

# The SEC Narrows the Internet Adviser Exemption

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On 27 March 2024, the U.S. Securities and Exchange Commission (SEC) adopted [amendments](#) (the Amendments) to Rule 203A-2(e) under the Investment Advisers Act of 1940, known as the “Internet Adviser Exemption.” The Internet Adviser Exemption allows certain advisers that provide investment advice through an interactive website (Internet Advisers) to register with the SEC, even if they do not have enough assets under management to otherwise qualify for federal registration.

The Amendments eliminate the *de minimis* exception that permitted an Internet Adviser to provide investment advice to fewer than 15 non-internet clients during the preceding 12 months while still taking advantage of the exemption. All client interactions must occur exclusively through an operational interactive website, except in the case of matters that do not relate to the provision of investment advice (e.g., to resolve technical issues, help clients navigate the website, or collect feedback).

The Amendments require that, Internet Advisers provide investment advice to all of its clients exclusively through an “operational” interactive website. An “operational” interactive website is defined as a website, mobile application, or similar digital platform through which the investment adviser provides “digital investment advisory services” on an ongoing basis to more than one client (except during temporary outages). Digital investment advisory services means investment advice that is generated by the operational interactive website’s software-based models, algorithms, or applications based on personal information provided by each client.

The SEC is also amending Form ADV to require an investment adviser relying on the Internet Adviser Exemption as a basis for registration to represent on Schedule D of its Form ADV that it has an operational interactive website.

The compliance date for the amended rule is 31 March 2025. An adviser that is no longer eligible to rely on the amended Internet Adviser Exemption and does not otherwise have a basis for registration with the SEC, must withdraw its registration with the SEC by 29 June 2025 and register in one or more states.

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