

>>>>FAIRVIEW FLASH REPORT: SRO for Investment Advisers?<<<<<

WHAT IS GOING ON?	<ul style="list-style-type: none">• The bill known as the “Investment Adviser Oversight Act of 2012” was released 4/25/2012 which would permit the formation of several Self-Regulatory Organizations (SROs) to oversee registered investment advisers• It would be an amendment to the Investment Advisers Act of 1940• It is expected that the House will vote on this bill sometime soon
WHAT COULD HAPPEN?	<ul style="list-style-type: none">• The SRO would have to be approved by the SEC• Investment Advisers registered under section 203 of the Investment Advisers Act would be required to be a member of an SRO• There would be firms exempted from this requirement such as: private fund advisers, certain investment companies, advisers without any U.S. clients and business development companies• SROs would have examination and disciplinary authority over their members and the authority to enforce the Investment Advisers Act• SRO rules would require approval by the SEC• The SEC would be required to examine the SRO annually• The SROs would have requirements such as producing a public annual report to the SEC, and holding annual meetings or conferences convening state securities administrators, each SRO and the SEC• There is some speculation that FINRA could be the SRO since they already are in place and have the capacity to provide the oversight outlined in the bill
HOW DOES IT STAND NOW?	<ul style="list-style-type: none">• It could be some time before this could become law (if at all):<ul style="list-style-type: none">-The SEC is continuing to implement Dodd-Frank deadlines and requirements, so new legislation that ultimately adds more rule-making, responsibilities and oversight to the SEC staff would need to be digested-There is not a corresponding bill in the Senate yet• There is much discussion about which SROs will surface as having the ability and the infrastructure to support the oversight, examinations, and reporting requirements of the bill.