RULES IMPLEMENTING AMENDMENTS TO THE INVESTMENT ADVISERS ACT OF 1940

July 18, 2011

On June 22, 2011, to implement provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") that apply to investment advisers, the Securities and Exchange Commission (the "SEC" or the "Commission") adopted final Rules Implementing Amendments to the Investment Advisers Act of 1940.

Pursuant to the final rule, each adviser registered with the SEC on January 1, 2012, must file an amendment to its Form ADV no later than March 30, 2012. Such amendments will identify mid-sized advisers no longer eligible to remain registered with the SEC. Mid-sized advisers that are no longer eligible for SEC registration must withdraw their registrations no later than June 28, 2012. Mid-sized advisers registered with the SEC as of July 21, 2011, must remain registered with the SEC (unless an exemption from SEC registration is available) until January 1, 2012. Until July 21, 2011, when the new rules take effect, advisers applying for registration with the SEC that qualify as mid-sized advisers may register with either the SEC or the appropriate state securities authority. Thereafter, all such advisers are prohibited from registering with the SEC and must register with the appropriate state securities authorities.

The final rule establishes public reporting requirements for advisers who are exempt from SEC registration under the new "venture capital" or "less than $150 million" exemptions. Exempt advisers must publicly file and periodically update a subset of items required by Part 1 of Form ADV.

The SEC also implemented a uniform method for advisers to calculate assets under management, created a buffer for mid-sized advisers to prevent an adviser from having to frequently switch back and forth between state and SEC registration, amended the "pay to play" rule so it applies to both exempt reporting advisers and foreign private advisers, and created three relatively narrow exemptions from the prohibition on registration.

Finally, the final rule sets forth a transition period until March 30, 2011, for advisers that are newly required to register with the SEC due to the Dodd-Frank Act's repeal of the "private adviser" exemption.

The attached chart sets forth each proposed rule alongside the final rule and discusses significant differences between the proposed and final rules.

If you have any questions or wish to discuss the new rules, please contact Stephen Cohen at scohen@loeb.com or Erika Clampitt at eclampitt@loeb.com.

Loeb & Loeb's Dodd-Frank Financial Reform Task Force monitors key issues surrounding approval of the Dodd-Frank Wall Street Reform and Consumer Protection Act that are relevant to a broad spectrum of firm clients in the financial services industry. The multidisciplinary Task Force is comprised of attorneys across core practice areas - including general corporate, private equity, securities, mergers and acquisitions, consumer protection and banking and finance - who are focused on analyzing the historic legislation and interpreting the significant business implications for financial institutions and commercial companies nationwide.