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## Four Key Takeaways for Investment Advisers from Chairman Clayton's PLI Address

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On November 8, 2017, SEC Chairman Jay Clayton gave the keynote address at the Practising Law Institute's 49<sup>th</sup> Annual Institute on Securities Regulation.<sup>[i]</sup> Chairman Clayton's remarks shed considerable light on the SEC's priorities in the near-term. We believe there are four key takeaways from the address for investment advisers:

- The SEC will deemphasize formal rulemaking and focus instead on enforcement actions that will improve "transparency in our securities markets"; <sup>[ii]</sup>
- The SEC will scrutinize whether investment advisers' proxy voting decisions are maximizing value for their clients;<sup>[iii]</sup>
- The SEC will prioritize enforcement actions related to "complex, obscure, or hidden fees and expenses that can harm investors" ( e.g., investing client assets in a mutual fund share class that charges a 12b-1 fee when a lower-cost share class of the same fund is available);<sup>[iv]</sup> and
- The SEC will help investors track bad actors by creating a website with a searchable database of "individuals who have been barred or suspended as a result of federal securities law violations." <sup>[v]</sup>

Chairman Clayton is clearly signaling to investment advisers that the SEC, in the near-term, will focus its energy on whether they are making complete and accurate disclosures to their clients. If you have questions about Chairman Clayton's keynote address or the regulations that govern investment advisers generally, please feel free to contact us. **John I. Sanders** is an associate based in the firm's Winston-Salem office. <sup>[i]</sup> SEC Chairman Jay Clayton, Remarks at the PLI 49<sup>th</sup> Annual Institute on Securities Regulation – New York, N.Y. (Nov. 8 2017), available at <https://www.sec.gov/news/speech/speech-clayton-2017-11-08>. <sup>[ii]</sup> *Id.* <sup>[iii]</sup> *Id.* <sup>[iv]</sup> *Id.* <sup>[v]</sup> *Id.*