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Client Alert

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SEC Adopts Rules Relating to Investment Adviser Registration Exemptions and Reporting Requirements

SEC Implementation of the Dodd-Frank Wall Street Reform Act

On June 22, 2011, the Securities and Exchange Commission (“SEC”) adopted new rules under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), as required by Sections 403, 407, 408 and 410 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”). The “Exemptive Release” defines the scope of the registration exemptions available to advisers to venture capital funds, advisers to private funds with less than $150 million in assets under management in the United States and foreign private advisers. The “Implementation Release” requires reporting by certain “exempt reporting advisers” (including advisers to venture capital funds and private funds with less than $150 million in assets under management in the United States). Furthermore, the Implementation Release expands the reporting requirements for registered investment advisers on Form ADV. A copy of the SEC’s Exemptive Release is available here and a copy of the SEC’s Implementation Release is available here.

Background

Sections 403, 407 and 408 of Dodd-Frank eliminated the private adviser exemption from investment adviser registration and added new exemptions for foreign private advisers, advisers to venture capital funds and advisers to private funds with less than $150 million in assets under management in the United States, but left to the SEC responsibility to define the exemptions. The SEC also was directed by Sections 407 and 408 to impose recordkeeping and reporting requirements on advisers to venture capital funds and advisers to private funds with less than $150 million in assets under management in the United States. Section 410 of Dodd-Frank created a new category of “mid-sized” advisers with between $25 million and $100 million in assets under management and shifted primary oversight responsibility for those advisers from the SEC to the states. The new rules delineate the scope of these exemptions, expand Form ADV reporting requirements and provide rules for the transition from federal to state regulatory authority. The final rules include some modifications from the rules proposed by the SEC on November 19, 2010.

The SEC is expected to propose additional rules in the future regarding adviser recordkeeping requirements required by Dodd-Frank.

Exemption for Advisers to Venture Capital Funds

Under Section 203(l) of the Advisers Act, which was added by Dodd-Frank, an adviser may qualify for the venture capital fund adviser exemption if it advises solely “venture capital funds” — without regard to the number or size of such funds. Advisers that qualify for this exemption will be considered “exempt reporting advisers” and will be required to file reports with the SEC as described in more detail below.

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To be considered a "venture capital fund," a fund must satisfy all of the following key elements:

1. ***Representation as Pursuing a Venture Capital Strategy***: The fund must hold itself out to investors and potential investors as pursuing a venture capital strategy. Whether a fund has satisfied this element will depend on all of the statements (and omissions) made by the fund to its investors and prospective investors.

2. ***Limitation on Fund Investments***: Immediately after the acquisition of any asset, other than qualifying investments or short-term holdings, the fund may hold no more than 20 percent of the amount of the fund's aggregate capital contributions and uncalled committed capital in assets (other than short-term holdings such as cash and cash equivalents, U.S. Treasuries with a remaining maturity of 60 days or less and shares of registered open-end investment companies) that are not qualifying investments. The SEC modified this requirement of the exemption to provide a non-qualifying basket for investments that would not otherwise satisfy all of the elements of the rule. To determine whether the fund is within the 20 percent limit, at the time the fund acquires a non-qualifying investment, it must calculate the value of all non-qualifying investments as a percentage of the fund's total bona fide capital commitments. For this purpose, the fund may use either historical cost or fair value as long as the same method is applied to all investments in a consistent manner during the term of the fund.

"Qualifying investments" include any equity security issued by a "qualifying portfolio company" that has been acquired directly by the private fund from the qualifying portfolio company. Since the rule defines "equity security" by reference to the Securities Exchange Act of 1934 (the "Exchange Act"), it includes common stock, preferred stock, warrants and other convertible securities as well as limited partnership interests. Any secondary purchases of equity securities would not be considered qualifying investments and would count against the 20 percent non-qualifying basket. Qualifying investments also include certain equity securities received in exchange for a permitted equity security. These additional provisions permit a qualifying fund to participate in reorganizations of the capital structure of portfolio companies and certain mergers.

A "qualifying portfolio company" is any company that:

- → at the time of any investment by the private fund is not reporting or foreign traded and does not have a control relationship with another company, directly or indirectly, that is reporting or foreign traded;

- → does not borrow or issue debt obligations in connection with the private fund's investment in such company and distribute to the private fund the proceeds of such borrowing or issuance in exchange for the private fund's investment; and

- → is not an investment company, a private fund or an issuer that would be an investment company but for the exemption in Rule 3a-7 of the Investment Company Act of 1940 (the "Investment Company Act"), or a commodity pool.

