



California Corporate & Securities Law

Commissioner Announces Action To Alleviate Exempt Adviser Uncertainty

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This afternoon, Commissioner [Preston DuFauchard](#) released this [letter](#) regarding the upcoming demise of the federal private adviser exemption (Section 203(b)(3) of the Investment Adviser Act of 1940). The Commissioner's letter is in response to concerns about the continued viability of Rule 260.204.9 which explicitly refers to Section 203(b)(3). Essentially, the Commissioner is announcing that he will be issuing emergency regulations to preserve the status quo.

For more background on the issue, see these posts: [March 16, 2011](#); [March 7, 2011](#); [January 25, 2011](#); [January 24, 2011](#); [October 25, 2010](#); [October 14, 2011](#); [September 11, 2010](#); [August 11, 2010](#); and [July 29, 2010](#).

California and other state regulators have been placed in a bind because they must wait for the Securities and Exchange Commission to adopt rules. Nonetheless, the Department has been very proactive in attempting to address the upcoming changes in investment adviser regulation as a result of the Dodd-Frank Act.

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