**Exemptions From Registration**

A person or firm meeting the definition of investment adviser in Section 202(a)(11) does not need to register with the Commission if the person or firm qualifies for one of the exemptions from registration set forth in Section 203(b) of the Advisers Act. Investment advisers exempt from registration under Section 203(b) are still subject to certain anti-fraud provisions included in Section 206 of the Advisers Act. For more information on anti-fraud provisions, refer to the discussion below under "Anti-Fraud Provisions."

Section 203(b) of the Advisers Act provides five limited exemptions from registration. Section 203(b)(1) exempts any adviser (1) all of whose clients are within the same state as the adviser's principal business office, and (2) that does not provide advice or issue reports about securities listed on any national securities exchange. Section 203(b)(2) exempts advisers whose only clients are insurance companies. Section 203(b)(3) exempts any adviser that: (1) during the previous twelve months has had fewer than fifteen clients; (2) does not hold itself out generally to the public as an investment adviser; and (3) does not act as an investment adviser to a registered investment company or business development company. Rule 203(b)(3)-1 under the Advisers Act provides guidance on how to count clients when determining eligibility for this exemption. In determining if a person or firm holds himself or itself out as an investment adviser within the meaning of Section 203(b)(3), the Division looks at a number of factors, including, for example, whether the person or firm advertises; refers to himself or itself as an "investment adviser"; maintains a listing as an investment adviser in a telephone, business, building, or other directory; expresses a willingness to accept new advisory clients; or uses letterhead indicating any investment advisory activity. Section 203(b)(4) generally exempts any adviser that (1) is a charitable organization, or is employed by a charitable organization, and (2) provides advice, analyses, or reports only to charitable organizations, or to funds operated for charitable purposes. Section 203(b)(5) exempts advisers to church employee pension plans.