

SECURITIES AND EXCHANGE COMMISSION

17 CFR Part 275

[RELEASE NO. IA-4129; File No. S7-18-09]

RIN 3235-AK39

**Political Contributions by Certain Investment Advisers: Ban on Third-Party Solicitation;
Notice of Compliance Date**

AGENCY: Securities and Exchange Commission.

ACTION: Notice of compliance date.

SUMMARY: The Securities and Exchange Commission (“Commission” or “SEC”) previously set and extended the compliance date for the ban on third-party solicitation until nine months after the compliance date of a final rule adopted by the Commission by which municipal advisors must register under the Securities Exchange Act of 1934 (“final municipal advisor registration rule”) and indicated that notice with respect thereto would be provided in the Federal Register. This notice of compliance date is being published to provide the notice of the compliance date.

DATES: The compliance date for the ban on third-party solicitation under 17 CFR 275.206(4)-5 [rule 206(4)-5] is July 31, 2015.

FOR FURTHER INFORMATION CONTACT: Sirimal R. Mukerjee, Senior Counsel, or Sarah A. Buescher, Branch Chief, at (202) 551-6787 or IARules@sec.gov, Investment Adviser

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SUPPLEMENTARY INFORMATION: The Commission adopted rule 206(4)-5 [17 CFR 275.206(4)-5] (“Pay to Play Rule”) under the Investment Advisers Act of 1940 [15 U.S.C. 80b] to prohibit an investment adviser from providing advisory services for compensation to a government client for two years after the adviser or certain of its executives or employees (“covered associates”) make a contribution to certain elected officials or candidates.¹ Rule 206(4)-5 also prohibits an adviser and its covered associates from providing or agreeing to provide, directly or indirectly, payment to any third-party for a solicitation of advisory business from any government entity on behalf of such adviser, unless such third-party is a “regulated person” (“third-party solicitor ban”).² Rule 206(4)-5 defines a “regulated person” as an SEC-registered investment adviser,³ a registered broker or dealer subject to pay to play restrictions adopted by a registered national securities association,⁴ or a registered municipal advisor subject to pay to play restrictions adopted by the Municipal Securities Rulemaking Board (“MSRB”).⁵

¹ *Political Contributions by Certain Investment Advisers*, Investment Advisers Act Rel. No. 3043 (July 1, 2010) [75 FR 41018 (July 14, 2010)] (“Pay to Play Release”).

² *See id.* at Section II.B.2.(b). *See also* 17 CFR 275.206(4)-5(a)(2)(i)(A).

³ *See* 17 CFR 275.206(4)-5(f)(9)(i).

⁴ *See* 17 CFR 275.206(4)-5(f)(9)(ii). While rule 206(4)-5 applies to any registered national securities association, the Financial Industry Regulatory Authority (“FINRA”) is currently the only registered national securities association under section 19(a) of the Securities Exchange Act of 1934 [15 U.S.C. 78s(b)]. As such, for convenience, we will refer directly to FINRA in this notice of compliance date when describing the exception for certain broker-dealers from the third-party solicitor ban.

⁵ *See* 17 CFR 275.206(4)-5(f)(9)(iii). On June 22, 2011, the Commission amended the Pay to Play Rule to add municipal advisors to the definition of “regulated persons.” *See Rules Implementing Amendments to the Investment Advisers Act of 1940*, Investment Advisers Act Rel. No. 3221 (June 22, 2011) [76 FR 42950 (July 19, 2011)] (“Municipal Advisor Addition Release”). The Commission adopted final rules with respect to the registration of municipal advisors on September 20, 2013. *See Registration of Municipal Advisors*, Exchange Act Release No. 70462 (Sept. 20, 2013) [78 FR 67468 (Nov. 12, 2013)] (“Municipal Advisor Registration Release”).

In addition, the Commission must find, by order, that these pay to play rules: (i) impose substantially equivalent or more stringent restrictions on broker-dealers or municipal advisors than the Pay to Play Rule imposes on investment advisers; and (ii) are consistent with the objectives of the Pay to Play Rule.⁶

Rule 206(4)-5 became effective on September 13, 2010 and the compliance date for the third-party solicitor ban was set to September 13, 2011.⁷ When the Commission added municipal advisors to the definition of regulated person, the Commission also extended the third-party solicitor ban's compliance date to June 13, 2012.⁸ In the absence of a final municipal advisor registration rule, the Commission extended the third-party solicitor ban's compliance date from June 13, 2012 to nine months after the compliance date of the final rule,⁹ which is July 31, 2015.¹⁰

This notice of compliance date is technical in nature and serves solely to fulfill the Commission's commitment to provide the notice for the compliance date it previously set.¹¹

Dated: June 25, 2015.

Brent J. Fields,
Secretary.

⁶ See 17 CFR 275.206(4)-5(f)(9).

⁷ See Pay to Play Release at section III.

⁸ See Municipal Advisor Addition Release at section II.D.1.

⁹ See *Political Contributions by Certain Investment Advisers: Ban on Third-Party Solicitation; Extension of Compliance Date*, Investment Advisers Act Rel. No. 3418 (June 8, 2012) [77 FR 35263 (June 13, 2012)] ("Extension Release").

¹⁰ The final date on which a municipal advisor must file a complete application for registration was October 31, 2014. See Municipal Advisor Registration Release at section V.

¹¹ See the Extension Release.