



Investment Services Regulatory Update

October 2024
Monthly Version

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New Rules, Proposed Rules, Guidance and Alerts

NEW AND PROPOSED RULES

FinCEN Adopts Final Rule Extending Anti-Money Laundering Compliance Program Requirements to Certain Investment Advisers

On August 28, 2024, the Financial Crimes Enforcement Network (FinCEN) adopted a final rule (Final Rule) that adds registered investment advisers (RIAs) and exempt reporting advisers (ERAs) to the definition of “financial institution” under the Bank Secrecy Act, thereby extending certain anti-money laundering/countering the financing of terrorism (AML/CFT) program requirements to these advisers. The Final Rule was adopted substantially as proposed in [February 2024](#), however, the Final Rule clarifies the scope of the Rule. The Final Rule is effective, and compliance with the Rule is required by, January 1, 2026.

The Final Rule requires certain RIAs and ERAs to develop and implement a written AML/CFT program that is risk-based and reasonably designed to prevent the adviser from being used for money laundering, terrorist financing or other illicit finance activities. The AML/CFT program must:

- designate one or more AML compliance officers, who should be an officer of the adviser (or individual with similar authority);
- institute an ongoing employee training program;
- require independent testing of the effectiveness of the program; and
- implement risk-based procedures for conducting ongoing customer due diligence to (1) understand the nature and purpose of customer relationships for the purpose of developing a customer risk profile; and (2) identify and report suspicious transactions (suspicious activity

reporting) and, on a risk basis, to maintain and update customer information.

In a change from the proposed rule, FinCEN narrowed the definition of “investment adviser” to exclude RIAs that register with the SEC solely because they are mid-sized advisers, multi-state advisers or pension consultants, as well as RIAs that do not report any assets under management on Form ADV. In addition, the Final Rule clarifies that for investment advisers with a principal office and place of business outside the United States, only activities that take place within the United States (including activities involving the adviser’s U.S. personnel) or that provide services to a U.S. person or a foreign-located private fund with an investor that is a U.S. person are subject to the Rule.

The Final Rule permits advisers to exclude bank- and trust company-sponsored collective investment funds from the AML/CFT program requirements, and similarly permits the exclusion of mutual funds without obligating the adviser to verify that the mutual fund has implemented an AML/CFT program.

Consistent with the proposed rule, the Final Rule permits advisers to delegate contractually the implementation and operation of certain aspects of its AML/CFT program, however, the adviser remains fully responsible and legally liable for the program’s compliance with the AML/CFT requirements. FinCEN has delegated its examination authority with respect to AML/CFT requirements to the SEC given the SEC’s expertise in the regulation of investment advisers and the existing delegation to the SEC of authority to examine broker-dealers and certain investment companies for AML/CFT compliance.

The adopting release is available [here](#).

SEC Amends Form N-PORT and N-CEN Reporting Requirements and Issues Guidance on Open-End Fund Liquidity Risk Management Programs

On August 28, 2024, the SEC adopted amendments to reporting requirements on Form N-PORT and Form N-CEN and issued guidance on open-end fund liquidity risk management programs. Notably, the SEC declined to adopt the proposed mandatory swing pricing requirement, hard close requirement

and removal of the “less liquid” category regarding classification of portfolio investments pursuant to Rule 22e-4 under the Investment Company Act of 1940 (Liquidity Rule).

Amendments to Form N-PORT

Currently, funds are required to file Form N-PORT on a quarterly basis to report information on a fund’s portfolio holdings as of month-end for each month in the quarter, within 60 days of quarter-end, with information for the third month of the quarter made publicly available. The amendments to Form N-PORT will require funds to file Form N-PORT on a monthly basis within 30 days of month-end, and information for each month will be publicly available 60 days after month-end.

Amendments to Form N-CEN

The amendments to Form N-CEN will require funds subject to the Liquidity Rule to identify and provide certain information about service providers a fund uses to fulfill requirements of the Rule. Funds will be required to name each liquidity service provider used and provide identifying information (including its legal entity identifier), identify if the liquidity service provider is affiliated with the fund or its investment adviser, identify the asset classes for which that liquidity service provider provided classifications, and indicate whether the service provider was hired or terminated during the reporting period.

