
Investment Management Industry News Summary(September 2011)

This Summary, which draws from a wide range of sources, endeavors to condense important investment management regulatory news of the preceding week into one, easily digestible source. This Summary is not intended as legal advice. Readers should not act upon information contained in this Summary without professional legal counsel. This Summary may be considered advertising under the rules of the Supreme Judicial Court of Massachusetts.

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Cayman Islands Court Reaffirms High Level Supervisory Role of Non-Executive Directors of Cayman Islands Investment Funds

September 12, 2011 9:41 AM

On August 26, 2011, the Grand Court of the Cayman Islands found two non-executive directors of a Cayman Islands hedge fund liable for \$111 million in damages for losses due to willful neglect or default of their duties by consciously choosing not to perform their duties to the fund in a meaningful way. [Read More](#)

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Reminder – Compliance Date for FINRA “Anti-Spinning” Rule Approaching

September 12, 2011 9:40 AM

On September 26, 2011, the provisions of FINRA Rule 5131(b) will become effective. The rule

prohibits, among other things, the practice of “spinning,” or the allocation by certain underwriters of new issues to the executive officers and directors of current or potential investment banking clients in return for such clients’ business. [Read More](#)

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SEC Seeking Public Comment on Plan for Retrospective Reviews of Existing SEC Rules

September 12, 2011 9:39 AM

On September 6, 2011, the SEC issued a release seeking public comment on the plan it should use to conduct retrospective reviews of existing SEC rules. [Read More](#)

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SEC Issues Concept Release on Investment Company Use of Derivatives

September 12, 2011 9:37 AM

As briefly mentioned in the September 1, 2011 Investment Management News Summary, on August 31, 2011, the SEC issued a concept release and request for public comment on a wide range of issues under the Investment Company Act of 1940 to address the use of derivatives by registered investment companies. [Read More](#)

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Massachusetts Adopts New Regulation Regarding the Use of Expert Networks

September 1, 2011 9:35 AM

On August 8, 2011, the Massachusetts Securities Division adopted new final regulations regarding the use of investing consulting services (the “Expert Network Rule”). [Read More](#)

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SEC and CFTC Joint Study Seeks Comments Regarding Whether Stable Value Contracts Are “Swaps”

September 1, 2011 9:33 AM

On August 18, 2011, as part of a joint study mandated by The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the SEC and CFTC issued a release soliciting comments from industry participants as to whether stable-value contracts (“SVCs”) fall within the definition of

“swap” under the Commodity Exchange Act or “security-based swap” under the Exchange Act. [Read More](#)

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“Janus” Standard Does Not Apply to Claims Under Exchange Act Section 17(a) or Investment Company Act Section 34(b) Claims

September 1, 2011 9:32 AM

On August 1, 2011, the United States District Court for the Northern District of California granted a motion for reconsideration of its order in an SEC enforcement action following the decision in *Janus Capital Group, Inc. v. First Derivative Traders*, 131 S. Ct. 2296 (2011) (“Janus”). [Read More](#)

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FINRA Self-Reporting Rule Becomes Effective

September 1, 2011 9:31 AM

On July 1, 2011, Financial Industry Regulatory Authority, Inc. (“FINRA”) Rule 4530 became effective. [Read More](#)

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SEC Votes to Issue Concept Release on Investment Company Use of Derivatives and Releases on Rule 3a-7 and Section 3(c)(5)(C)

September 1, 2011 9:30 AM

On August 31, 2011, the SEC held an open meeting in which the commission unanimously voted to issue a concept release and request public comment on a wide range of issues under the Investment Company Act of 1940 to address the use of derivatives by registered investment companies. [Read More](#)

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