The first element of the "qualified portfolio company" definition was modified in the final rules in response to comments so that a qualifying fund will not be in the position of having to dispose of securities of a qualifying portfolio company that becomes a public company after the venture capital fund makes its investment. In addition, if a fund wants to acquire the securities of a company after it becomes a public reporting company, it can do so but the acquisition will count against the 20 percent non-qualifying investment basket.

While the proposed rule would have prohibited venture capital funds from investing in other private funds or pooled investment vehicles (such as a venture capital fund of funds), the final rules were modified to permit such investments to be made through the 20 percent non-qualifying investment basket.

3. ***Limitation on Leverage***: Both the fund and its portfolio companies must satisfy separate leverage limitations. First, venture capital funds may not incur leverage in excess of 15 percent of the private fund's aggregate capital contributions and uncalled committed capital, and any such leverage must be for a nonrenewable term of no longer than 120 calendar days (except that any guarantee by the fund of a qualifying portfolio company's obligations up to the amount of the value of the private fund's investment is not subject to the 120 calendar day limit). Second, as described above, qualifying portfolio companies may not borrow in connection with the private fund's investment and distribute the proceeds of such borrowing to the private fund.

The fund borrowing restrictions are intended to provide some flexibility for short-term borrowing and, because the restrictions are determined on an aggregated committed capital basis, would permit short-term financing of 100 percent of a particular transaction or capital call as long as it was less than 15 percent of the fund's committed capital and was outstanding for less than 120 days. Any financing to a portfolio company that was provided by, or was a condition of the contractual obligation with, the fund or its adviser as part of the fund's investment, would be regarded as being "in connection with" the fund's investment but would not be prohibited unless the proceeds of the financing were distributed to the venture capital fund in exchange for its investment. The rules are not intended to prevent portfolio companies from borrowing in the ordinary course of their business.

4. ***No Redemption Rights***: The private fund may only issue securities that do not provide a holder with any right, except in "extraordinary" circumstances, to withdraw, redeem or require the repurchase of such securities, but may entitle holders to receive distributions made to all holders pro rata. The restriction on redemption rights is intended to distinguish venture capital funds from hedge funds. The SEC recognized that many fund partnership agreements provide for withdrawal or exclusion rights for certain investors (such as ERISA or governmental plan investors) based on tax or regulatory developments or changes in certain laws, and noted in the release that withdrawal, exclusion or similar "opt-out" rights would be deemed "extraordinary circumstances" if they are triggered by a material change in the tax law after an investor invests in the fund or by the enactment of laws that may prohibit an investor's participation in the fund's investments in particular countries or industries. General partners will need to take care that their practices relating to redemptions and granting consents to transfers do not result in de facto redemption rights in the ordinary course.

5. ***Private Fund Requirement***: Venture capital funds must qualify as "private funds" as defined in new Section 202(a)(29) under the Advisers Act. A private fund is any fund not required to register as an "investment company" under the Investment Company Act pursuant to an exclusion contained in Section 3(c)(1) or Section 3(c)(7). As a result, registered investment companies and entities relying on other exclusions from investment company status do not qualify for the exemption.

The SEC did not include in the final rules the management involvement requirement included in the proposed rules.

Application to Non-U.S. Advisers: Both U.S. and non-U.S. advisers may rely on the venture capital fund exemption as long as all of their clients, whether U.S. or non-U.S., are venture capital funds. Because a non-U.S. fund that does not use U.S. jurisdictional means to conduct an offering would not be a private fund and thus would not qualify for the venture capital exemption, even if it otherwise met the venture capital exemption criteria, the SEC included a note in the final rule permitting an adviser to treat as a "private fund" any non-U.S. fund that is not offered through the use of U.S. jurisdictional means but that would be a private fund if the issuer were to conduct a private offering in the United States. However, the non-U.S. fund would be treated as a private fund under the Advisers Act for all purposes.

