

SEC Proposes to Modernize General Solicitation Rules

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The Securities and Exchange Commission has voted to propose amendments to modernize the rules under the Investment Advisers Act addressing investment adviser advertisements and payments to solicitors.

The SEC said that the proposed amendments are intended to update these rules to reflect changes in technology, the expectations of investors seeking advisory services, and the evolution of industry practices.

“The advertising and solicitation rules provide important protections when advisers seek to attract clients and investors, yet neither rule has changed significantly since its adoption several decades ago,” said SEC chairman Jay Clayton. “The reforms we have proposed are designed to address market developments and to improve the quality of information available to investors, enabling them to make more informed choices.”



The SEC said that the proposed amendments to the advertising rule would replace the current rule's broadly drawn limitations with principles-based provisions. The proposed approach would also permit the use of testimonials, endorsements, and third-party ratings, and would include tailored requirements for the presentation of performance results based on an advertisement's intended audience.

The proposed amendments to the solicitation rule would expand the current rule to cover solicitation arrangements involving all forms of compensation, rather than only cash. They also would update other aspects of the rule, such as who is disqualified from acting as a solicitor under the rule.

The public comment period will remain open for 60 days following the proposal's publication in the Federal Register. [The proposed rule can be read here in its entirety.](#)

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