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SEC Proposes Rules to Enhance Information Reported by Investment Companies and Investment Advisers

WHAT?	<p>On May 20th, the SEC proposed two new rules that, if finalized, would greatly enhance reporting requirements for investment advisers and investment companies.</p>
WHAT INVESTMENT ADVISERS SHOULD EXPECT	<p>Under one of the proposals, investment advisers would be required to provide additional information on Form ADV, including:</p> <ul style="list-style-type: none">• Identifying types of assets managed;• Amount of Adviser’s own assets;• Amount of assets attributable to mutual funds and wrap programs;• Social media use;• Branch office operations; and• Additional disclosures regarding the adviser’s use of derivatives. <p>Additionally, investment advisers would be impacted by the proposed amendment to Rule 204-2 of the Investment Advisers Act, the “books and records rule”, which would require advisers to retain communications concerning “performance or rate of return of accounts and securities recommendations.” The revised rule would also require advisers to retain performance calculations that were distributed, regardless of the number of persons to whom the information was distributed.</p>
WHAT INVESTMENT COMPANIES SHOULD EXPECT	<p>Under the proposal, ETFs, mutual funds, and other registered investment companies would be required to file “a new monthly portfolio reporting form (N-Port) and a new annual reporting form (Form N-CEN) that would require census-type information.”</p> <p>N-PORT would include data regarding securities pricing, repurchases agreements, securities lending activities, and derivatives contracts. Accordingly, the Commission will consider rescinding Form N-Q, which currently requires funds to “report certain portfolio holdings for the first and third fiscal quarters.”</p>

WHAT IS NEXT?

The proposals will be open for comments for 60 days after they are posted on the [Federal Register](#). As always, Fairview can assist clients with the required filings, and in updating the adviser's policies as needed.

Sources:

[SEC Press Release, Dated May 20, 2015](#)

[IA Watch Article, Dated May 20, 2015](#)