

Investor Protection Act of 2009

July 13, 2009 | Client Update

On July 10, 2009, the Treasury Department released the proposed Investor Protection Act of 2009 (the “Act”), which would, if enacted, implement portions of the financial reform proposals contained in the Administration’s recent White Paper. The Act enhances the regulatory powers of the Securities and Exchange Commission (“SEC”) in a number of areas, including authorizing the issuance of rules to: require broker-dealers and investment advisers to act solely in the best interest of retail (and potentially other) clients; prohibit sales practices, conflicts of interest and compensation schemes that the SEC deems to be contrary to investor interests; compel the provision of disclosure prior to the sale of interests in mutual funds; and limit or ban mandatory arbitration provisions in customer agreements.

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