Davis Polk

Incentive Compensation Rules Proposed for Investment Advisers

June 1, 2016 | Client Update

On May 6, 2016 the Securities and Exchange Commission ("**SEC**") joined the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Federal Housing Finance Agency and the National Credit Union Administration in approving substantially identical proposed rules pursuant to Section 956 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Proposed Rule**"). The Proposed Rule imposes significant restrictions on incentive-based compensation arrangements at large financial institutions. The SEC's version of the Proposed Rule, which differs significantly from the original rule as proposed in 2011, applies specifically to investment advisers and broker-dealers.

This memorandum focuses on how the Proposed Rule will affect investment advisers. For a more general discussion of the Proposed Rule, please see the May 12, 2016 Davis Polk Visual Memorandum, "Incentive Compensation for Financial Institutions: Reproposal ."

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.

Nora M. Jordan
+1 212 450 4684
nora.jordan@davispolk.com

Leor Landa
+1 212 450 6160
leor.landa@davispolk.com

Kyoko Takahashi Lin
+1 212 450 4706
kyoko.lin@davispolk.com

Gregory S. Rowland
+1 212 450 4930
gregory.rowland@davispolk.com

Related materials

2016-06-01_Incentive_Compensation_Rules_Proposed_for_Investment_Advisers.pdf