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**IAA Statement on Remarks by House Financial Services Committee
Member French Hill
Proposing FINRA Examination of Investment Advisers**

Washington, DC – Following is the statement of Neil Simon, Vice President for Government Relations for the Investment Adviser Association (IAA), on remarks today by Rep. French Hill regarding regulatory examination of investment advisers:

“This morning at FINRA’s Annual Conference, U.S. Rep. French Hill (R-Ark.) – a member of the House Financial Services Committee – stated that he is considering introducing legislation to give FINRA authority to examine investment advisers, in order to increase the percentage of advisers examined annually.

“The IAA looks forward to meeting with Rep. Hill to discuss how best to strengthen the SEC’s examination of investment advisers.

“While the SEC needs to reallocate its existing resources and use them more efficiently, the IAA remains convinced that the best option is to retain the SEC’s primacy in investment adviser regulation and oversight. To this end, Congress should ensure that the SEC has the resources it needs to increase the SEC’s adviser examination rate, either by increasing the SEC’s appropriation or permitting the agency to collect reasonable user fees from registered advisers specifically for examinations.

“The IAA strongly opposes the SRO model that FINRA has advocated for investment advisers. That model would impose an unnecessary new layer of regulation and bureaucracy on advisers far beyond what is necessary to increase examinations, while introducing all of the other drawbacks that would flow from any FINRA oversight of advisers, including inherent conflicts of interest arising from industry funding and influence; questions regarding transparency, accountability, track record and appropriate oversight by the SEC and Congress; and lack of due process.

“We remain committed to working with Congress and other policymakers to promote robust and far-reaching examination of investment advisers, which we believe is important to our industry’s integrity and to investor protection. But we believe the SEC remains the most appropriate regulator to execute

such an examination program. The IAA will continue its effort to ensure that the SEC has the resources it needs to do carry out that responsibility.”

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The Investment Adviser Association (IAA) is the leading trade association representing the interests of SEC-registered investment adviser firms. The IAA’s more than 550 member firms collectively manage assets in excess of \$16 trillion for a wide variety of institutional and individual investors. For more information, visit www.investmentadviser.org or follow us on [Twitter](#) and [LinkedIn](#).