

We have included information below related to SEC website resources, proposed changes to Regulation S-P and Form ADV Part 2. We hope you find this information helpful in managing your compliance program. As always, please call if you would like to discuss any of these topics in further detail.

Good IA Act Summary for Newly-Registered Investment Advisers

The SEC has posted a good Investment Adviser Act summary for newly-registered investment advisers on their website. New compliance staff or your colleagues interested in a refresher course may find the information useful even if you are not a newly-registered investment adviser. This link will take you to the publication on the SEC's website:

<http://www.sec.gov/divisions/investment/advoverview.htm>

Proposed Changes to Regulation S-P: Privacy Rule

The SEC is proposing changes to Regulation S-P (Privacy Rule), which applies to investment advisers, investment companies, and broker-dealers. The SEC seeks comments on the proposal by May 12, 2008. The Federal Register with the proposed rule is available on the SEC's website: <http://www.sec.gov/rules/proposed/2008/34-57427fr.pdf>

Summary of Proposal

The SEC wants firms to "step-up" their procedures for protecting and disposing of their client's non-public personal information. Specifically, the SEC is proposing:

1. An exemption that will protect the investors' ability to follow an adviser or broker-dealer who moves to a competing firm, by allowing the adviser or broker-dealer to take certain non-public customer information to the new firm. The proposed exemption will permit the following information to be disclosed: the customer's name, a brief description of the type of account and products held by the customer, and the customer's address, telephone number and e-mail information.
2. An employee/s to be designated to head-up the "information security program". Responsibilities would include: (1) the development of a risk analysis outlining the potential risks involved with safeguarding customer information and what procedures are

to be followed in the event such a breach occurs; (2) the implementation and on-going monitoring of the procedures used to safeguard client's information; (3) a requirement to provide education on the policies and procedures to the firm's staff.; and (4) a requirement to review and maintain written contracts with third-party service providers.

3. A new form, SP-30, that broker dealers, investment companies, registered investment advisers and transfer agents will be required to complete as soon as possible following a breach related to a safeguarding and/or disposal of customer's private information.

Firms will also be required to comply with state privacy laws or find applicable exemptions.

Proposed Changes to Form ADV Part 2

As previously reported in the February 2008 Perspectives, the SEC is proposing amendments to Form ADV Part 2. The Federal Register with the proposed rule is now available on the SEC's website: <http://www.sec.gov/rules/proposed/2008/ia-2711fr.pdf>. We will continue to monitor this proposal as it (likely) evolves into a final rule requirement.

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