

## >>>FAIRVIEW FLASH REPORT<<<

### WHISTLEBLOWER RULE COMPLIANCE RISK ALERT

<b>WHAT HAPPENED?</b>	<p>The SEC's Office of Compliance Inspections and Examinations released a Risk Alert warning advisers and broker-dealers that examination staff will evaluate all agreements and related documents that could possibly impede whistleblowers from exercising their rights granted by the Dodd-Frank Act. The "Securities Whistleblower Incentives and Protection" rule under the Dodd-Frank Act states that individuals cannot be hindered from communicating with the Commission staff about potential violations of securities laws. This prohibits advisers and broker-dealers from enforcing or proposing to enforce confidentiality agreements regarding such communications.</p>
<b>KEY AREAS OF EXAMINATION?</b>	<p>The examination staff will thoroughly assess whether compliance manuals, code of ethics, and employment and severance agreements violate the "Securities and Whistleblower Incentives and Protection" rule. Provisions such as the following will constitute an infraction unless accompanied by an exception that permits the individual to voluntarily report violations of securities laws to the Commission:</p> <ul style="list-style-type: none"><li>• An employee is required to represent that he or she has not aided any investigation involving the registrant;</li><li>• An employee is prohibited from reporting confidential information;</li><li>• An employee is required to notify or obtain consent from the registrant before reporting confidential information;</li><li>• An employee is only permitted to report confidential information that is required by the law; and</li><li>• Departing employees that have communicated with the Commission must forgo individual monetary recovery in relation to the information they reported.</li></ul>
<b>WHAT DOES THIS MEAN FOR ME?</b>	<p>Advisers and broker-dealers are encouraged to review their policies and procedures, employment agreements and related documents to guarantee they are compliant with the "Securities Whistleblower Incentives and Protection" rule. Please contact Fairview with any questions or concerns about the SEC's Risk Alert. Fairview will assist with any updates or additions to agreements involving these provisions.</p>

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