

Corporate & Financial Weekly Digest

Posted at 11:37 AM on June 10, 2011 by [Daren R. Domina](#)

FINRA Encourages Firms to Make Reasonable Efforts to Assist Investment Advisers Seeking Information to Comply with Rule 206(4)-5

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The Financial Industry Regulatory Authority issued an Information Notice encouraging member firms to make reasonable efforts to assist investment advisers seeking to comply with Rule 206(4)-5 under the Investment Advisers Act of 1940, as amended, which is intended to curb "pay-to-play" practices. In general, the rule prohibits an investment adviser from providing advisory services for compensation to state government clients for two years after the investment adviser or specified employees or executives make contributions to certain state elected officials or candidates. FINRA recognizes that it may be difficult for investment advisers to identify these government investors when, for example, shares in a covered investment company managed by the investment advisers are held through an intermediary. FINRA is encouraging member firms to make reasonable efforts to assist investment advisers seeking to comply with the requirements of Rule 206(4)-5 in these situations.

Click [here](#) to read the FINRA Information Notice.

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