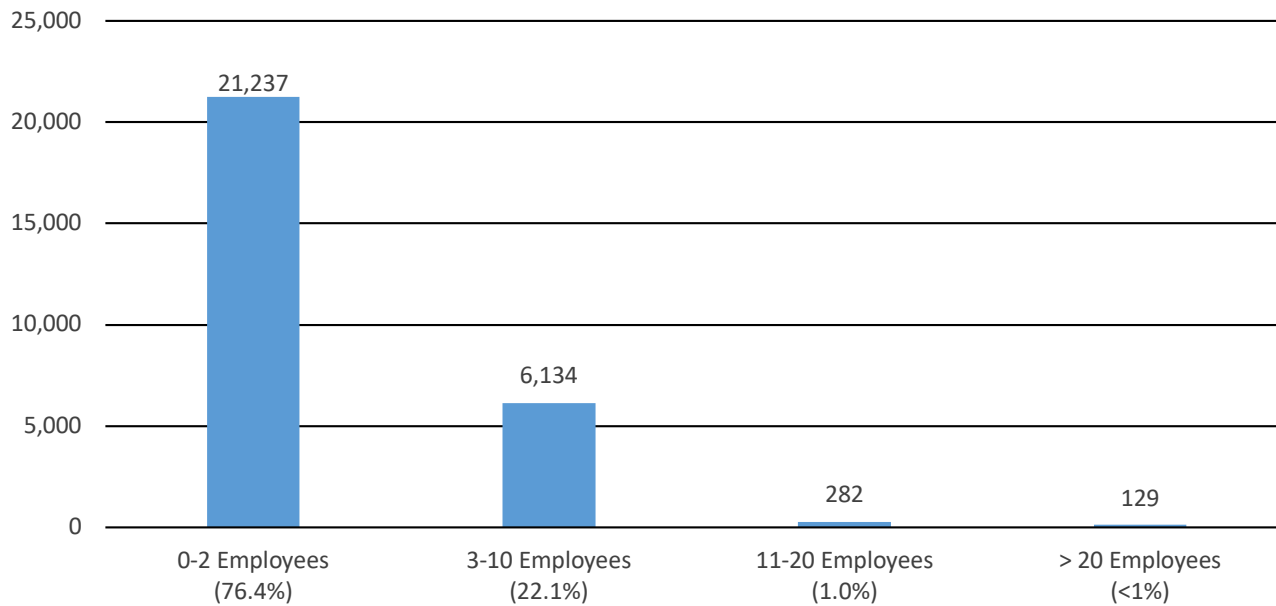
N
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East
8,349
[61.9%],

SECTION 2: STATE-REGISTERED IA PROFILE

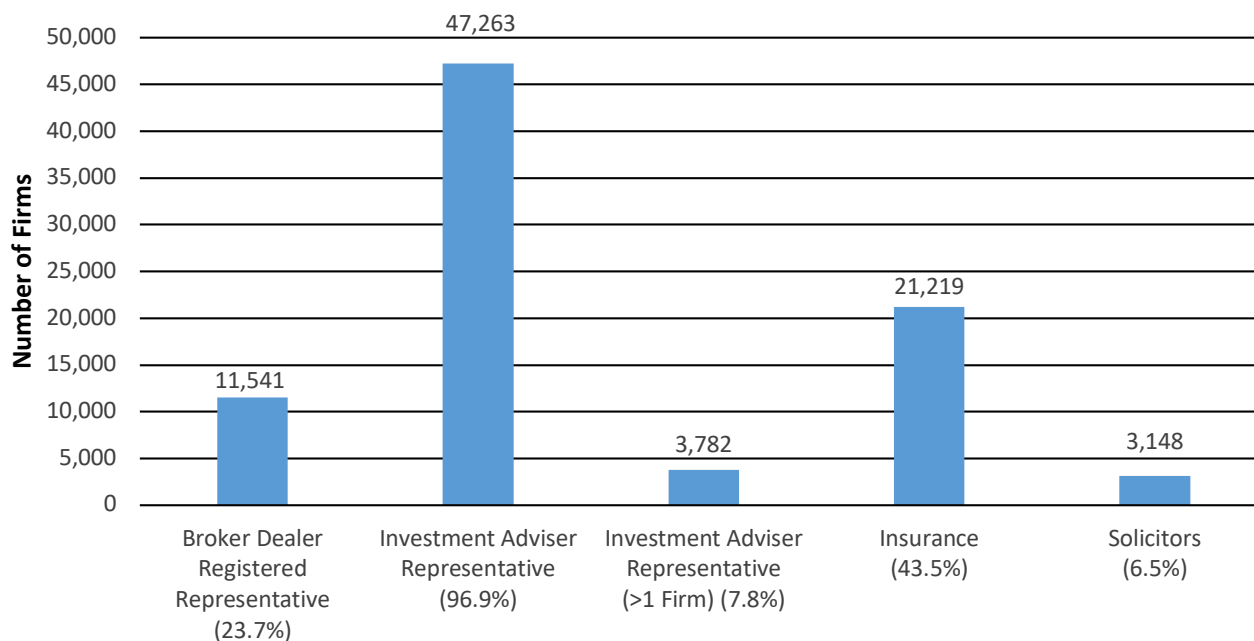
Profile of State-Registered Investment Advisers for 2024

