

MEMO# 25259

June 7, 2011

FINRA Issues Notice Encouraging Intermediaries to Assist with Advisers Pay-to-Play Compliance Efforts

[25259]

June 7, 2011

TO: 529 PLAN MEMBERS No. 4-11
BANK, TRUST AND RECORDKEEPER ADVISORY COMMITTEE No. 33-11
BROKER/DEALER ADVISORY COMMITTEE No. 34-11
CLOSED-END INVESTMENT COMPANY MEMBERS No. 43-11
COMPLIANCE MEMBERS No. 27-11
INVESTMENT ADVISER MEMBERS No. 13-11
MUNICIPAL SECURITIES ADVISORY COMMITTEE No. 30-11
PENSION MEMBERS No. 28-11
SEC RULES MEMBERS No. 65-11
SMALL FUNDS MEMBERS No. 39-11
TRANSFER AGENT ADVISORY COMMITTEE No. 44-11 RE: FINRA ISSUES NOTICE
ENCOURAGING INTERMEDIARIES TO ASSIST WITH ADVISERS PAY-TO-PLAY COMPLIANCE
EFFORTS

The Financial Industry Regulatory Authority ("FINRA") has issued an information notice to its members regarding the Securities and Exchange Commission's pay-to-play rule. [\[1\]](#) In the Notice, FINRA acknowledges that it may be difficult in certain situations for investment advisers to identify government accounts when shares in a fund managed by the adviser are held through an intermediary (e.g., omnibus accounts). In these cases, FINRA encourages its member firms to make reasonable efforts to assist investment advisers "to the extent that the information requested is readily available."

Tamara K. Salmon
Senior Associate Counsel Heather L. Traeger
Associate Counsel

endnotes

[1] See FINRA Information Notice: Political Contributions by Investment Advisers, dated June 6, 2011, ("Notice") available at <http://www.finra.org/web/groups/industry/@ip/@reg/@notice/documents/notices/p123757.pdf>. The rule prohibits an investment adviser from providing advisory services for compensation to a government client for two years if the adviser makes a contribution to certain elected officials or candidates. To comply with the rule, investment advisers must identify, when a fund is an investment option in a participant-directed government plan or program, government accounts for which it manages assets.

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