M1: the bifactor model has 2*P correlation parameters
M2: the correlated model has P+M*(M-1)/2

where

P – number of indicators
M – number of latent variables

These two models are in general not nested despite what is implied in Reise (2012; Multiv Behav Res) as acknowledged in recent communications with us.

The M2 model is nested within M1 only for M<=3. For M>3 it is not. So even though an M2 model has fewer parameters than M1, with M>3 the M2 model would still not be nested within M1. An example is P=12, M=4 for which M1 has 24 parameters and M2 has 18.

Instead, BIC can be used to compare the models.