Size of State Registered Investment Adviser Firms



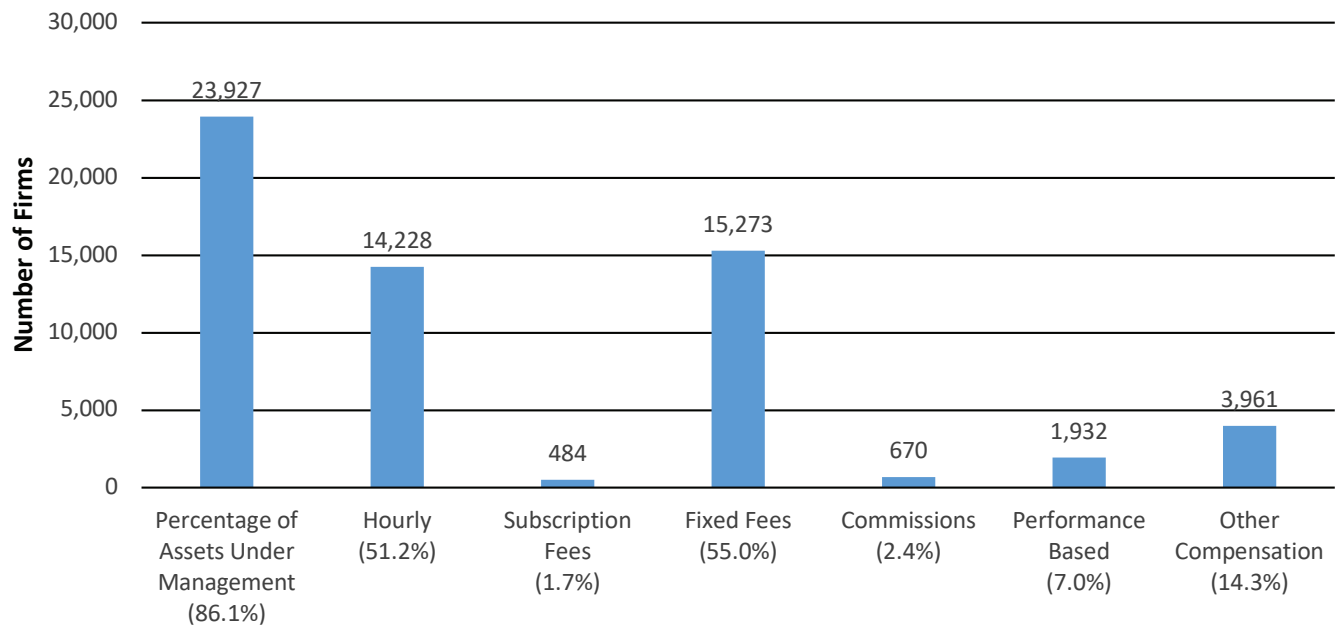
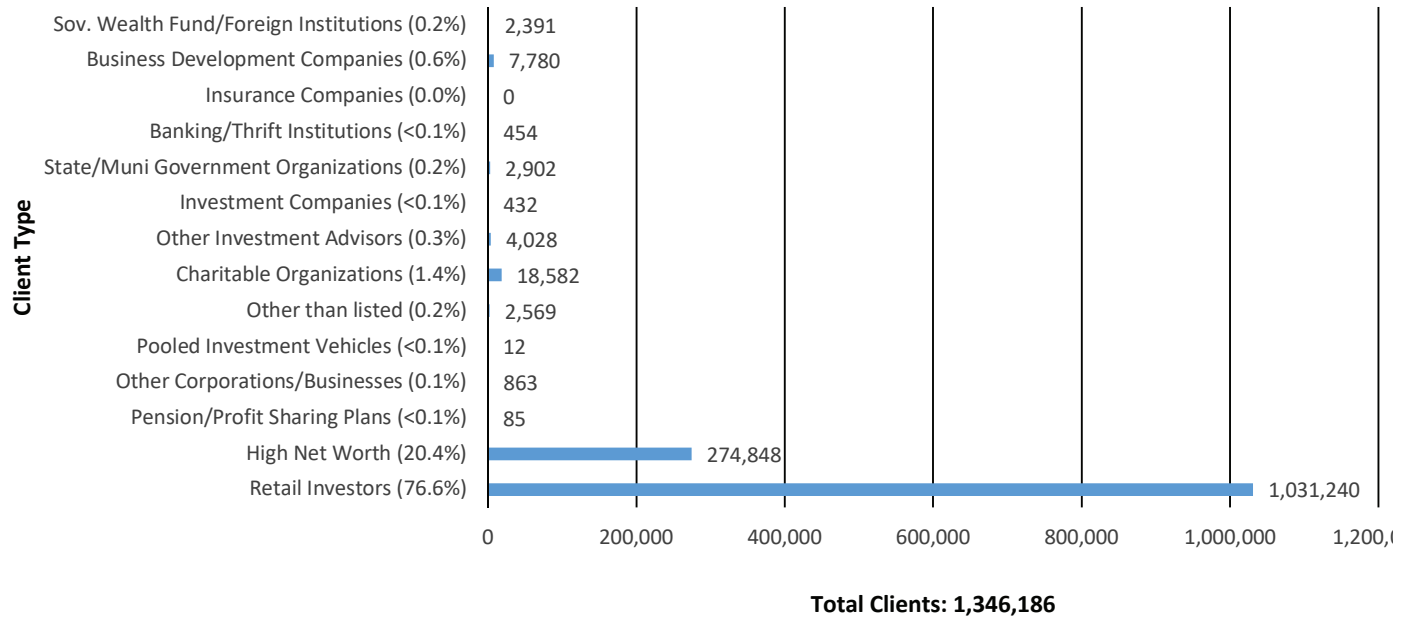
Total Firms: 27,782

