

Corporate & Financial Weekly Digest

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GAO Reports on the Feasibility of SRO for Private Fund Advisers

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On July 11, the U.S. Government Accountability Office (GAO) released a report on the feasibility of forming a self-regulatory organization (SRO) to provide primary oversight of private fund advisers. The report was part of a mandate by the Dodd-Frank Wall Street Reform and Consumer Protection Act to address the potential gap in the regulation of private fund advisers. In preparing the report, GAO reviewed federal securities laws, the recently completed Securities and Exchange Commission study on the investment adviser examination program, past regulatory and legislative proposals to create an SRO for investment advisers, and associated comment letters. GAO believes that the formation of a private fund adviser SRO is feasible but includes challenges such as the passage of new legislation, raising sufficient start-up capital and reaching agreements on fee and governance structures. The report also notes that while a private fund adviser SRO could supplement and help the SEC's oversight of investment advisers, the fragmentation between regulation of private fund advisers and non-private fund advisers could lead to regulatory gaps, duplication and inconsistencies.

Click [here](#) to read the GAO report.

Click [here](#) to read a summary of the SEC's study on the investment adviser examination program in the January 21 edition of *Corporate and Financial Weekly Digest*.

Click [here](#) to read a summary of industry comments on the desirability of a private fund adviser SRO in the November 12, 2010, edition of *Corporate and Financial Weekly Digest*.

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