Guidance on Liquidity Risk Management Programs

While the SEC did not adopt proposed amendments to the Liquidity Rule, it issued guidance related to open-end fund liquidity risk management program requirements pursuant to the Rule, as summarized below.

Frequency of Classification. The Liquidity Rule requires funds to review liquidity classifications more frequently than monthly if changes in relevant market, trading and investment-specific considerations are reasonably expected to materially affect one or more of the fund’s investment classifications. The Liquidity Rule requires adoption of policies and procedures reasonably designed so that funds can conduct the required intra-month review if changes have occurred. The guidance advised that a fund’s policies and procedures should identify, for example, the type of information a fund will use to identify relevant intra-month changes and to review liquidity classifications intra-month, as well as the timeliness of that information. The guidance states that funds generally should consider reviewing liquidity classifications if changes in portfolio composition are reasonably expected to materially affect one or more investment classifications. The guidance also provides that funds should consider classifying newly acquired investments intra-month if acquiring a particular investment is reasonably expected to result in material changes to the fund’s liquidity profile.

Meaning of Cash. To determine whether an investment can be classified as highly liquid or moderately liquid, the Liquidity Rule requires a fund to consider the time in which it reasonably expects an investment to be convertible to cash without significantly changing the market value of the investment. As stated in the adopting release for the Liquidity Rule, the term “cash” means U.S. dollars and does not include foreign currencies or cash equivalents. The guidance provides that, in addition to considering the time required to sell and settle an investment denominated in foreign currency, funds need to consider the time required to convert the foreign currency received for the sale into U.S. dollars when classifying the fund’s investments. Similarly, foreign currency held by a fund for investment purposes must be classified based on the time required to convert the foreign currency into U.S. dollars. The guidance provides that it would be reasonable for a fund to assume that it initiates a hypothetical currency conversion at the same time as a hypothetical sale of the foreign investment, meaning that a fund is not required to assume it can initiate a currency conversion only after the sale and settlement of the foreign investment. The guidance also provides that when a fund converts an illiquid foreign investment into an illiquid local currency as a step toward reducing the fund’s illiquid investments, the SEC would not consider the fund as acquiring the illiquid currency in violation of the Liquidity Rule’s prohibition on acquiring illiquid investments in excess of the Liquidity Rule’s 15% limit.

Highly Liquid Investment Minimum. The Liquidity Rule requires funds that do not primarily hold assets that are highly liquid investments to have a highly liquid investment minimum (HLIM). The guidance states that a fund that invests significantly in less liquid or illiquid investments, such as a bank loan fund, generally should consider establishing an HLIM that is higher than that of a fund that is more liquid. The guidance further states that funds with investment strategies that have had greater volatility of flows than other investment strategies—or that are reasonably expected to have greater volatility—would generally need HLIMs that are higher than funds whose strategies tend to entail less flow volatility. The SEC acknowledged that a line of credit can be taken into account when determining an HLIM, however the SEC continues to believe that liquidity risk management is better conducted primarily through construction of a fund’s portfolio. In addition, the guidance states that a fund that has established an HLIM is not required to continuously maintain a specific level of highly liquid assets and is not prohibited from using those assets to meet redemptions. The guidance reiterates that the only consequence of a fund dropping below its HLIM is the triggering of the fund’s shortfall policies and procedures, which must include notifying the fund’s board of the shortfall at the board’s next

regularly scheduled meeting or, if the shortfall continues for more than seven consecutive calendar days, notifying the board and filing a confidential report with the SEC on Form N-RN within one business day.

The amendments to Forms N-PORT and N-CEN will become effective on November 17, 2025. Funds generally will be required to comply with the amendments for reports filed on or after that date, except that fund groups with net assets of less than \$1 billion will have until May 18, 2026, to comply with the Form N-PORT amendments.

The SEC's adopting release is available [here](#), a related fact sheet is available [here](#) and a related press release is available [here](#).

FDIC Proposes Rule Amendments to Expand Its Role in Reviewing Depository Institution Holding Company Acquisitions

On July 30, 2024, the Federal Deposit Insurance Corporation (FDIC) proposed amendments to regulations under the Change in Bank Control Act of 1978 (the CBCA) that would subject certain acquisitions of holding companies of FDIC-supervised institutions to FDIC advance notice requirements.

