SEC Proposes New Rule Under the Investment Advisers Act of 1940 to Curtail "Pay to Play" Practices

Date: 08/13/09

On August 3, 2009, the Securities and Exchange Commission ("SEC") released a proposed new rule under the Investment Advisers Act of 1940 ("Advisers Act") that would prohibit an investment adviser from providing advisory services for compensation to a government client for two years after the adviser or certain of its executives or employees make a contribution to certain elected officials or candidates. The SEC also released proposed amendments under the Advisers Act that would require investment advisers with government clients to keep records of contributions made by the adviser or certain of its executives or employees to certain elected officials or candidates.

Attorney

- John J. Schuster