Registration Types

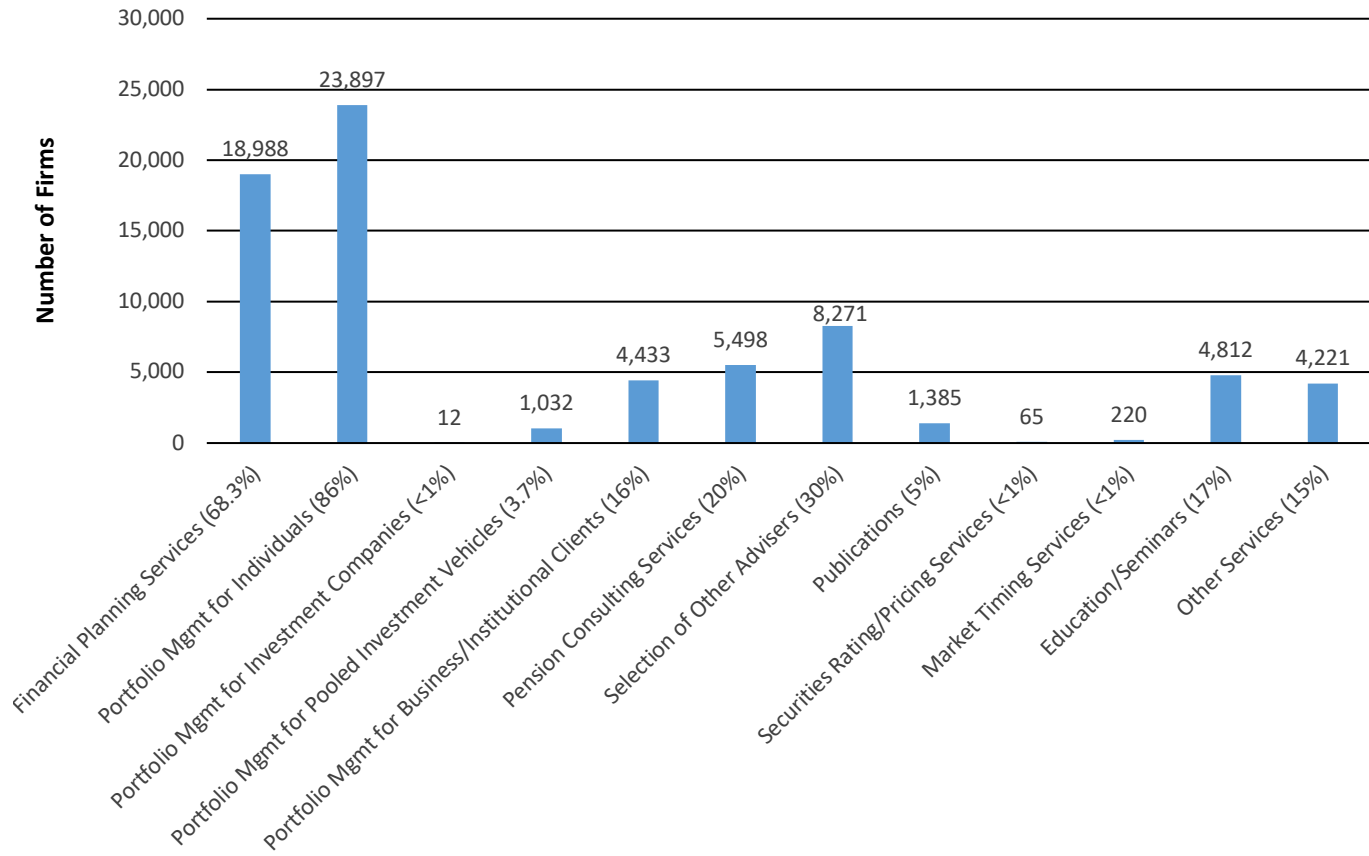


Total Registration Types: 48,775

Client Types



Services Provided



SECTION 5:**PROJECT GROUP REPORTS**

CYBERSECURITY AND TECHNOLOGY PROJECT GROUP

Clay Johnson (Chair, KS); Kit Chao (CA); Colleen Heaney (CA); Grant Loyle (WA); Paul Park (GA)
Erica Stebbins (CT); Ramon Villalobos (CA); Joel Zamudiobucio (OR)

The Cybersecurity and Technology Project Group is actively coordinating its efforts with the NASAA Board-Level Cybersecurity Committee, working to support investment advisers' cybersecurity efforts and their effective use of technology, and seeking ways to support state regulators' cyber- and tech-related work. Members of the project group continue to collaborate with the Board-Level Cybersecurity Committee to develop and produce strategic, topical products that assist investment advisers and regulators in identifying and adhering to best practices in these areas. As the Board-Level Committee continues to refine regulator-facing topical aids, the project group is drafting and revising shorter industry-facing written products intended to help small firms focus

on cybersecurity and technology essentials, enabling them to better protect and advance the interests of their clients. In addition, the project group regularly evaluates gives input on cyber- and tech-related work product from other project groups within the section.

The project group has monthly meetings by video to evaluate work product and plan ways to better assist NASAA, state securities regulators, and state-registered investment advisers. Its members also participate regularly in the Board-Level Committee meetings and work.

OPERATIONS PROJECT GROUP

Mark Kissler (Chair, WA); Anthony Campen (CO); Joseph Canavan (VT); Hannah Fulmer (TN)
Elizabeth Guido (NC); Anne Letcher (GA); Brett O’Sullivan (CA); Katherine Perkins (MS); Glen Sgobbo (OH);
Tay Sisoukrath (AR); Steven Snarski (IL)

The Operations Project Group has been very active working on a variety of tasks. The group continued to work on developing a new investment adviser NEMO sub-module focused on digital assets. This year was an IA Sweeps reporting year, and the group was tasked with assisting with announcements, providing support to jurisdictions where needed, and reporting the results from the sweeps at the NASAA Fall Annual Meeting.

