



# California Corporate & Securities Law

## SEC Slays Redwoods At Fearsome Pace

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Yesterday, was a big day for both the regulated and the unregulated adviser industry.

**“The very rich are different from you and me . . . they have more money”**

The Securities and Exchange Commission adopted its final “family office” [rules](#). According to the SEC, “family offices” are established by wealthy families to manage their riches, plan for the future and provide other services for family members. As discussed in this October 14, 2010 post, Congress decision to create an exclusion (as opposed to an exemption) from the Investment Advisers Act means that family offices will no longer need to rely on California Rule 260.204.9. (I discuss Commissioner DuFauchard’s recent action to extend the life of Rule 260.204.9 in this [post](#).) The SEC’s adopting release is a very modest 15,600 words.

**“All you have to do is say something nobody understands and they’ll do practically anything you want them to.”**

The SEC also adopted rules to implement the troika of exemptions that Congress included in the Dodd-Frank Act. These new rules are:

- Rule 203(1)1 which defines “venture capital fund” for purposes of Section 203(1) of the Investment Advisers Act;
- Rule 203(m)-1 which implements the so-called “private fund” exemption which is available to advisers with assets under management in the U.S. of less than \$150 million; and
- Rule 202(a)(30)-1 which defines terms included in the statutory definition of a “foreign private adviser” as defined in Section 202(a)(3) of the Investment Advisers Acts.

The SEC’s adopting release weighs in at a relatively svelte 77,595 words, or about 4,000 more words than J.D. Salinger’s, *The Catcher in the Rye*. (Perhaps the SEC sees itself as the catcher in the rye.)

**Who remembers Edward Everett’s speech anyway?**

Finally, the SEC adopted [rules and rule amendments](#) to implement provisions of Title IV of the Dodd-Frank Act that, among other things, increase the statutory threshold for registration by investment advisers with the SEC; require advisers to hedge funds and other private funds to register with the SEC, and require reporting by certain investment advisers that are exempt from registration. In addition, the SEC adopted rule amendments, including amendments to the SEC’s pay-to-play rule, that address a number of other changes made by the Dodd-Frank Act. This release is the weightiest of the three with over 86,000 words.

Please contact [Keith Paul Bishop](#) at Allen Matkins for more information [kbishop@allenmatkins.com](mailto:kbishop@allenmatkins.com)

<http://www.calcorporatelaw.com/>