

NASAA Investment Adviser Section 2026 Annual Report

Highlighting 2025-26 Section Activities



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 its 2025–2026 Annual Report by thanking the volunteer state, provincial, and territorial securities regulator volunteers that make the work possible, along with the NASAA Member Administrators that allow their staff to volunteer. The willingness of these volunteers to share their time, knowledge, and talent is what helps NASAA pursue its vision of protecting and educating investors, encouraging responsible capital formation for small businesses, and helping to ensure the integrity and efficiency of financial markets in North America. The IA Section would also like to thank the NASAA Corporate Office for its support in providing resources to the investing public and state-registered investment advisers. Assistant General Counsel Dominique Kelly supports the IA Section as its liaison and is vital to the Section's work.



The IA Section and its project groups have continued their work to help members fairly, effectively, and efficiently regulate investment advisers in 2025–2026. 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. The IA Section also has published educational materials for investment advisers designed to encourage adherence to their fiduciary duties and regulatory obligations, and ultimately to protect investors.

This 2025–2026 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 suggestions and feedback and look forward to it in the coming year.

Sincerely,

A handwritten signature in black ink that reads "Steve Brey". The signature is fluid and cursive.

Steve Brey

Chair of Investment Adviser Section

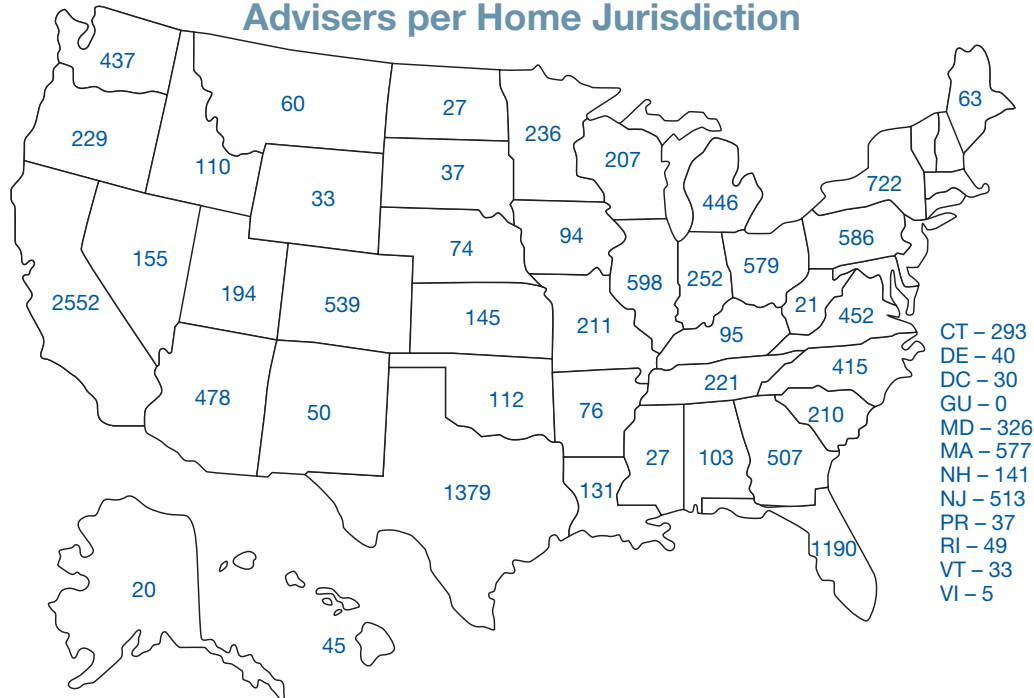
COMMITTEE MEMBERS:

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

SECTION 1: INVESTMENT ADVISER STATISTICS

The maps and figures in this section present a snapshot of the status of investment advisers as of December 31, 2025. The first part focuses on state-registered investment advisers, while the second part focuses on SEC-registered investment advisers that have notice filed with a state or local jurisdiction.

Number of State-Registered Investment Advisers per Home Jurisdiction



Most Registered IAs (Home State)

1. California – 2,552
2. Texas – 1,379
3. Florida – 1,190
4. New York – 722
5. Illinois – 598

Most Registered IAs (Total)

1. Texas – 4,622
2. California – 3,424
3. Florida – 1,984
4. New York – 1,276
5. Pennsylvania – 863

Largest Increase in Registered IAs from Year Before (Home State)

1. Idaho – 13
2. North Carolina – 12
3. Texas – 9
4. Michigan – 8
5. Arkansas – 4

Total AUM for State-Registered IAs

\$384,642,596,024

Net **Increase** of \$4,305,419,816 from year before

16,162*

Total State-Registered IAs (Home State): Net **Decrease** of 413 from the year before.

27,158

Total State IA Registrations: Net **Decrease** of 624 from the year before.