Currently, an entity is generally required to file a change-in-control notification with the FDIC in advance of a proposed transaction that would result in the entity acquiring control (generally defined as 25% ownership)¹ of an insured state nonmember bank or an insured state savings association (i.e., an FDIC-supervised institution), or a company that directly or indirectly controls such institution, providing the FDIC generally 60 days to disapprove of the proposed transaction if it fails to satisfy any of the enumerated factors under the CBCA. An acquisition of a holding company of an FDIC-supervised institution is generally exempt from the FDIC notice requirement where the Federal Reserve Board (FRB) separately receives and reviews a notice under the CBCA. This exemption does not apply where the FRB accepts a "passivity commitment" from the acquiring entity in lieu of a notice—i.e., an agreement outlining the actions the acquiring entity will or will not take to rebut the regulatory presumption that the acquiring entity would control the acquired entity after the transaction. In such cases, the FDIC evaluates whether a notice to the FDIC is required and, in recent years, has typically not determined to require such notice.

According to the proposing release, as passive investment vehicles, such as index mutual funds and ETFs, have experienced significant growth in recent years, the FDIC has observed increasing ownership stakes taken by passively managed funds under common sponsorship, management or advisement, which the FDIC refers to as "fund complexes," in FDIC-supervised institutions and their controlling affiliates, pursuant to their index-tracking investment strategies, as well as more frequent requests for relief from the regulatory presumption of control and notice requirement. These developments have prompted the FDIC to reconsider its current filing requirements and processing procedures under the CBCA, as the FDIC is concerned about fund complexes having outsized influence or control over the management or policies of an institution, potentially leading to "excessive risk-taking to enhance profits, investor returns, or stock price" and creating concentration of ownership that may result in "excessive influence or control over the banking industry as a whole."

In light of these developments, the proposed amendments would remove the current exemption from the FDIC notice requirement for an acquisition of a holding company of an FDIC-supervised institution when the FRB separately receives and reviews a notice under the CBCA. As a result, regardless of whether the FRB receives and reviews a notice in such cases, or accepts a passivity commitment in lieu of notice, the FDIC will separately evaluate whether to require that a notice be filed with the FDIC or, as applicable, allow the acquiring entity the opportunity to rebut the regulatory presumption of control.

If adopted, the proposed amendments could have a material impact on large index fund complexes. For example, a fund complex may need to file a notice with the FDIC, or rebut the presumption of control in writing, in advance of a rebalancing event that could result in a change in control at an applicable institution, which could delay the rebalancing and potentially impact fund performance and tracking error.

Comments on the proposal are due on or before October 18, 2024.

The FDIC's proposing release is available [here](#) and a related press release is available [here](#).

¹"Control" for purposes of the CBCA means "the power, directly or indirectly, to direct the management or policies of an insured depository institution or to vote 25 per centum or more of any class of voting securities of an insured depository institution." While the CBCA does not describe what constitutes the power to direct the management or policies of an institution, FDIC regulations contain a rebuttable presumption that an acquisition resulting in the ownership of 10 percent or more of any class of voting securities constitutes control. As a result, in practice, for transactions that result in ownership above the 10 percent regulatory threshold but below the 25 percent statutory threshold for control, the acquiring entity generally will file a notice with the FDIC or rebut the presumption of control.

Litigation and Enforcement Matters

LITIGATION DEVELOPMENTS

District Court Issues Injunction Against Missouri ESG Rules

On August 14, 2024, the U.S. District Court for the Western District of Missouri issued a statewide permanent injunction against two ESG-related rules issued by the Missouri Securities Division that took effect in July 2023 (the Rules). In general, the Rules required investment advisers and broker-dealers and certain covered financial professionals of such firms to provide disclosure to, and obtain written consent from, Missouri investors if their securities recommendations or investment advice incorporated a “social objective” or other “nonfinancial objective” and imposed various potential penalties for noncompliance, including loss of registration, civil monetary penalties and criminal penalties. In August 2023, an industry trade association filed suit, claiming that the Rules: (1) are preempted by the National Securities Markets Improvement Act of 1996 (NSMIA); (2) are preempted by the Employment Retirement Income Security Act of 1974 (ERISA); (3) violate the protection against compelled speech under the First and Fourteenth Amendments to the U.S. Constitution; and (4) are impermissibly vague under the Fourteenth Amendment to the U.S. Constitution. The court granted summary judgment to the plaintiff trade association, finding in its favor with respect to each of its claims, and issued a statewide permanent injunction against the Rules.

