

MEMO# 26228

June 11, 2012

SEC Extends Compliance Date for Pay-to-Play Rule Ban on Payments to Third-Party Solicitors

[26228]

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TO: BANK, TRUST AND RETIREMENT ADVISORY COMMITTEE No. 24-12
BROKER/DEALER ADVISORY COMMITTEE No. 27-12
COMPLIANCE MEMBERS No. 8-12
INVESTMENT ADVISER MEMBERS No. 13-12
OPERATIONS MEMBERS No. 2-12
SMALL FUNDS MEMBERS No. 18-12
TRANSFER AGENT ADVISORY COMMITTEE No. 35-12 RE: SEC EXTENDS COMPLIANCE DATE FOR PAY-TO-PLAY RULE BAN ON PAYMENTS TO THIRD-PARTY SOLICITORS

As you may recall, the SEC's 2011 pay-to-play rule, Rule 206(4)-5 under the Investment Advisers Act of 1940, banned federally-registered investment advisers from paying solicitation fees to third-party solicitors that solicited government entities on behalf of the adviser unless the recipient of the fee was either an SEC-registered adviser or a FINRA member subject to a FINRA pay-to-play restriction. [\[1\]](#) The compliance date for this ban was June 13, 2012.

In light of the pending SEC rules providing for the registration of municipal securities advisors, on June 8, 2012, the SEC extended the compliance date for the pay-to-play rule's ban until nine months after the compliance date for the municipal securities advisor rules. [\[2\]](#) In the SEC's view, this extension should facilitate an orderly transition to the ban by advisers and municipal securities advisors and their third-party solicitors.

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endnotes

[\[1\]](#) See subdivision (a)(2)(i) of the rule as well as the rule's definition of "regulated person"

in subdivision (f)(9). To date, FINRA has neither proposed nor adopted pay-to-play restrictions.

[2] The SEC's Release extending the compliance date is available at:
<http://sec.gov/rules/final/2012/ia-3418.pdf>.

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