Additionally, IA Operations has been busy identifying and discussing emerging trends and issues for investment advisers, including FinTech services, registered index linked annuities, proposed agency rule changes that may impact investment advisers, among other topics.

REGULATORY POLICY AND REVIEW PROJECT GROUP

Stephen Brey (Co-Chair, MI); Jonathan Bashi (Co-Chair, NY); Caleb Crook (KS); Sarah Hatton (UT); Christina Herd (GA); Judith Keilp (NJ); Brook Kellerman (WA)

The Investment Adviser Regulatory Policy and Review Project Group has continued discussing and developing policy related to investment advisers over the past year.

The project group meets monthly by video to discuss projects they are working on that span the entire landscape of the regulation of investment advisers. Many topics affecting advisers and regulators have been discussed, including third-party service providers for held-away assets, digital asset recommendations, marketing, cybersecurity, use of artificial intelligence by investment advisers, custody and safeguarding clients' assets, mandatory arbitration clauses, and many others.

Additionally, the project group has provided member guidance on various topics and has engaged with

members of industry on issues facing regulators and industry alike. The project group continues to develop model rule language addressing other topics pertinent to investment advisers that it hopes to present to the membership and the public in the coming year.

The project group's priorities in the coming year will primarily involve finalizing several in-process model rule proposals and guidance documents. The topics covered by these projects are relevant to regulators and to industry, and the project group looks forward to sharing its work with its stakeholders.

RESOURCES AND PUBLICATIONS PROJECT GROUP

Lindsay M. Fedler (Co-Chair, WI); Lindsey Stout (Co-Chair, KY); Ryan Cassidy (CA);
Joseph Joslin (AS); Judith Keilp (NJ); Brian Linares (NH); Holly Mack-Kretzler (WA);
Elizabeth Mullin (CT); Paul Park (GA)

The Resources and Publications Project Group started its year by reviewing and updating the NASAA Annual Survey on Investment Adviser Matters, which was completed by 49 jurisdictions in June 2025. During the late winter and early spring, group members drafted compliance articles on custody, investment advisory contracts, use of artificial intelligence by an investment adviser, and potential unregistered broker-dealer securities transactions. The group met in Madison, Wisconsin in May 2025 to revise

the articles and review the initial survey results. The project group also compiled the NASAA Investment Adviser Annual Report, which analyzes registration trends at the state and federal level, highlights the Investment Adviser Section and its project groups' work and activities over the previous year, and covers compliance-focused outreach events hosted by regulators for their registrants.

TRAINING PROJECT GROUP

William Baldwin (Co-Chair, WA); Dylan Landes (Co-Chair, VA); Tracy Baker (KY);
Adam Hillier (AB); Lauren Hitt (AL); Mike Kirwin (NH); Kelly Lent (CT); Jennifer Miller (AR);
Kyle Seymour (MI); Kirsten Soltner (PA); Mariya Soroka (CA); Natalie Sullivan (NV); Judy Watkins (NJ);
Lonnie Martin (Lead Staff Liaison, NASAA); Arthur An (Staff Liaison, NASAA)

The Investment Adviser Training Project Group began the year with three primary tasks: conduct an annual training program, facilitate three webinars, and update the core content of the Investment Adviser Training Tracks.

This year's Investment Adviser Training was a three-day event held June 3 to 5, 2025 in Pittsburgh, Pennsylvania. It was a hybrid training program with virtual and in-person participation, allowing for increased participation and engagement. More than 400 people attended either virtually or in-person. In addition to the hybrid training program, there was a concurrent Licensing and Registration Training. The project group met with members of the Licensing and Registration Training Project Group to discuss logistical issues and concurrent sessions with both training groups. All in all, the project group spent approximately five months of the year planning the training program. From brainstorming topics to crafting the agenda to obtaining speakers and to running the program, there was no shortage of work to be done!

Additionally, the project group had one webinar on April 30 titled Using Financial Information as Exam Intelligence. It was a continuation of a December 4, 2024, webinar focused on identifying errors and red flags that can be encountered when reviewing investment adviser financial statements. The project group has another webinar scheduled for October 15 focused on IAR Continuing Education updates and is still determining the topic for a December 10 webinar.