The court held that the Rules are preempted by NSMIA—which the court notes was enacted to “alleviate the redundant, costly, and ineffective dual federal/state regulatory securities system” by designating “the federal government to oversee nation-wide securities offerings while allowing the states to retain control over small, regional or intrastate offerings”—because each Rule “impermissibly imposes new and different State regulatory obligations that are not required by federal law.” The court also held that the Rules are

preempted by ERISA because they “interfere with ERISA by restricting what investments may be recommended or selected, and by mandating disclosure and recordkeeping requirements not required by ERISA.” With respect to the constitutional claims, the court held that the Rules violate the First and Fourteenth Amendments’ protection against compelled speech, finding that the written consent statement required by the Rules is “not purely factual” and is “misleading” and that the Rules are “more extensive than necessary to further the government’s interest.” Finally, the court held that the Rules are impermissibly vague under the Fourteenth Amendment. The court cites the Rules’ inadequate definition of “nonfinancial objective” and notes that the vagueness of the Rules is “particularly troublesome” in light of the penalties that may be imposed for noncompliance.

The order was issued under the caption *Securities Industry and Financial Markets Association v. John R. Ashcroft and Douglas M. Jacoby*, No. 23-cv-04154-SRB.

ENFORCEMENT DEVELOPMENTS

SEC Settles Enforcement Proceedings Against Adviser for Alleged Whistleblower Protection Rule Violations

On September 26, 2024, the SEC announced the settlement of administrative proceedings brought against a registered investment adviser for various alleged violations of Rule 21F-17(a) under the Securities Exchange Act of 1934, also known as the Whistleblower Protection Rule, including entering into agreements with candidates for employment and a former employee that made it more difficult for them to report potential securities law violations to the SEC.

The SEC alleged that, from November 2020 through September 2023, the adviser entered into non-disclosure agreements (NDAs) with 12 candidates for employment that prohibited them from disclosing, including to government agencies specifically, that they had confidential information about the adviser. The SEC order states that, while the NDA permitted the candidates to respond to requests for information from the SEC, it required notification to the adviser of any such request and prohibited the candidates from responding to requests arising from a candidate’s voluntary act of disclosure.

The SEC also alleged that the adviser entered into a settlement agreement with a former employee that, while permitting the reporting of possible securities law violations to government agencies, required the former employee to affirm that such former employee had not sought to initiate any investigation by any governmental agency, was aware of no facts that would form the basis of such an investigation and would withdraw any statements already made that would form the basis of an investigation.

Without admitting or denying the allegations, the adviser agreed to cease and desist from future violations, to be censured and to pay a civil monetary penalty in the amount of \$500,000. In agreeing to the settlement, the SEC considered the remedial acts promptly undertaken by the adviser, including cooperation with and voluntary submission of documents to the SEC as part of the investigation, ceasing to use the violative provisions in its NDAs, terminating the NDAs of the candidates, and notifying the former employee that the settlement agreement does not prohibit providing information and/or documents to, and/or communicating with, SEC staff, without notice to or approval from the adviser.

The SEC's order is available [here](#) and a related press release is available [here](#).

SEC Settles Enforcement Proceedings Against Adviser for Allegedly Misleading Investors Regarding Its Investment Strategy

On September 19, 2024, the SEC announced the settlement of administrative proceedings brought against a registered investment adviser for allegedly making misleading statements regarding how it managed investments for clients and for failing to maintain adequate written policies and procedures governing the implementation of its investment criteria.

According to the order, from at least 2019 to March 2024, the adviser represented in various public disclosures that it used a science- and data-driven proprietary methodology to evaluate companies and that it would not invest in companies that have any degree of participation in certain enumerated activities or products that the adviser determined did not align with "biblical values." The SEC alleged that the adviser

misrepresented its research process, did not apply its investment criteria consistently, invested in companies that should have been excluded based on the adviser's stated investment criteria and had a research process that failed to prevent departures from its stated investment criteria. The SEC also alleged that the adviser failed to adopt written policies and procedures establishing a due diligence process to support the representations made to investors and setting forth a process for evaluating companies' activities as part of its investment process.

