

>>>FAIRVIEW FLASH REPORT<<<

The Impact of Pay-To-Play During The 2016 Elections

<p>WHY IS THE RULE RELEVANT?</p>	<p>Investment advisers that conduct business with government entities or plan to solicit government business should be aware of the potential business implications that could result from political contributions made during the 2016 election cycle.</p> <p>The SEC’s Pay-To-Play Rule imposes strict limitations on campaign contributions made to Officials by a Covered Adviser or certain executives or employees of the Covered Adviser. An “Official” is any individual or associated election committee who was, at the time of the contribution, a candidate for office in a government entity with the ability to (i) influence the hiring of an investment adviser by a government entity; or (ii) appoint someone who could influence the hiring of an investment adviser by a government entity. The term “Covered Adviser” includes any investment adviser that is registered or required to be registered with the SEC, and exempt reporting advisers.</p>
<p>WHAT ARE THE RULE’S CONDITIONS?</p>	<p>The principal federal Pay-to-Play Rules are described below:</p> <p>The “SEC Rule” Under Rule 206(4)-5 of the Investment Advisers Act of 1940, all Covered Advisers are prohibited from receiving compensation for advisory services provided to a government entity for two years after the Covered Adviser or certain executives and employees of the Covered Adviser (“Covered Associates”) make a contribution or payment to an Official.</p> <p>An exception is available for contributions made by Covered Associates that do not exceed the de minimis amount of \$150 in an election where they may not vote for the candidate and \$350 in an election where they may vote for the candidate.</p> <p>The “CFTC Rule” This rule comes into effect if the swap dealer or a covered associate of the swap dealer made or solicited contributions in excess of the <i>de minimis</i> amount of \$350 in an election where they can vote for the covered official and \$150 where they are ineligible to vote for the covered official. Donations above this limit triggers a two-year ban, which restricts the contributor from offering to enter and from entering into a swap or trading strategy involving a swap with the governmental entity of the receiving official.</p>
<p>WHAT DOES THIS MEAN FOR ME?</p>	<p>Advisers should determine how the Pay-to-Play Rules and internal policies and procedures could affect their business if contributions are made towards the 2016 political campaigns. Please contact Fairview if you have any questions or concerns regarding your eligibility to contribute towards a particular candidate.</p>

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Source: [Impact of Pay-to-Play Rules in the 2016 Election Cycle](#) , [The Next Rule: Pay-to-Play, Municipal Advisors, and McCutcheon](#)