

**DODD FRANK WALL
STREET REFORM BILL
SIGNED INTO LAW – NON
U.S. ASSET MANAGERS
MAY NEED TO REGISTER
WITH THE SECURITIES
AND EXCHANGE
COMMISSION**

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▣ DODD FRANK WALL STREET REFORM BILL SIGNED INTO LAW – NON U.S. ASSET MANAGERS MAY NEED TO REGISTER WITH THE SECURITIES AND EXCHANGE COMMISSION (THE “SEC”)

Introduction

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”) was passed by the U.S. House of Representatives on June 30, 2010 and by the U.S. Senate on July 15, 2010. The Act was signed into law by President Barack Obama on July 21, 2010.

This Client Update highlights the potential impact of certain provisions of the Act on non U.S. investment advisers to private funds, in particular the requirement that non U.S. investment advisers who manage assets greater than \$25 million attributable to U.S. clients may need to register with the SEC within one year from July 21, 2010.

Provisions of Particular Importance to Non U.S. Private Fund Advisers

Non U.S. investment advisers to private funds may be required to register with the SEC and comply with certain rules and requirements that are applicable only to SEC registered investment advisers. These requirements include rules and provisions relating to performance fee arrangements, custody of client assets, marketing of advisory services and products, disclosures to the SEC, clients and investors on Form ADV, establishment of a compliance program and appointment of a chief compliance officer.

However, the Act exempts certain foreign private advisers from SEC registration and reporting/recordkeeping requirements. To qualify, advisers must meet all of the following criteria:

- ▣ have no place of business in the United States;

- ▣ have fewer than 15 clients and investors in the United States in private funds advised by the adviser at any time;
- ▣ have assets under management attributable to U.S based clients and investors in private funds it advises of less than \$25 million or such higher amount as the SEC may, by rule, deem appropriate; and
- ▣ neither hold itself out to the public in the United States as an investment adviser, nor act as a business development company or an investment adviser to a registered investment company.

Accordingly, any non U.S. adviser with more than 14 U.S. clients and U.S. investors in private funds, or that manages \$25 million or more of the assets attributable to U.S. clients and U.S. investors, may be required to register with the SEC if they do not qualify for any other exemption.

Conclusion

Investment advisers should consider the level of U.S. client money they manage, assess whether the Act will trigger a requirement to register with the SEC and consider their global group structure and how the Act may affect non U.S. managers within their group.

Any adviser to private funds (including non U.S. advisers) required to be registered by the Act will need to register with the SEC by July 2011.

Please note that this Client Update is for information purposes only and does not purport to represent legal advice. If you have any queries or would like further information relating to any of the above matters, we suggest you contact your U.S. legal advisers.

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