462,637

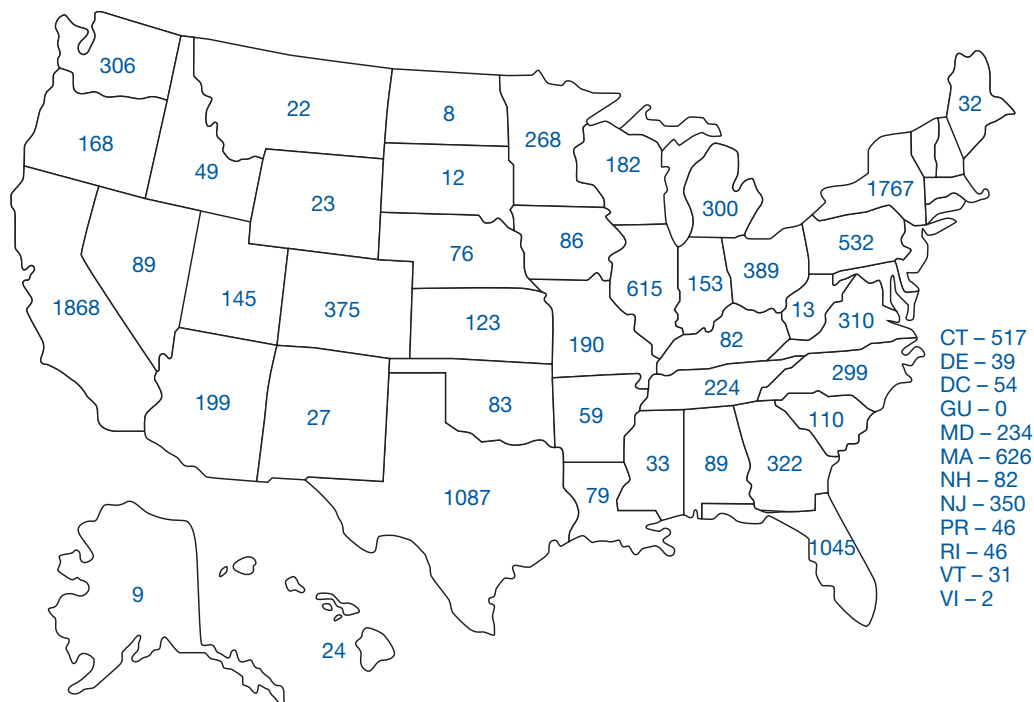
Total State-Registered Investment Adviser Representatives (Home State)

908,597

Total State Investment Adviser Representative Registrations

* A portion of state-registered investment advisers (219) did not report being registered in their home jurisdiction and are not included in this number.

Number of SEC-Registered Investment Advisers per Home Jurisdiction



Most SEC Notice-Filed IAs (Home State)

1. California – 1,868
2. New York – 1,767
3. Texas – 1,087
4. Florida – 1,045
5. Massachusetts – 626

**Most SEC
Notice-Filed IAs
(Total)**

1. Texas – 8,357
2. Florida – 6,764
3. California – 6,671
4. New York – 5,457
5. North Carolina – 3,463

Largest Increase in SEC Notice-Filed IAs from Year Before (Home State)

1. Florida – 74
2. Texas – 56
3. New Jersey – 27
4. Connecticut – 27
5. California – 26

13,899

Total SEC Notice-Filed IAs (Home State). Net increase of 403 from the year before.

