

Investment Management Regulatory Update - March 2012

March 21, 2012 | Client Update

On February 15, 2012, the Securities and Exchange Commission (the “SEC”) issued a final rule release (the “Release”) adopting amendments (the “Amendments”) to Rule 205-3 under the Investment Advisers Act of 1940 (the “Advisers Act”), which provides an exemption from the prohibition in Section 205(a)(1) of the Advisers Act against registered investment advisers entering into any investment advisory contract that charges a performance fee. Under Rule 205-3, an adviser is permitted to charge a performance fee in an investment advisory contract if the client that is a party to such contract meets the definition of “qualified client.”

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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