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JUNE 6th HEARING ON POSSIBLE SRO FOR INVESTMENT ADVISERS

WHAT IS GOING ON?	<ul style="list-style-type: none">• The House Financial Services Committee will begin hearing testimony regarding the bill known as the “Investment Adviser Oversight Act of 2012” on June 6, 2012.• The bill proposes adding regulatory oversight of investment advisers by a self-regulatory organization (SRO) such as FINRA.
WHO WILL TESTIFY?	<ul style="list-style-type: none">• The Financial Services Institute, which supports the bill, said it expects to have individuals testifying at the hearing in Washington.• The Investment Adviser Association (IAA), which opposes the measure, said it hasn't yet been asked to appear, but hopes to be invited.
WHAT ARE THEY SAYING?	<ul style="list-style-type: none">• “This bill would subject thousands of advisory firms to broad rulemaking, inspection and enforcement authority by a private regulator – in all likelihood FINRA. Instead of expanding FINRA’s jurisdiction, the IAA strongly supports strengthened regulation and oversight by the SEC: a single governmental regulator, fully accountable to Congress and the public,” the IAA said in a statement.• A spokesman for the Financial Services Institute, which supports the bill, said “We feel good about this. Momentum is clearly in our favor. Our goal is get this passed by committee this year and passed by the full House later this year.”• In April, FINRA estimated the start-up costs at between \$12 million to \$15 million and ongoing operational costs at between \$150 million and \$155 million. A Boston Consulting Group report projected the startup costs at between \$200 million and \$250 million and \$460 million to \$510 million for ongoing operations.• It appears that the Financial Services Committee will pass the SRO bill, however many say that the Democrat-controlled Senate Banking Committee could present a challenge to the bill’s passage.