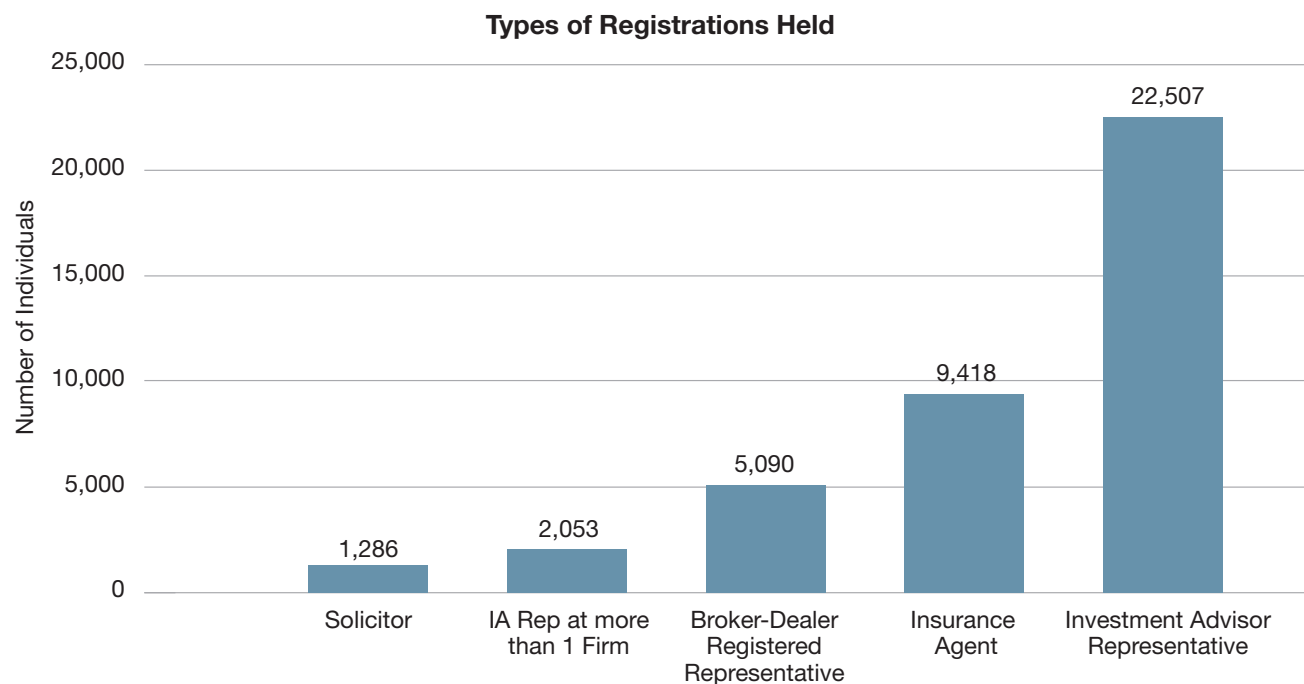
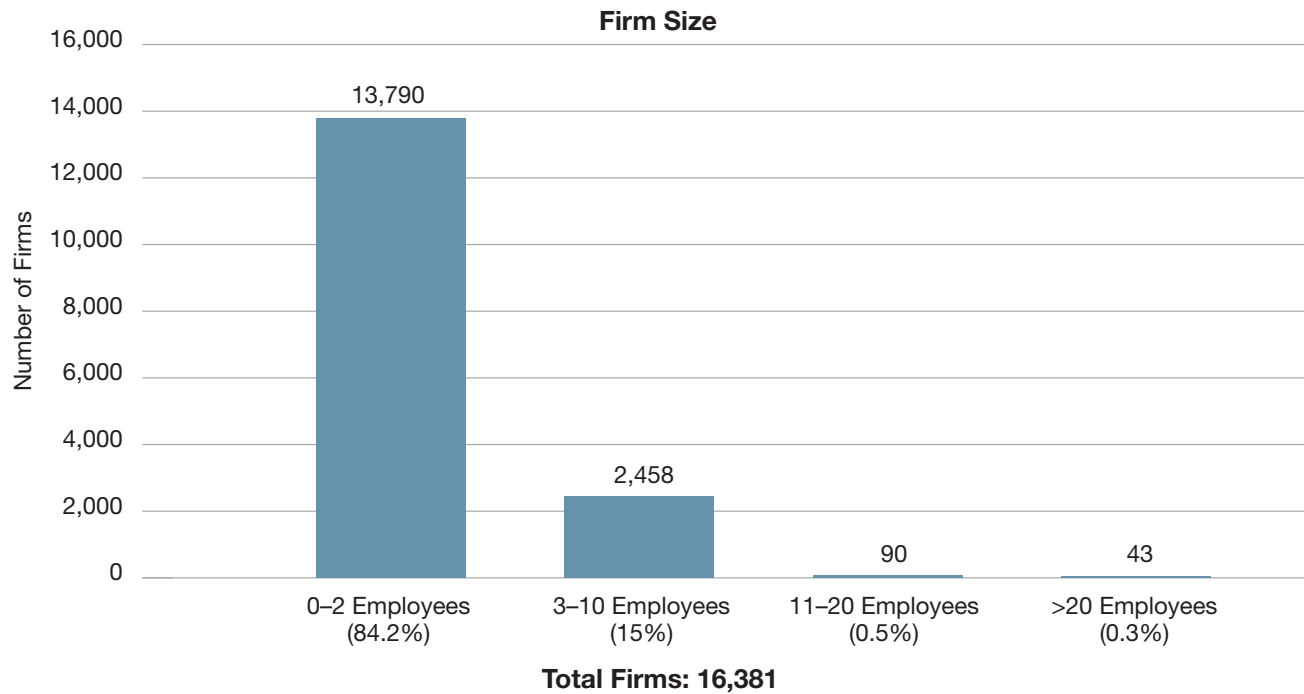
121,778

Total SEC IA Notice Filings. Net increase of 3,569 from the year before.

