



Political Law Alert

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SEC Extends Comment Period on Proposed FINRA Pay-to-Play Rule

On March 29, 2016, the Securities and Exchange Commission (SEC) filed an order instituting proceedings (the Order) intended to determine whether to approve or disapprove Financial Industry Regulatory Authority (FINRA) Proposed Rules 2030 and 4580 (the Proposed Rules). The Proposed Rules would impose pay-to-play restrictions and recordkeeping requirements on broker-dealers that act as placement agents for investment advisors or their managed funds. Our December 24, 2015, mailing summarized the Proposed Rules.

The Order states that the SEC invites additional comment on the Proposed Rules, in light of the legal and policy issues raised by them. In particular, the Order notes that the SEC is reviewing whether the Proposed Rules comply with provisions in the Securities and Exchange Act of 1934 (the Act) requiring that FINRA rules must be designed to prevent fraudulent and manipulative acts and practices without imposing any unnecessary or inappropriate burden on competition.

Comments are due to the SEC by April 25, 2016, and any person rebutting another person's submission must file the rebuttal by May 19, 2016. Under the Act, if the SEC does not approve or disapprove the Proposed Rules within 180 days (or, with extensions, 240 days) of December 30, 2015 (the date the Proposed Rules were published in the Federal Register), the Proposed Rules are deemed approved.

The Order can be found here: <https://www.gpo.gov/fdsys/pkg/FR-2016-04-04/pdf/2016-07513.pdf>.

Please contact us with any questions.

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