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Update on the Proposed Changes to the Books and Records Rule: Comments Released

WHAT?	<p>The SEC recently <u>released</u> the comments received on IA-4094, the SEC’s proposed amendments to Form ADV and Investment Advisers Act Rules. Two of the proposed amendments would, if adopted, increase the recordkeeping requirements of the Investment Advisers Act as discussed below.</p> <ul style="list-style-type: none">• 204-2(a)(16) would require advisers to maintain documentation supporting the performance figures included in advertisements that are distributed to any person. The current rule only requires such documentation to be retained for advertisements distributed to “10 or more persons”.• 204-2(a)(7) would require advisers to maintain all communications related to “performance or rate of return of accounts and securities recommendations.”
WHAT WERE THE COMMENTS?	<p>When the SEC introduced IA-4094 on May 20, 2015, it requested advisers to provide comments within 60 days on whether the proposed records were already being maintained and if the SEC should consider any exceptions. Although the comments varied, many of those related to the proposed books and records amendments stressed the burden that such record retention would place on advisers, particularly smaller firms. Other comments noted concern regarding the length of time it would take firms to adopt the necessary policies and procedures.</p>
WHAT IS NEXT?	<p>If adopted, advisers will need to amend their current policies and procedures to maintain the required documents if they are not doing so already. Fairview will assist clients in monitoring the progress of the amendments and in making any necessary changes.</p>

Sources:

[Comments to Form ADV and Investment Advisers Act Rules](#)
[SEC Press Release, Dated May 20, 2015](#)
[Kreischer Miller Article Dated 10.7.2015](#)

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