

**INVESTMENT ADVISER
ASSOCIATION**

FOR IMMEDIATE RELEASE
March 31, 2008

CONTACTS: DAVID TITTSWORTH
NEIL SIMON
202.293.4222
david.tittsworth@investmentadviser.org
neil.simon@investmentadviser.org

**IAA STATEMENT ON TREASURY DEPARTMENT'S
RECOMMENDATION TO ESTABLISH A SELF-REGULATORY
ORGANIZATION FOR INVESTMENT ADVISERS**

Washington, D.C. – March 31, 2008: David Tittsworth, Executive Director of the Investment Adviser Association, today issued the following statement on the U.S. Treasury Department's recommendation, contained in the Executive Summary of its "blueprint" for the regulation of financial institutions, that "investment advisers be subject to a self-regulatory regime similar to that of broker-dealers":

"The Investment Adviser Association strongly opposes the Treasury Department's recommendation that an SRO for investment advisers be established. The proposed statutory changes would impose an unnecessary and costly new layer of regulatory bureaucracy for investment advisory firms."

"Investment advisers that manage at least \$25 million in client assets are required to register with the Securities and Exchange Commission and are regulated directly by the SEC pursuant to the Investment Advisers Act of 1940. The Advisers Act is a principles-based statutory framework that grants the SEC broad anti-fraud, inspection, and enforcement authority of the investment advisory profession. The law imposes an overarching fiduciary duty on all investment advisers to place the interests of their clients first."

"The IAA believes that direct regulation of the investment advisory profession by the SEC is appropriate and effective. As we have in the past, we continue to support giving the SEC resources that are necessary for the effective oversight of the profession. Imposition of an SRO for investment advisers would create additional costs for investment advisers and their clients. The rationale set forth in the Treasury Department's recommendation for an SRO – the "continued convergence of the services provided by broker-dealers and investment advisers" – does not justify the establishment of an SRO for investment advisers. The reasons that persuaded Congress to authorize the creation of an SRO for broker-dealers – the high level of interconnectivity between broker-dealers and the technical issues related to settlement, execution, and reconciliation involving broker-dealer transactions – simply do not exist in the investment advisory profession."

“The Investment Adviser Association will work to educate Members of Congress about these issues in order to preserve the important attributes of the Investment Advisers Act and to avoid the imposition of costly and unnecessary regulatory burdens.”

The Investment Adviser Association is a not-for-profit organization that represents the interests of SEC-registered investment advisory firms. Founded in 1937, its membership today consists of more than 500 firms that collectively manage in excess of \$9 trillion for a wide variety of individual and institutional investors. For more information, please visit www.investmentadviser.org.

###