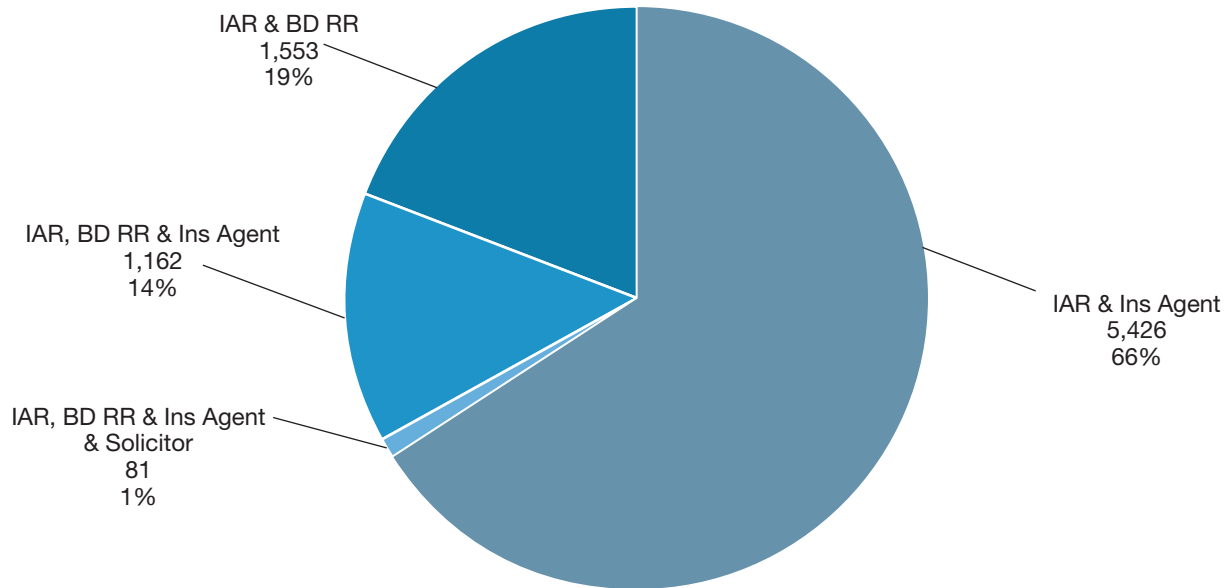
SECTION 2: INVESTMENT ADVISER PROFILE

Profile of State-Registered Investment Advisers

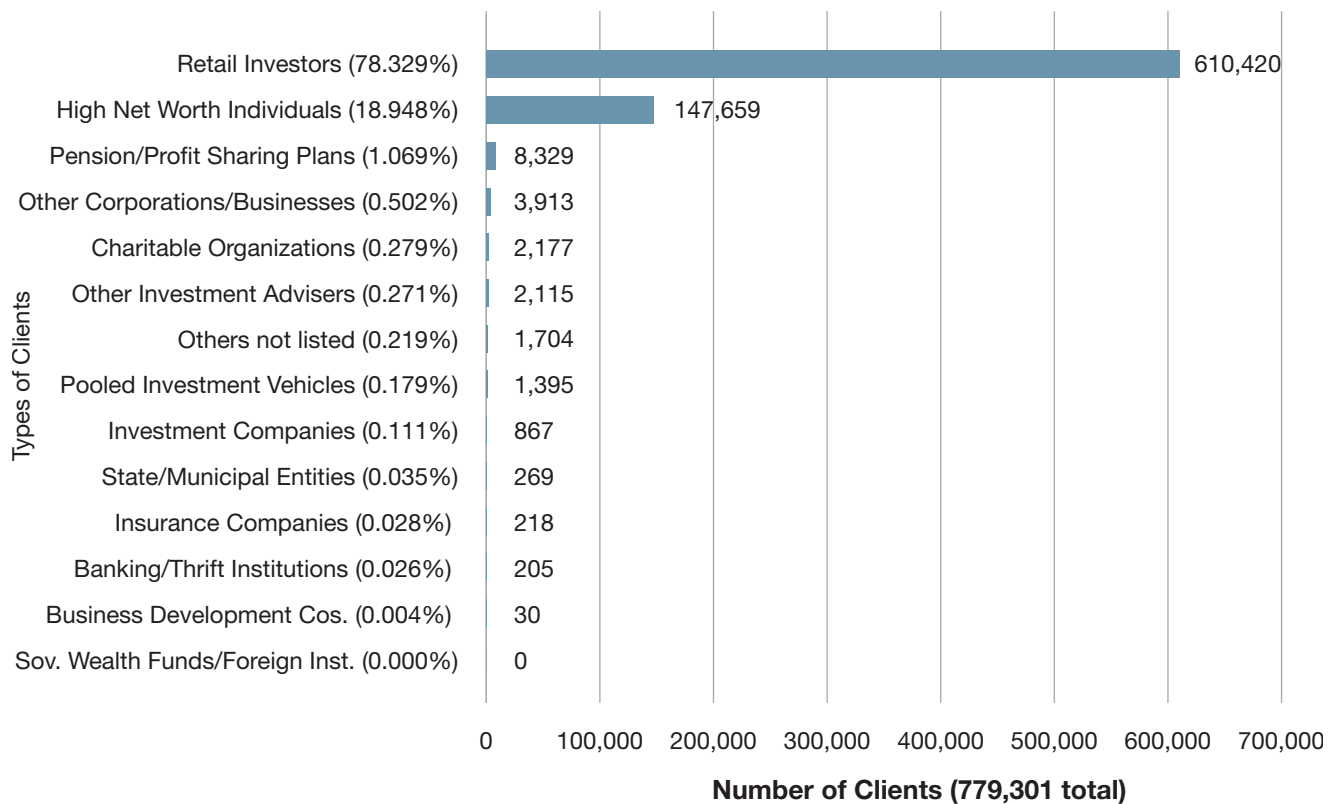
The following charts present a profile of state-registered investment advisers. The data is collected from regulatory filings made by investment advisers.