Grandfathering Provision: The SEC also adopted a grandfathering provision that includes in the venture capital fund exemption any "private fund" that (1) held itself out to investors and potential investors at the time of the offering of the private fund's securities that it would pursue a venture capital strategy, (2) held a closing with third-party investors prior to December 31, 2010, and (3) does not sell any securities (including accepting any committed capital) after July 21, 2011, regardless of whether such fund meets the other venture capital fund exemption conditions. A fund relying on the grandfathering provision may call capital after July 21, 2011 as long as the investors became obligated by July 21, 2011 to make capital contributions.

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Funds seeking to qualify for the grandfathering exemption should examine all of the statements and representations made to investors and potential investors to determine whether the "held out" requirement has been satisfied.

Exemption for Advisers to Private Funds with Less than $150 Million in AUM in the United States

Under Section 203(m) of the Advisers Act, which was added by Dodd-Frank, an adviser could qualify for an exemption from the Advisers Act registration requirements if it advises only private funds and has assets under management in the United States of less than $150 million. The SEC rule applies different standards for this private fund adviser exemption for U.S. advisers and non-U.S. advisers. The narrow scope of the foreign private adviser exemption discussed below may be somewhat mitigated by the more flexible approach provided to non-U.S. advisers in the private fund adviser exemption. As with venture capital fund advisers, these private fund advisers will be "exempt reporting advisers" and will be required to file reports with the SEC as described in more detail below.

U.S. Advisers: An adviser with its "principal office and place of business" in the U.S. would qualify for the private fund adviser exemption if it:

- → acts solely as an adviser to one or more "qualifying private funds"; and
- → manages "private fund assets" of less than $150 million.

For a U.S. adviser, in order to qualify for the private fund adviser exemption, all of the adviser's clients must be private funds. In addition, all of a U.S. adviser's assets under management will be counted, even if managed by an office outside of the U.S.

Non-U.S. Advisers: An adviser with its "principal office and place of business" outside the U.S. would qualify for the private fund adviser exemption if:

- → it has no client that is a "United States person" except for one or more "qualifying private funds"; and
- → all assets managed by the adviser at a "place of business" in the U.S. are solely attributable to "private fund assets," the total value of which is less than $150 million.

For a non-U.S. adviser, only its U.S. clients must be qualifying private funds. The exemption does not take into account the adviser's business activities outside the U.S. and thus the type and number of its non-U.S. clients are not relevant for purposes of the exemption. In addition, for non-U.S. advisers, only the private fund assets managed at a place of business in the U.S. are counted toward the $150 million limit. Thus, the key determination for non-U.S. advisers in applying the private fund adviser exemption will be first to confirm they do not have a "principal office and place of business" in the U.S. and then to determine what types of assets are "managed" at any "place of business" in the U.S.

For purposes of this exemption, the SEC has adopted a number of new definitions:

- → "***Assets under management***" (discussed in more detail below) means the adviser's "regulatory assets under management" and includes assets appearing on any private fund's balance sheet as well as proprietary assets, assets managed without compensation and uncalled capital commitments and does not deduct liabilities such as accrued fees and expenses and the amount of any borrowings. The adviser must determine the amount of its private fund assets based on the market value of those assets (or the fair value of those assets where market value is unavailable). As a result, significant appreciation in an investment held by a fund could take that fund's adviser outside the scope of this exemption, requiring registration. Although the availability of this exemption is determined based on gross assets,

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the SEC noted that it will not preclude an adviser from holding itself out as managing a net amount of assets as may be its custom.

- “***Principal office and place of business***” means the executive office of the adviser from which the officers, partners or managers of the adviser direct, control and coordinate the activities of the adviser.

- “***Private fund assets***” means the adviser’s assets under management attributable to a qualifying private fund. The final rule requires that calculations of the amount of private fund assets be made annually (rather than as of the end of each calendar quarter as originally proposed).

- “***Qualifying private fund***” means any private fund that is not registered as an “investment company” under the Investment Company Act and has not elected to be treated as a business development company. For purposes of this exemption, an investment adviser may treat as a qualifying private fund any issuer that qualifies for any exclusion from the definition of “investment company” in section 3 of the Investment Company Act as long as the fund also qualifies for an exclusion under section 3(c)(1) and/or section 3(c)(7) and the investment adviser treats the issuer as a private fund under the Advisers Act and its rules for all purposes. But a fund relying solely on an exclusion such as section 3(c)(5)(C) and not 3(c)(1) or 3(c)(7) would not be able to rely on the exemption. The SEC indicated that whether a single investor fund could be a qualifying private fund for purposes of the exemption depends on the facts and circumstances. For example, a fund that seeks to raise capital from multiple investors but has only a single investor for a period of time could qualify.