Lastly, the project group continuously reviews the Investment Advisor Training Track under NASAA Learning. This year, the project group did a deep dive into the current content and made significant updates to the modules and questions.

ZONES PROJECT GROUP

Angela Scott (Chair, Canada - NS); Zone 1 (Northeast) Chris Dagley (MA); Zone 2 (Southeast) Lynn Mckeel (GA);
Zone 3 (Mid-Atlantic) Regina “Gina” Hart (PA); Zone 4 (Central) Will Pultinas (OH);
Zone 5 (South Central) Tommy Green (TX); Zone 6 (Mountain) Rocio Cruz (NM);
Zone 7 (Western) William Baldwin (WA); Zone 8 (Canadian) Angela Scott (NS)

Member jurisdictions within NASAA have been separated into eight zones, and the Zones Project Group is comprised of eight project group members, each assigned to one zone. IA Zones maintains a zone communication system, including electronic communication and quarterly calls for each zone region. In addition, IA Zones coordinates information sharing among the jurisdictions and between the NASAA corporate office and NASAA members on issues of importance regarding investment advisers, as well as identifies issues of importance in the investment adviser area, such as patterns, trends, issues, and best practices.

During the second quarter of fiscal year 2025, the project group sent out the IA Training Project Group survey and compiled results. For the remainder of 2025, the project group expects to send out several other surveys and compile the results for the following NASAA groups: IA Resources & Publications Project Group, NASAA IA Annual Survey, and IA Section.

During the first two quarters of fiscal year 2025, the project group played an important role in communication and connection among the eight zones. The project group held ten quarterly zone calls throughout the jurisdictions. These recurring quarterly meetings have continued to be successful, as some jurisdictions continue to work remotely and are able to stay connected to examination trends and best practices.

As part of the 2025 Investment Adviser Training, IA Zones facilitated discussions for the eight zones breakout sessions for the in-person attendees in Pittsburgh, Pennsylvania. Topics discussed during each meeting ranged from compensation models, exploring unreasonable and excessive fees, suitability and know your product issues, adoption of new regulations, use of AI and other tools and examiner safety. For those individuals who could not attend in person, IA Zones is planning to host three virtual breakout webinars in September 2025.

SECTION 5:**INVESTMENT ADVISER ENFORCEMENT & OUTREACH****Enforcement Actions Involving Investment Advisers**

State securities regulators continued to resolve major deficiencies and violations of securities laws and rules uncovered during examinations in 2024. The top ten causes of enforcement actions (both litigated and settled short of hearing) were:

1. Failure to register as an investment adviser;
2. Failure to register as an investment adviser representative;
3. Fees (not subscription);
- 4-5. Suitability violations and Failure to maintain adequate compliance policies and procedures (tie);
6. Failure to disclose conflicts of interest;
7. Fraud;
- 8-9. Violating adviser's existing policies and procedures and Private Placements (tie);
10. Equities and Custody (tie).

Investment Adviser Outreach**WASHINGTON**

The Licensing and Examinations unit (LCIE) of the Washington Securities Division conducted six outreach events since September 2024. The purpose of each event was to discuss common licensing, examination, and enforcement related trends seen in recent examinations of Washington registrants. LCIE Chief, Mark Kissler introduced speakers Drew McCollum and James Lee, and the presentations lasted approximately 90 minutes. The events were well attended by investment advisers and their representatives, broker-dealer salespeople, and compliance consultants. Outreach events were held in Olympia, Spokane, Bellevue, Seattle, Vancouver, and Ellensburg.

TENNESSEE

The Tennessee Securities Division hosted two in-person Investment Adviser Forums for all registered investment advisers on October 16 and 17, 2024. The forums covered legislative updates, fiduciary duty, exam deficiencies and resolutions, IAR CE updates, fraudulent scams and trends, and building an effective compliance program. The events provided a total of four IAR Continuing Education hours to attendees upon completion. Speakers included Assistant Commissioner Elizabeth Bowling, Director of Registration April Odom, Director of Financial Services Investigation Unit (FSIU) Michele Stone, Director of Investor Education Rachel Carden, Associate Counsel Jacob Strait, Associate Counsel Catherine Tabor, Securities Examiner Hannah Fulmer, and Securities Examiner Devlyn Simon. The events were well attended by over 30 registrants.

