

MEMO# 29811

April 5, 2016

SEC Chair White Speech on Private Markets and Fintech

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TO: INVESTMENT ADVISERS COMMITTEE No. 5-16
END OF DAY PRICING FORUM No. 5-16 RE: SEC CHAIR WHITE SPEECH ON PRIVATE MARKETS AND FINTECH

On March 31, SEC Chair Mary Jo White delivered a speech [\[1\]](#) that addressed the changing landscape of private start-up financing, including the SEC's focus on the pre-IPO market, particularly for private start-up firms with valuations that exceed \$1 billion. Chair White noted there are several governance implications for the longer pre-IPO lifecycle, and that it is important to assess whether these private start-up companies are maturing their governance structures and internal control environments to match their size and market impact. Chair White also focused on the effect of valuations on secondary market participants in the private markets, where early stage employees are selling their stock to outside investors. She questioned whether these secondary markets have, or will have, sufficient liquidity to allow investors to trade out of their positions and whether they are transparent as to what that liquidity actually is.

Chair White also commented on "robo-advisors," noting that the staff is examining robo-advisors and proactively conveying the need for these entities to operate within the regulatory framework of the Advisers Act.

Linda M. French
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endnotes

[\[1\]](#) The speech was delivered at the SEC-Rock Center for Corporate Governance and is available at:

<https://www.sec.gov/news/speech/chair-white-silicon-valley-initiative-3-31-16.html>.

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