US separate accounts offer individualised account management and may be offered as part of a wrap fee program. The client is the sole owner of the separate account (that is, there is no pooling). Institutional separate accounts typically charge a fee only for advisory services; in a wrap account, the customer pays one fee for advisory and brokerage services. US separate accounts are regulated solely as advisory accounts under the Investment Advisers Act of 1940 (“Advisers Act”).

**Investor Profile**

- Any investor can generally invest, although minimum account size for institutional separate accounts can be quite high.
- Wrap accounts are targeted to individual investors and separate accounts are targeted to institutions and high-net-worth individuals and have a high level of customisation.
- Wrap account minimums are generally lower.
- No limit on the number of clients.
- 401(k), other retirement plans and employee benefit plans can invest in the fund, subject to ERISA Plan Asset Rules.

**Regulatory Reporting Requirements**

- Generally, an investment adviser must provide each advisory and prospective advisory client with a written disclosure statement, which may be a copy of Part II of its Form ADV or with a written document containing at least the information required by Part II of its Form ADV.
- Sponsors of wrap fee programs are required to give each client and prospective client a written disclosure statement that contains at least the information that is required by Schedule H of Form ADV.
- There is no SEC reporting related to separate accounts.

**Distribution, Advertising and Promotion**

- Marketing materials used by registered investment advisers are governed by the requirements under the Advisers Act.
- Sponsors of wrap fee programs are usually broker-dealers; therefore, the marketing materials they use are regulated by FINRA conduct rules.

**Fund Launch Timeline and Organiser Requirements**

- There are no regulatory requirements for a registered investment adviser to launch a separate account.
The only necessary document for the account is a management agreement. It can be expected that negotiation of fees, objectives, and custody could take a substantial amount of time.

Fund Operational Organisation Structure

- There is no board of directors/trustees. Terms of the relationship are established by account management agreement.

Initial and Ongoing Costs

- Costs are generally considered low, relative to registered funds.

Fees and Fee Limitations

- Separate and wrap accounts have great flexibility with respect to advisory fees charged to clients.
- Advisers can tailor fees to different clients, although different fee structures may need to be disclosed in the adviser’s Form ADV.

Taxation

- Separate accounts have no tax (or legal) existence apart from their owners.

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