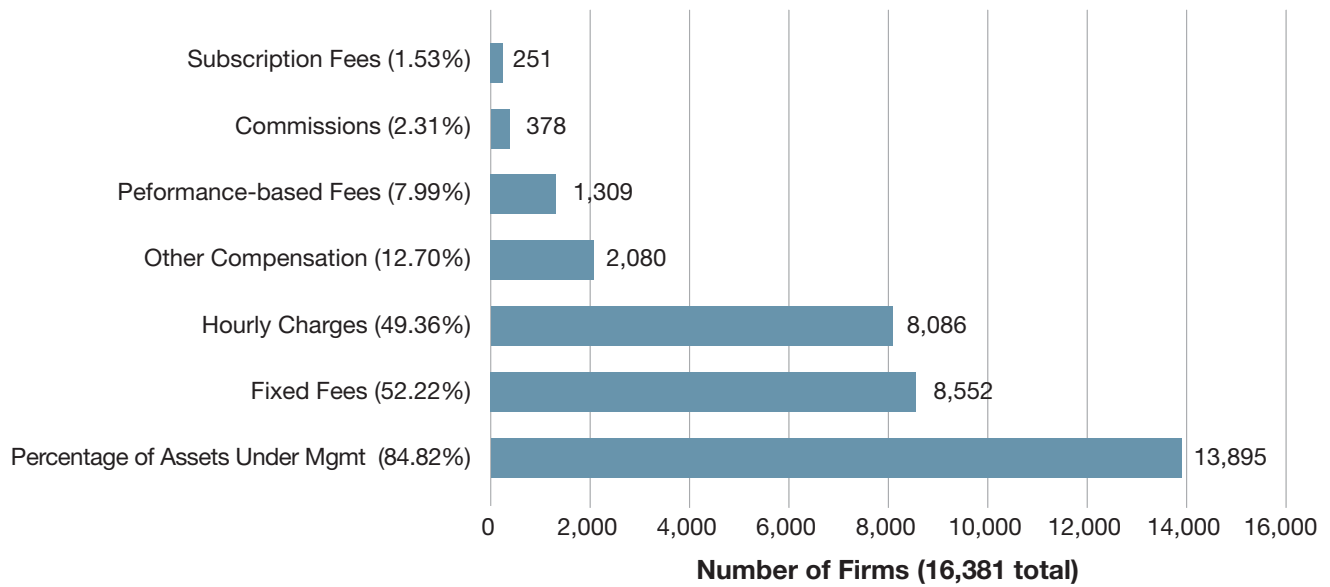
Firms with Multiple Registrations Types



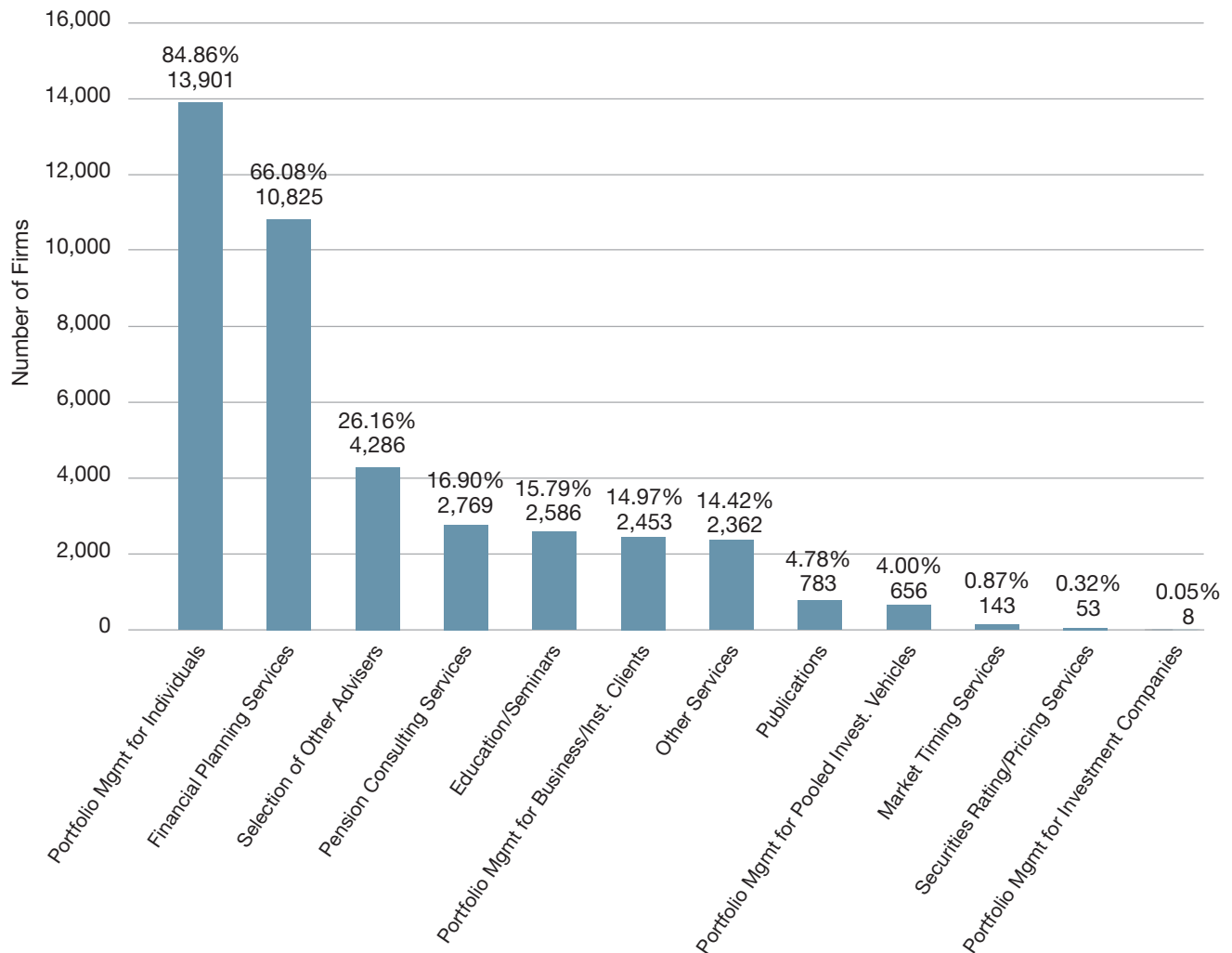
Types of Clients



Types of Fees Charged



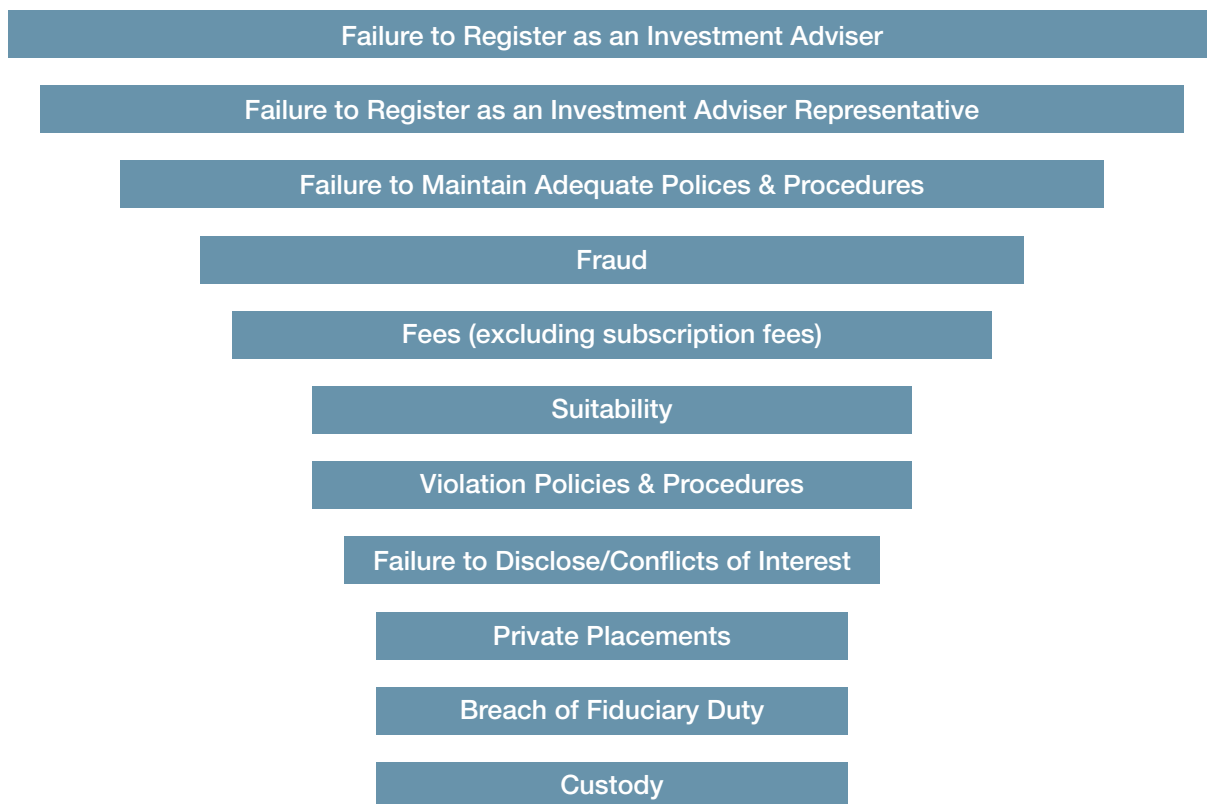
Services Provided



SECTION 5:**INVESTMENT ADVISER ENFORCEMENT & OUTREACH**

Enforcement Actions Involving Investment Advisers

State securities regulators address major deficiencies and violations of securities laws and rules by registrants through enforcement actions. The actions can be resolved through a hearing or with a settlement. In the NASAA Annual Survey on Investment Adviser Matters, state securities regulators were asked about actions they took in 2025. Of the options given, the most common enforcement actions were for failure to register as an investment adviser, and failure to register as an investment adviser representative. Below is a chart presenting the eleven most common causes of enforcement actions as reported by state securities regulators.

Common Enforcement Actions

Investment Adviser Outreach

Below are examples of investment adviser outreach by state securities regulators from the last year.

ALABAMA

During Fiscal Year 2025–2026, the Alabama Securities Commission conducted 15 outreach events across six regions in Alabama for investment advisors and financial professionals, reaching more than 1,230 professionals. During these events, ASC shared information on the latest financial frauds and elder exploitation cases happening in Alabama. The trainings also discussed the exploitation reporting laws, challenges confronting both clients and the industry, the process for reporting suspected fraud to the ASC, and financial innovation, including digital assets and artificial intelligence. ASC's staff conducted in-person and virtual training and education programs for banks, credit unions, brokerage firms, as well as the Alabama Society of Certified Public Accountants, the National Association of Insurance and Financial Advisors, and the Financial Planning Association.

KANSAS

The Kansas Department of Insurance, Securities Division hosted an in-person compliance training session in Lawrence, Kansas, on August 20, 2025. State registered investment adviser representatives, broker-dealer agents, and insurance professionals were invited to participate in the event, which included presentations on emerging trends/hot topics, financial exploitation, common exam deficiencies, and Artificial Intelligence. 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 had been approved beforehand by NASAA and Prometric, which allowed over 30 participants to receive continuing education credits.

MISSOURI

In late 2025, the Missouri Securities Division solicited feedback from the industry by way of a survey about several potential rule updates. The Division used the results of that survey to tailor the proposed rules package that were filed in June of this year.

NEW JERSEY

The New Jersey Bureau of Securities' Complaints and Investor Education Unit continues to take a proactive and comprehensive approach to protecting New Jersey residents from securities fraud. Investigators have worked diligently to expand public awareness of the Bureau's services by developing a wide range of educational materials, including public-facing brochures and instructional videos, and by participating in 20 investor education outreach events throughout the state.