- “***United States person***” means any “U.S. person” as defined in Rule 902(k) of Regulation S, except that any discretionary account or similar account that is held for the benefit of a United States person by a dealer or other professional fiduciary is a United States person if the dealer or professional fiduciary is a related person of the adviser relying on this section and is not organized, incorporated or (if an individual) resident in the United States. Regulation S generally looks to the residence of an individual, the jurisdiction of formation or incorporation for partnerships and corporations and the residence of the trustee for trusts. The SEC included a special note in the final rule to provide that a client will not be considered a United States person if the client was not a United States person at the time it became a client of the adviser. The special rule for discretionary accounts was included in the final rule out of concern that non-U.S. discretionary accounts maintained by an offshore affiliate of an adviser could disguise what otherwise would be a U.S. client or investor.

The SEC noted that advisers relying on this exemption may not combine this exemption with other exemptions.

Transition Rule: The rules afford an adviser up to 90 days to register with the SEC after filing the annual updating amendment, and the adviser may continue to act as a private fund adviser during the transition period. An adviser may only take advantage of the transition period if the adviser has complied with the applicable exempt adviser reporting requirements described below.

Exemption for Foreign Private Advisers

Section 403 of Dodd-Frank eliminated the private adviser exemption for advisers with fewer than 15 clients and added a new “foreign private adviser” exemption for any foreign private adviser that:

- has no place of business in the United States;

- has in total fewer than 15 U.S. clients and U.S. investors in private funds advised by the adviser;

- has aggregate assets under management attributable to U.S. clients and U.S. investors in private funds advised by the adviser of less than $25 million (or such higher amount as the SEC may prescribe); and

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- → does not hold itself out generally to the public in the U.S. as an investment adviser or act as an adviser to a registered investment company under the Investment Company Act.

Although there was some hope that the $25 million limitation would be increased in the final rule, the SEC did not alter this limitation. Instead, the SEC made clear that non-U.S. advisers that do not meet the $25 million limitation but have less than $150 million in assets under management could look to the private fund adviser exemption described above. However, private fund advisers (but not foreign private advisers) will be exempt reporting advisers subject to Advisers Act recordkeeping and SEC examination, in addition to the reporting described below.

The SEC included many of the existing safe harbor and client counting rules currently applied in the context of the private adviser exemption (eliminated by Dodd-Frank) in the context of counting clients for purposes of the foreign private adviser exemption, with a notable difference. The foreign private adviser exemption will require the counting of clients for which no compensation is received.

As required by Dodd-Frank, the foreign private adviser exemption requires the counting of "investors" in a private fund. The SEC rules count investors in a fund in the same manner it counts beneficial owners of outstanding securities of a Section 3(c)(1) fund, or determines whether the outstanding securities of a Section 3(c)(7) fund are owned exclusively by "qualified purchasers." However, unlike the existing beneficial ownership rules, the foreign private adviser exemption count includes holders of short-term paper issued by the private fund. The SEC modified its proposal in the final rule to exclude knowledgeable employees from the definition of "investors."

The adviser does not need to double-count both the fund (as a client) and the investors in the fund. The adviser in a master feeder arrangement must look through the feeder fund and treat as investors the holders of securities in any feeder fund formed or operated for the purpose of investing in the master. Any investor that is an investor in two or more funds may be counted only once. In addition, a fund must count as investors any holders of instruments (such as total return swaps) that transfer the risk of ownership.

For purposes of the exemption, advisers will not need to continually monitor the location of their clients. Instead, the final rules provide that a person will be determined to be "in the United States" at the time it becomes a client of the adviser or at the time the investor acquires securities issued by a fund advised by the adviser.

In addition, an adviser will have a "place of business" in the U.S. if it has an office in the U.S. where the adviser regularly provides advisory services, solicits, meets with or otherwise communicates with clients, and any location held out to the public as a place where the adviser conducts any such activities.