The SEC found that the adviser willfully violated (1) Section 206(2) of the Investment Advisers Act of 1940, which makes it unlawful for any adviser to engage in a transaction, practice or course of business that operates as a fraud or deceit upon a current or prospective client; (2) Section 206(4) of the Advisers Act and Rule 206(4)-8 thereunder, which make it unlawful for any investment adviser to make any untrue statement of a material fact or to omit to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading to any investor or prospective investor, or to otherwise engage in any fraudulent, deceptive, or manipulative act with respect to any investor or prospective investor; (3) Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, which require registered investment advisers to adopt and implement written compliance policies and procedures reasonably designed to prevent violations of the Advisers Act and the rules thereunder; and (4) Section 34(b) of the Investment Company Act of 1940, which makes it unlawful for any person to make any untrue statement of a material fact in any registration statement and other documents filed or transmitted pursuant to the Investment Company Act, or to omit to state therein any fact necessary in order to prevent the statements made therein, in the light of the circumstances under which they were made, from being materially misleading.

Without admitting or denying the allegations, the adviser agreed to cease and desist from future violations, to be censured, to pay a civil monetary penalty of \$300,000 and to retain an independent compliance consultant. In agreeing to the settlement, the SEC considered the remedial acts promptly undertaken by the adviser and its cooperation with the SEC staff.

The SEC's order is available [here](#) and a related press release is available [here](#).

SEC Settles Enforcement Proceedings Against Nine Advisers for Alleged Marketing Rule Violations

On September 9, 2024, the SEC announced the settlement of administrative proceedings brought against nine registered investment advisers for various alleged violations of Rule 206(4)-1 under the Investment Advisers Act of 1940, also known as the Marketing Rule, including the dissemination of advertisements containing untrue or unsubstantiated statements of material fact or testimonials, endorsements or third-party ratings that lacked required disclosures.

The SEC alleged that two of the advisers disseminated advertisements on their websites which contained untrue statements of material fact, one relating to third-party ratings that were misstated and the other relating to the adviser's purported membership in a non-existent organization.

The SEC alleged that four of the advisers disseminated advertisements on their websites which contained unsubstantiated statements of material fact claiming that the adviser or its representative provided investment advice without conflicts of interest, statements that were at odds with disclosures in the adviser's Form ADV brochure.

The SEC alleged that five of the advisers advertised testimonials, endorsements or third-party ratings that lacked required disclosures. These included: (1) endorsements that did not disclose that the endorsement was given by a person that was not a current client, that cash compensation was provided for the endorsement, or any material conflicts of interest resulting from the compensation arrangement; (2) third-party ratings that did not disclose the date on which the rating was given or the period of time upon which the rating was based; and (3) purported testimonials that were not from current clients.

Without admitting or denying the allegations, each of the nine advisers agreed to cease and desist from future violations, to be censured, to comply with certain undertakings and to pay civil monetary penalties, which totaled \$1,240,000 in aggregate, with penalties ranging from \$60,000 to \$325,000. These settlements highlight the SEC's continued focus on Marketing Rule violations, having reached similar settlements for alleged Marketing Rule violations in [September 2023](#), [April 2024](#), [June 2024](#) and [August 2024](#).

The SEC's press release is available [here](#).

SEC Settles Enforcement Proceedings Against Adviser Regarding Alleged "Pay-to-Play" Political Contribution

On August 19, 2024, the SEC announced the settlement of administrative proceedings brought against a registered investment adviser for alleged violations of Section 206(4) of the Investment Advisers Act of 1940 and Rule 206(4)-5 thereunder, known as the "pay-to-play" rule, concerning a political campaign contribution. The pay-to-play rule prohibits registered investment advisers from providing investment advisory services for compensation to a government entity within two years after the adviser or its covered associate makes a contribution to an official of the government entity, including a candidate for office.

According to the order, an individual made a campaign contribution in 2019 to an incumbent candidate for elected office, which office had influence over selecting investment advisers for a state public pension fund. Over six months after the contribution, in 2020, the individual was hired by the adviser and became a covered associate of the adviser. The state public pension plan had previously invested in a private fund advised by the adviser in 2017 and within two years after the contribution and after the individual became a covered associate, the adviser continued to provide advisory services for compensation to this private fund, in which the state public pension fund was invested. The pay-to-play rule provides an exception for certain returned contributions and, in this case, after being hired by the adviser, the individual sought and obtained the return of the campaign contribution. However, the SEC determined that the circumstances of this returned contribution did not meet the requirements of the exception.

