SEC Hoping to Take Control Over Adviser Oversight With Stepped Up Exams

by Bettina Eckerle

The SEC continues its efforts to prove that it is up to the task when it comes to adviser oversight. Chairwoman Mary Jo White recently testified before Congress that increasing adviser examinations is a top priority.

White was before Congress to lobby for additional SEC funding. The agency is hoping for a 27 percent budgetary increase, part of which would be used to hire an additional 250 investment adviser examiners.

"Significant additional coverage is essential if investors are to be appropriately protected," she stated. White further acknowledged that only eight percent of registered advisers underwent SEC scrutiny in fiscal 2012.

White also attempted to stay above the fray in what has become a contentious debate about the creation of a new SRO to take over the job.

"What needs to happen is, there needs to be more examination coverage of investment advisers," White stated. "The SEC's not taken a position on whether that should be through an SRO or additional funding for the SEC. I don't have a conclusion on that today."

Regardless of White's position, the SRO momentum seems all but dead. Rep. Spencer Bachus, R-Ala., who championed the effort last year, called on his peers to approve the SEC's funding increase, pointing to the need for greater adviser oversight.

"It would be pennywise and pound-foolish for there not to be some bipartisan agreement for a [SEC] funding increase," Mr. Bachus said. It seems that things happen to work themselves out sometimes.

As always, if you have questions or comments, please call, e-mail or tweet me @NYBusinessLaws.

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