Calculation of Assets Under Management

The SEC amended the instructions to Form ADV to provide a uniform method for calculating "assets under management" for purposes of determining eligibility for SEC registration and determining the availability of the private fund adviser and foreign private adviser exemptions. This calculation methodology uses a new definition for "regulatory assets under management" in the Form ADV instructions and requires the following:

- → Advisers must include securities portfolios for which they provide continuous and regular supervisory or management services, regardless of whether these assets are proprietary assets, assets managed without receiving compensation or assets of foreign clients (all of which may be excluded under the current calculation instructions).

- → Advisers may not subtract accrued fees, expenses or the amount of any borrowings.

- → Advisers must include the value of any private fund for which it provides continuous and regular supervisory or management services, regardless of the nature of the assets held by the fund. This

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valuation must include the amount of any uncalled capital commitments to the fund and advisers must use the market value of the private fund's assets (or the fair value of private fund assets where market value is unavailable) for purposes of the calculation. The SEC is not requiring a specific fair value methodology under U.S. GAAP or international accounting standards and advisers may use the specific process for calculating fair value required by the fund's governing documents.

Reporting Requirements For Exempt Reporting Advisers

The SEC refers to venture capital fund advisers and private fund advisers as "exempt reporting advisers." Dodd-Frank codified the new exemptions for exempt reporting advisers in Sections 203(l) and 203(m) of the Advisers Act — rather than in Section 203(b) where the private adviser exemption had been located and the new foreign private adviser exemption is now located. This technicality is significant — it means that exempt reporting advisers will be subject to the SEC's examination authority under Section 204(a) of the Advisers Act, while foreign private advisers will not. Exempt reporting advisers will use the same reporting form as registered investment advisers (Form ADV — although they will be required to complete only a subset of its required items), will be required to submit much of the same information, will be subject to recordkeeping requirements and most importantly will be subject to the SEC's examination authority. The SEC rules for exempt reporting advisers impose a significant regulatory burden on these advisers that some may argue is nearly indistinguishable from the burden imposed on registered investment advisers.

The key elements of the reporting requirements for exempt reporting advisers that are similar to those for registered investment advisers include:

- → Form ADV will be considered filed upon acceptance by the IARD system.
- → FINRA, which operates the IARD system, will charge a filing fee, likely based on assets under management.
- → Form ADVs for exempt reporting advisers will be publicly available.
- → Form ADV will permit exempt reporting advisers to satisfy both state and SEC filing requirements with a single filing.
- → An exempt reporting adviser can transition to a registered investment adviser by filing an amendment to Form ADV.
- → Form ADV will require each exempt reporting adviser to specify which exemption it is relying on to report, rather than register.
- → Exempt reporting advisers will be required to complete a number of Form ADV items, such as name, address, contact information, form of organization and ownership of the adviser, conflicts, disciplinary history of the adviser and its employees, and new proposals for "census" type information regarding private funds they manage.
- → Exempt reporting advisers will be required to update and amend their Form ADVs on the same timetable as registered investment advisers (at least annually, within 90 days of the adviser's fiscal year-end or more frequently as required by the Form ADV instructions).
- → If an adviser ceases to be an exempt reporting adviser, it must file a final report.

Unlike registered investment advisers, exempt reporting advisers will not be required to complete Part 2 — the client brochure — and certain other portions of Part 1 of Form ADV. However, an exempt reporting adviser that is registering with a state securities authority must complete all of Form ADV.

Timing: An exempt reporting adviser generally must submit its initial Form ADV within 60 days of relying on the exemption, but the SEC delayed the compliance date for the new requirement such that first reports are due by March 30, 2012.

Additional Form ADV Amendments

The SEC adopted additional amendments to Part 1 of Form ADV that apply to registered investment advisers (certain items also apply to exempt reporting advisers) to provide it with additional information regarding investment adviser operations. This information, together with the additional information required as a result of the SEC's recent amendments to Part 2 of Form ADV, will result in the disclosure of significantly more information. The disclosure includes:

- → ***Private Fund Reporting***: Registered investment advisers and exempt reporting advisers will be required to provide information for any "private fund" that the adviser (and not a related person) advises. Affiliates will be expected to separately report information regarding their private funds. An adviser with a principal office and place of business outside the United States could omit any private fund that is not organized in the United States and that is not offered to or owned by United States persons. Expanded information will be required, including basic organizational, operational and investment characteristics of the fund, the amount of gross assets held by the fund (but not net assets) and the nature of the investors in the fund. In addition, information regarding five types of service providers that the SEC regards as "gatekeepers" (auditors, prime brokers, custodians, administrators and marketers) will be required, including their names, locations, whether they are related persons of the adviser and their registration status. In addition, advisers must report whether the fund's auditor issued an unqualified opinion.

