

SEC Open Meeting on Dodd-Frank Implementation

The SEC has scheduled a June 22 Open Meeting that will focus on the issues of whether to adopt new rules and rule amendments under the Investment Advisers Act of 1940 (the "Advisers Act") which would, among other things, increase the threshold for SEC registration of investment advisers, require SEC registration of advisers to hedge funds and other private funds, and address reporting by certain investment advisers that are exempt from investment adviser registration. The SEC will also consider whether to adopt a venture capital exemption from registration, and whether to adopt an exclusion from the definition of "investment adviser" for "family offices."

1. Increased Threshold for SEC Registration.

More definitive timing should be known as it relates to the date when advisers will need to comply with the revised SEC threshold of \$100,000,000. The majority of SEC-registered investment advisers that have assets under management below the revised threshold will likely need to withdraw their SEC registration and register with one or more state securities administrators.

2. Advisers to Private Equity and Hedge Funds.

We anticipate that advisers to private equity and hedge funds will now need to register with the SEC as investment advisers and comply with the provisions of the Advisers Act. Each such adviser will have expanded reporting requirements that are expected to require them to disclose various business issues, including the adviser's use of leverage, counterparty credit risk exposure, valuation policies, and type and amount of assets held.

3. Reporting by Exempt Investment Advisers.

We expect to receive greater clarity on the substance and format of the disclosure obligations for investment advisers that are exempt from SEC registration.

4. "Venture Capital" and "Family Offices".

We anticipate that the SEC will provide further information about venture capital fund and "family offices", including the extent to which they will be exempt from SEC registration and compliance with the Advisers Act.

This *Securities Law Alert* was written by Oren Chaplin of Norris McLaughlin & Marcus, P.A. If you have any questions regarding the information in this alert or any other related matters, please feel free to contact Oren by email at omchaplin@nmmlaw.com.

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