The Unit's investigators have delivered presentations to middle-aged and senior audiences at libraries, schools, public and private service agencies, social clubs, and other community venues. Each presentation focuses on current investment scam trends affecting today's investors and provides practical guidance on avoiding victimization.

The following are some of the locations where the Bureau has hosted informational tables:

- AARP Fraud Summit, Edison, NJ—September 16, 2025
- AARP Crypto and Cyber Fraud, New Brunswick, NJ—April 30, 2026
- New Jersey Coalition for Financial Education (NJCFE) (virtual)—May 20, 2026
- World Elder Abuse Awareness, Hamilton, NJ—June 11, 2026
- National Night Out, Plainfield & Teaneck, NJ—August 4, 2026

These efforts underscore the Bureau's commitment to educating the public, identifying evolving fraud trends, and empowering New Jersey residents to safeguard themselves against investment scams. The Bureau is currently planning new initiatives to continue outreach efforts to younger investors and various groups in New Jersey to make them aware of the available services the Bureau offers the public.

TENNESSEE

The Tennessee Securities Division hosted three in-person Investment Adviser Forum events in 2026 covering all three grand divisions of the state: East, Middle, and West. The forums covered legislative updates, exam deficiencies and resolutions, enforcement updates, client fraud, prohibitive business practices, and more. Speakers included Assistant Commissioner and NASAA President-Elect 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 Alex Corder, Securities Examiner Hannah Fulmer, and Securities Examiner Devlyn Simon. The events were well attended by investment advisers, representatives, and compliance staff.

VERMONT

The Vermont Securities Division held a virtual investment adviser symposium in December 2025, which offered 1.5 IAR CE credits. Staff from the Securities Division presented on cybersecurity, reporting requirements under Vermont's Data Breach Notification Act, privacy of consumer data, and common exam deficiencies. In June 2025, the Division sent a newsletter to all state-registered advisers, highlighting two recent guidance documents on the use of third parties to access held-away accounts and FAQs on registration requirements. The newsletter also included enforcement updates and information about financial scams targeting seniors.

WISCONSIN

On October 9, 2025, Wisconsin hosted an in-person IAR CE seminar at our HQ in Madison. IARs that attended the seminar received 3 credits of Ethics and Professional Responsibility toward their IAR CE requirements. The event focused on IA record-keeping and practice rules and was followed by an engaging discussion with Enforcement staff on their recent enforcement actions and challenges, including the proliferation of cryptocurrency scams. The seminar had 25 attendees and was well received. Another in-person IAR CE event is planned for October 2026.

Wisconsin also regularly hosts virtual "IA Roundtables" for newly registered IAs. In 2025, we organized two IA roundtables. The purpose of the event is to introduce the securities division to new IAs and educate them on our exam process, since we examine every new IA after they've been registered with us for six months. For the roundtable, we send out an email invitation to each of the recently registered IAs with a request to RSVP. Attendance is voluntary, but we have experienced a high participation rate from our IAs in the past, as well as positive feedback.

Additionally, Wisconsin sends out an IA newsletter twice per year (Spring and Fall). Examiners author articles on topics relevant to exams, NASAA news, rule updates, and other timely matters.

SECTION 6:

PROJECT GROUP REPORTS

CYBERSECURITY AND TECHNOLOGY PROJECT GROUP

Clay Johnson (Chair, KS); Marc Bantel (VA); Kit Chao (CA); Grant Loyle (WA); Chris Lund (MN);
Paul Park (GA); Erica Stebbins (CT); Ramon Villalobos (CA)

The Cybersecurity and Technology Project Group coordinated closely with NASAA's Board-Level Cybersecurity Committee to develop cybersecurity information products within a framework that is durable and easy to update and includes both industry- and examiner-facing initiatives. These resources include short best practices guides on basic cybersecurity hygiene topics such as passwords, passkeys, and multi-factor authentication, responsible use of artificial intelligence tools, and preventing and monitoring data breaches. Project Group members also participated in Board-Level Committee working groups to update and distill the material in the Cybersecurity Training Program Modules into shorter, regulator- and examiner-facing written summaries.

The Project Group is also drafting and finalizing short best practices guides for investment advisers on technology and cybersecurity issues to encourage advisers to protect sensitive data and enhance client service. These adviser-directed pieces will cover passkeys, home networking, and artificial intelligence. Project Group members also developed and delivered a presentation for the Cybersecurity Session at the 2026 Investment Adviser Training in New Orleans, in coordination with the Board-Level Cybersecurity Committee.

OPERATIONS PROJECT GROUP

Mark Kissler (Chair, WA); Melissa Gallagher (IN); Elizabeth Guido (NC); James Joslin (MN);
Anne Letcher (GA); Brett O'Sullivan (CA); Katherine Perkins (MS); Sarah Samples (WV);
Glen Sgobbo (OH); Tay Sisoukrath (AR); Steven Snarski (IL)

The Operations Project Group focused primarily on undertaking a comprehensive review and update of the NASAA Electronic Examinations Module (NEMO) content, conducting a module-by-module assessment of whether existing content remains relevant and clear. NEMO is a web-based software application available for use by state securities examiners to conduct examinations of state-registered investment advisers and broker-dealers within their jurisdictions. As part of this ongoing review, the Project Group has been exploring the current usage of artificial intelligence and other emerging technologies by investment advisers and is working to incorporate content addressing compliance and related concerns into

the modules. The Project Group also explored potential topics for new modules and submodules, including digital assets, pooled investment vehicles, and examinations. In addition, the Project Group has been examining other emerging trends such as evolving service types, fee structures, and other areas relevant to module updates.

