The Department of Business Regulation (“Department”) hereby adopts amendments to Securities Regulation Rule 204(3)-(3) effective May 17, 2012 and makes this statement in accordance with R.I. Gen. Laws § 42-35-2.3. The Department makes this amendment in order to add Rule 204(3)-(3) relating to a registration exemption for investment advisers to private funds. Under the regulatory framework established by the Dodd-Frank Wall Street Reform and Consumer Protection Act, advisers to certain private funds who previously relied on an exemption from SEC registration pursuant to Section 203(b)(3) of the Investment Advisers Act will now be subject to registration while others, including advisers to venture capital funds, will be exempt from registration but required to submit reports to the SEC.

There is one difference between the text of the proposed rule as published in accordance with R.I. Gen. Laws § 42-35-3 and the rule as adopted. That difference is:

1. As indicated by a commenter, the proposal added a disclosure requirement to section (C)(2) regarding “the fund, rather than the individual beneficial owners, is the investment adviser’s client” that was not in the NASAA’s Model Rule. It was the intent of the Department to follow the Model rule and, therefore, the proposal has been amended to omit this language.