The SEC found that the adviser willfully violated the Advisers Act "pay-to-play" rule. Without admitting or denying the allegations, the adviser agreed to cease and desist from future violations, to be censured and to pay a civil monetary penalty of \$95,000. This settlement is in line with a similar order issued by the SEC in [April 2024](#), also involving an alleged violation of the pay-to-play rule.

The SEC's order is available [here](#).

SEC Settles Enforcement Proceedings Against Adviser/ Broker-Dealer for Alleged Fiduciary Duty Breaches Related to Receipt of Revenue Sharing Payments from Third-Party Broker-Dealer

On August 12, 2024, the SEC announced the settlement of administrative proceedings brought against a dually registered investment adviser and broker-dealer (the adviser) for alleged breaches of fiduciary duty related to its receipt of certain revenues from a third-party broker-dealer (the clearing broker) for mutual fund investments that the adviser selected or recommended for its advisory clients without adequately disclosing its conflicts of interest.

According to the order, from at least January 2017, the clearing broker had agreed to share with the adviser a portion of the recurring fee revenue the clearing broker received from the mutual funds in the clearing broker's no-transaction-fee (NTF) program. As part of the NTF program, the clearing broker did not charge a transaction fee for mutual fund transactions but generally charged mutual fund share classes offered through the program a higher recurring fee resulting in a higher expense ratio as compared to share classes offered outside of the program. The SEC alleged that these revenue sharing payments gave the adviser an incentive to invest clients in higher cost mutual fund share classes included in the NTF program and that, from at least January 2017 through January 2020, the adviser failed to fully and fairly disclose this revenue sharing arrangement and the related conflicts of interest in its Form ADV. As a result, the SEC found that the adviser: (1) breached its duty to seek best execution for client transactions by causing certain advisory clients to invest in mutual fund share classes offered through the NTF program that resulted in higher revenue sharing payments to the adviser when other share classes of the same funds were available that presented a more favorable value to its clients; and (2) breached its duty of care by failing to analyze whether the mutual fund share classes it recommended were in the clients' best interests.

According to the order, from at least January 2017, the clearing broker had also agreed to share with the adviser a portion of the revenue the clearing broker received in connection with certain money market funds offered in cash sweep accounts. The SEC alleged that, from at least January

2017 until January 2023, the adviser only made available to its advisory clients sweep account money market fund options for which the adviser received revenue sharing payments from the clearing broker, even though the clearing broker made available to the adviser other money market fund options for which the adviser would have received less or no revenue sharing and that generally charged lower fees and at times had returned higher yields. The SEC alleged that these revenue sharing payments gave the adviser an incentive to recommend money market fund options that paid revenue sharing to the adviser and that, from at least January 2017 until March 2022, the adviser failed to fully and fairly disclose this revenue sharing arrangement and the related conflicts of interest in its Form ADV. As a result, the SEC found that the adviser breached its duty of care by failing to analyze whether the money market fund options it selected or recommended were in the clients' best interests.

The SEC also alleged that from at least January 2017, the adviser had set transaction fees for mutual fund purchases with a markup above the amount that the clearing broker, who was responsible for billing these fees to the adviser's clients, charged to the adviser for such transactions, and that the adviser had received the markup amount from the clearing broker. The SEC alleged that from at least January 2017 through June 2020, the adviser failed to fully and fairly disclose the transaction fee markup arrangement or the related conflicts of interest in its Form ADV.

As a result of the foregoing conduct and related compliance and disclosure failures described in the SEC order, the SEC found that the adviser willfully violated Section 206(2) of the Investment Advisers Act of 1940, which prohibits investment advisers from directly or indirectly engaging in any transaction, practice or course of business which operates as a fraud or deceit upon a client or prospective client, and Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, which require, among other things, that a registered investment adviser adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act and the rules thereunder by the adviser and its supervised persons.

Without admitting or denying the allegations, the adviser agreed to cease and desist from future violations, to be censured, and to pay a disgorgement of \$4,213,351 with prejudgment interest of \$828,075 and a civil monetary penalty of \$1,000,000.

The SEC's order is available [here](#) and a related press release is available [here](#).

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Investment Services Group

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Recommended by *The Legal 500* United States in the Mutual/Registered/Exchange-Traded Funds and Private Equity Funds categories.

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