

>>>FAIRVIEW FLASH REPORT<<<
Current SEC Priorities Regarding Hedge Fund Managers

WHAT HAPPENED?	Norm Champ, Director of the Division of Investment Management, SEC Speech to the PLI Hedge Fund Management Conference, New York, NY, Sept 12,2013 Current SEC Priorities Regarding Hedge Fund Managers
WHAT WAS IN THE SPEECH?	<p><u>Lifting the Ban on General Solicitation</u> Champ stated that Rule 506 has been changed to allow “issuers to use general solicitation and general advertising to offer their securities if, among other things, issuers take reasonable steps to verify “accredited investor” status, and all purchasers of the securities are accredited investors.”</p> <p>Champ emphasized that advisers to private funds are subject to an anti-fraud rule prohibiting fraudulent and misleading conduct with respect to fund investors.</p> <p>Issuers will be required to file Form D prior to beginning general solicitation and when an offering is completed. Private fund issuers will also be required to add certain disclosure items to any solicitation materials.</p> <p><u>The “Bad Actor” Amendment</u> Champ stated that, “Under the second adopted amendment, commonly referred to as the “bad actor” amendment, an issuer cannot rely on the Rule 506 exemption from registration if the issuer or any other person covered by the rule is disqualified by a “triggering event,” which includes certain criminal convictions, certain SEC cease-and-desist orders and court injunctions and restraining orders.”</p> <p><u>How the SEC Can Use the New Information</u> The SEC is using Form PF information for its own regulatory programs, including examinations, investigations and investor protection efforts relating to private fund advisers.</p> <p><u>Industry Outreach</u> The Office of Compliance Inspections and Examinations’ (“OCIE”) presence exam initiative is focused on reaching newly registered advisers to private funds and targets five risk areas: marketing, portfolio management, conflicts of interest, safety of client assets and valuation.</p> <p><u>Compliance – Insider Trading</u> Champ stated, “advisers should revisit their compliance policies and procedures and assess whether they effectively provide a comprehensive framework for the identification and prevention of the misuse of non-public information. In addition, advisers should provide continuous training and guidance to ensure that employees know what to do—or, more importantly, what to refrain from doing—when they come into possession of inside information.”</p>
FOR THE FULL TEXT OF THE SPEECH	Current SEC Priorities Regarding Hedge Fund Managers - Norm Champ