MONTANA

On September 17, 2024, Montana hosted an Investment Adviser Symposium in person at Montana State University in Bozeman, Montana. The keynote speaker was Marshall Gandy, Senior Office of the SEC Investment Adviser/Investment Company Program Director. This was followed by securities examiner Jennifer Adkins who covered examination best practices, investor education coordinator Blair Smith who covered investors outlooks on retirement, and attorney Chris McConnel and securities examiner Ryan Sullivan who covered financial exploitation of elders and resources. The Symposium had 15 attendees.

On March 12, 2025, Montana hosted a succession planning webinar for investment advisers, which featured speakers Lisa Roth of Monahan & Roth, LLC, and Deputy Securities Commissioner Kirsten Madsen. The webinar included tips for developing a compliant succession plan, and the importance of succession planning to the advisers' businesses and clients, as well as Montana's regulatory requirements and common deficiencies seen related to succession planning. The webinar had 16 attendees.

NOVA SCOTIA

On October 3, 2024, the Nova Scotia Securities Commission held an outreach event concerning Nova Scotia's Capital Markets. The event featured four panels: Raising Capital in Nova Scotia, featuring Andrew Burke (Partner, Stewart McKelvey), Glenn Jessome (President/CEO Silver Tiger Metals, Inc.), and Bob Pelley (Senior Corporate Advisor at Invest Nova Scotia); Development in Public Company Continuous Disclosure, featuring Mark Gosine (K.C. at ICD.D), Scott Hasting (VP Finance at Emera Inc.), and Telaina Kelley (VP Legal & Corporate Secretary at Clearwater Seafoods LP); Combatting Fraud, featuring Stephanie Atkinson (Director of Enforcement at the Nova Scotia Securities Commission), Mark Covan (Senior General Counsel, Public Prosecution Service of Canada), and Karen Manarin (RCMP Integrated Market Enforcement Team Program, Federal Policing Criminal Operations, Financial Crime); and Beyond Bitcoin, featuring Professor Jason Alcorn (Faculty of Law, Universite de Moncton), Keegan Francis (Atlantic Blockchain Company Inc.), and Alicia Roisman Ismach (Head of Fintech, Atlantic Fintech). Each panel consisted of a mix of private and public sector experts. The event was well attended with 111 attendees.

KANSAS

The Securities Division of the Kansas Department of Insurance hosted an in-person compliance training session in Overland Park, Kansas, on October 7, 2024. State registered investment advisers, broker-dealers, and insurance professionals were invited to participate in the event, which included presentations on emerging trends/hot topics, financial exploitation, common exam deficiencies, and cybersecurity. The training ended with a compliance roundtable where presenters addressed attendees' questions and specific issues in an open dialogue format. The in-person compliance training session was approved to allow over 60 participants to receive continuing education credits.

VERMONT

The Vermont Securities Division held its Annual Investment Adviser Symposium via webcast on November 7, 2024. After opening remarks by Deputy Commissioner Amanda Smith, Jake Van der Laan from the University of New Brunswick presented on AI in financial services. Professor Van der Laan's presentation was followed by Division staff, including Sarah Heim (Director of Examinations and Enforcement), and Securities Examiners Bob Butani, George Coughlin, and Joseph Canavan, who spoke on numerous topics including solicitors and marketing, cybersecurity, vendor due diligence, and trends in recent examinations. There were approximately 36 attendees.

Organized in 1919, the North American Securities Administrators Association (NASAA) is the oldest international organization devoted to investor protection. NASAA is a voluntary association whose membership consists of 68 state, provincial, and territorial securities administrators in the 50 states, the District of Columbia, Guam, Puerto Rico, the U.S. Virgin Islands, Canada, and México.

In the United States, NASAA is the voice of state securities agencies responsible for efficient capital formation and grass-roots investor protection. Their fundamental mission is protecting investors who purchase securities or investment advice, and their jurisdiction extends to a wide variety of issuers and intermediaries who offer and sell securities to the public.

NASAA members license firms and their agents, investigate violations of state and provincial law, file enforcement actions when appropriate, and educate the public about investment fraud. Through the association, NASAA members also participate in multi-state enforcement actions and information sharing.

For more information, visit: www.nasaa.org