Alongside the ongoing NEMO review, the Project Group has taken a proactive approach to preparing for the 2027 Coordinated Investment Adviser Examination cycle, with particular emphasis on how best to leverage available capabilities to capture information, identify opportunities for system improvements, and address lingering operational issues.

REGULATORY POLICY AND REVIEW PROJECT GROUP

Jonathan Bashi (Chair, NY); Caleb Crook (KS); Jeff Eaby (CO); Sarah Hatton (UT); Christina Herd (GA);
Analiese Hinchcliffe (OH); Judith Keilp (NJ); Brook Kellerman (WA)

The Investment Adviser Regulatory Policy and Review Project Group has continued to develop model rules and guidance related to investment advisers over the past year. In May 2026, NASAA's membership voted to adopt amendments to four model rules governing investment adviser advertising, a significant accomplishment reflecting the Project Group's work. These updates modernize state-level requirements, bringing them into closer alignment with current federal standards applicable to SEC-registered investment advisers. The amendments establish a framework under which states may permit state-registered investment advisers to utilize testimonials, endorsements, and specific performance

reporting within specified guardrails. The affected model rules include the Unethical Business Practices Rule, the Prohibited Conduct Rule, and two Record-keeping Requirements Rules.

The Project Group is preparing draft guidance on investment adviser use of artificial intelligence in crafting and issuing investment advice, including with respect to disclosure obligations, information safeguards, and understanding risks related to bias and conflicts of interest. The Project Group continues to evaluate how evolving federal positions may impact state-registered investment advisers and the regulatory framework at the state level.

RESOURCES AND PUBLICATIONS PROJECT GROUP

Holly Mack-Kretzler (Chair, WA); Ryan Cassidy (CA); Ashlee Gould (AL); Ana Hinchcliffe (OH);
Rebecca Jeffries (KY); Joseph Joslin (AR); Judith Keilp (NJ); Brian Linares (NH);
Paul Park (GA); Devlyn Simon (TN)

The Resources and Publications Project Group began its year by reviewing and updating the NASAA Annual Survey on Investment Adviser Matters. New questions covered custody, third-party platforms, and reporting exam results. Responses were received from 47 jurisdictions. In Spring 2026, the Project Group met in Sacramento, California to edit four compliance articles, which had been drafted by group members before the meeting. The articles will ultimately be posted to NASAA's website to act as

industry resources. The compliance articles were on state registration in a virtual workplace, belief-based investing, effective policies and procedures, and supervision. 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' activities over the previous year, and highlights outreach events hosted by regulators for their registrants.

TRAINING PROJECT GROUP

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

The Investment Adviser Training Project Group has three primary tasks. First, the Project Group conducts an annual training program. Second, the Project Group facilitates three webinars. Third, the Project Group monitors and updates the core content of the Investment Adviser Training Tracks.

This year's Investment Adviser Training was a three-day event held April 14 to 16, 2026 in New Orleans, LA. It was a hybrid training program with both virtual and in-person participation. This hybrid training program allows for an increase in participation and engagement. More than 275 people attended either virtually or in-person. A renewed focus of this year's training was to enhance the in-person experience through the use of workshops to help develop practical skills of attendees. Some topics of the workshops included interviewing practice, trade blotter review, suitability analysis, and reviewing financial records. All in all, the Project Group spent approximately seven 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 a webinar on October 15, 2025, titled IAR CE: News, Updates & Outreach. Another webinar was held on March 18, 2026 titled General Ledger Analysis. It was a continuation of a series of webinars focused on identifying errors and red flags that can be encountered when reviewing investment adviser financial statements. The Project Group has reserved November 4 and December 9 for additional webcast with topics in development.

Lastly, the Project Group continuously reviews the Investment Adviser Training Track under NASAA Learning. This year, the Project Group's 2025 overhaul went live for NASAA members.

ZONES PROJECT GROUP

Angela Scott (Co-Chair, Canada-NS); William Baldwin (Co-Chair, WA); Zone 1 (Northeast) Chris Dagley (MA);
 Zone 2 (Southeast) Ja’Lisa Grissom (AL); 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) Cynthia Tambago-Alday (NS)

Member jurisdictions within NASAA are separated into eight zones, and the Zones Project Group is comprised of eight members, each assigned to one zone. IA Zones maintains a zone communication system, including electronic communication and quarterly calls for each zone. 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, and identifies issues of importance in the investment adviser area, such as patterns, trends, issues, and best practices.

During the fiscal year 2026, the Project Group sent out multiple surveys. The survey topics include fees for Exempt Reporting Advisers, 2026 IA Training, and ERISA/EBSA. For the remainder of 2026, 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 three quarters of fiscal year 2026, the Project Group played an important role in communication and connection among the eight zones. The Project Group held fourteen 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 2026 Investment Adviser Training, IA Zones facilitated discussions for the eight zones breakout sessions for the in-person attendees in New Orleans, Louisiana. 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, prediction markets, and examiner safety. For those individuals who could not attend in person, IA Zones is planning to host virtual breakout webinars in September 2026.

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 the securities administrators in the 50 states, the District of Columbia, Canada, México, Puerto Rico, the U.S. Virgin Islands, and Guam.

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

