

>>>FAIRVIEW FLASH REPORT<<<

Compliance date extension for third party solicitor provisions of Pay-to-Play rule

WHAT HAPPENED?	The SEC extended the effective date for the ban on investment advisers paying third party solicitors who are not "regulated persons" to solicit government entities until June 2013. The <u>original</u> date for the ban to take effect was June 13, 2012.
WHY?	The SEC decided to wait until the final municipal adviser rule was adopted (expected to be September 30, 2012) and then make the effective date for compliance with the third party solicitor rule 9 months later, putting the expected compliance date in June 2013.
WHO ARE REGULATED PERSONS?	A "regulated person" is an investment adviser registered with the SEC under the Advisers Act, a broker dealer registered with the SEC who is subject to the FINRA pay-to-play rule that is to be in effect soon, or a municipal adviser registered with the SEC and also covered under the MSRB pay-to-play rule.
WHAT WILL IT MEAN?	When these provisions of the new pay-to-play rule take effect, registered investment advisers will only be able to pay, directly or indirectly, third parties who meet the definition of "regulated person" to solicit government entities on their behalf.
WHAT NOW?	Investment advisers can keep paying third parties to solicit government entities who are not "regulated persons" until a final compliance date is designated by the SEC.