- → ***Advisory Business Information***: Each registered investment adviser (but not exempt reporting advisers) will be required to provide refined or clarifying information about its business, including the number of employees, the number of employees that are registered representatives, the amount of assets it manages, the number and types of clients, the percentage of clients that are not U.S. persons and the types of advisory services it provides.

- → ***Financial Industry Affiliations***: Registered investment advisers and exempt reporting advisers will be required to provide additional and more detailed information regarding those financial services provided by the adviser as well as its related persons.

- → ***Participation in Client Transactions***: Registered investment advisers (but not exempt reporting advisers) will need to provide information relating to whether the adviser or a related person engages in transactions with clients as a principal, sells securities to clients or has discretionary authority over client assets.

- → ***Reporting $1 Billion in Assets***: Because Section 956 of Dodd-Frank requires the SEC, with certain other federal regulators, to adopt rules addressing incentive-based compensation arrangements for advisers with $1 billion or more in assets, the SEC will require advisers (and exempt reporting advisers) to indicate whether they meet the $1 billion threshold based on the adviser's balance sheet for the most recent year-end. For purposes of this item, the SEC interprets the Dodd-Frank provision to mean the total assets of the advisory firm rather than the total "assets under management."

State/Federal Registration For "Mid-Sized" Advisers With Between $25 Million and $100 Million in AUM

Section 410 of Dodd-Frank amended Section 203A of the Advisers Act and created a new category of "mid-sized" advisers with between $25 million and $100 million in assets under management. Section 203A generally prohibits an adviser from registering with the SEC unless the adviser has at least $25 million in assets under management. Dodd-Frank shifted primary responsibility for the new category of "mid-sized" advisers from the SEC to the states. However, under Dodd-Frank, these mid-sized advisers may still register with the SEC under

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certain circumstances. In addition, in order to facilitate the transition from federal to state registration, the SEC adopted a two-step process: The first step will require all investment advisers registered as of January 1, 2012, to file an amendment to Form ADV no later than March 30, 2012, to report the market value of their "assets under management." The second step will require only those investment advisers that no longer qualify for federal registration to withdraw their federal registration by filing Form ADV-W no later than June 28, 2012. Mid-sized advisers registered with the SEC as of July 21, 2011, are required to remain registered with the SEC until they switch to state registration after January 1, 2012. After July 21, 2011, all new registrants that are mid-sized advisers are prohibited from registering with the SEC and must register with the state securities authorities.

In addition, the SEC adopted a "buffer" for advisers with close to $100 million in assets under management. A mid-sized adviser must register with the SEC when it has $110 million in assets under management, but does not need to withdraw its registration until it has less than $90 million of assets under management. This rule is effective September 19, 2011.

Pay to Play Rule Amendments

The SEC extended Rule 206(4)-5, the "pay to play" rule adopted in July 2010, to apply to exempt reporting advisers and foreign private advisers. Additional amendments include: (1) permitting an adviser to pay a regulated municipal advisor (which is a new category of regulated person created by Dodd-Frank) as well as certain other permitted regulated persons to solicit government entities on its behalf and (2) extending the compliance date from September 13, 2011, to June 13, 2012.

Advisers Previously Exempt under the Private Adviser Exemption

Advisers that were relying on, and were entitled to rely on, the private adviser exemption in Section 203(b)(3) on July 20, 2011, may delay registering with the SEC until March 30, 2012. Because the initial application for registration can take up to 45 days to be approved, the SEC noted that an adviser relying on this transition provision to remain unregistered should file its complete application by February 14, 2012.

Further Information

The Hunton & Williams Private Investment Funds practice group regularly represents funds, sponsors and a variety of investors in all types of private investment fund matters, including structuring, formation, offerings and compliance. We will continue to monitor the progress of the SEC's rulemaking to implement Dodd-Frank's requirements relating to investment advisers as well as relevant trends in private investment fund regulation.

For additional information on financial industry recovery proposals, see our related memoranda, available on www.huntonfinancialindustryresourcecenter.com. For additional information on recent legislation and regulations relating to regulation of private investment funds and their advisers, see our prior memoranda available on our website at www.hunton.com.

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