

US Securities and Exchange Commission Staff Releases Second *ComplianceAlert*

On 22 July 2008, the staff of the US Securities and Exchange Commission's ("SEC") Office of Compliance, Inspections and Examinations published its second *ComplianceAlert* online newsletter.¹ The *ComplianceAlerts* are designed to assist chief compliance officers ("CCOs") of SEC-registered investment advisers, investment companies, broker-dealers and transfer agents with their compliance functions and to help CCOs "proactively fine-tune" the compliance programs they oversee.

The most recent *ComplianceAlert* addresses, among other topics, personal trading and codes of ethics; proxy voting and the use of third-party proxy voting services; and soft dollar practices. The *ComplianceAlert* also sets out common deficiencies found in recent examinations and, in the case of personal trading, describes some internal controls that the SEC staff has found particularly effective. Common themes include incomplete procedures, failure to follow procedures, failure to monitor compliance with procedures and incomplete or inaccurate disclosures.

Because the *ComplianceAlerts* are compiled based on examinations of SEC-registered investment companies, broker-dealers and transfer agents as well as SEC-registered investment advisers, not all of the topics covered will be of interest to investment advisers. Non-US based investment advisers that follow the "Regulation Lite" regime are not required to adopt a written compliance

program or to appoint a CCO. Nevertheless, the topics covered in the *ComplianceAlerts* remain relevant because those non-US investment advisers relying on "Regulation Lite" are still subject to the anti-fraud provisions of the US Investment Advisers Act of 1940 and to inspection by the SEC staff.



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¹ The 22 July 2008 *ComplianceAlert* is available at <http://www.sec.gov/about/offices/ocie/complialert0708.htm>. The first *ComplianceAlert*, published on 14 July 2007, is available at <http://www.sec.gov/about/offices/ocie/complialert.htm>.

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