Morgan Lewis

Pay-to-Play: Countdown to Compliance

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Schedule

- The Rule, Broken Down:
  - 4 Prohibitions, 3 Exceptions, Definitions, 3 Possible Changes
- Issues in Application
  - Impact on Funds
  - State and Local Laws
  - What are your Options? – Poll Questions
  - Creating, Implementing, Testing and Enforcing Your Policy
  - Recordkeeping
  - Exemptive Relief
- Compliance Dates: 10 Day Countdown
- Useful Resources
- Q&A Session

The Rule - 4 Prohibitions

AN ADVISER CANNOT:

1. Be compensated by a government entity for advisory services within two years after it or its covered associate contributes to an official of the government entity

AN ADVISER AND ITS COVERED ASSOCIATES CANNOT:

2. Pay someone to solicit a government entity for advisory services unless such person is a "regulated person" or an executive/manager or employee of the adviser
3. Coordinate (or solicit a person or PAC to make) (i) contributions to an official of a government entity or (ii) payments to a state or local political party, where the adviser is providing or seeking to provide advisory services
4. Do anything indirectly that, if done directly, would violate the Rule

The Rule - 3 Exceptions

1. ***The $150/$350 Exception.*** Natural person covered associates can contribute $350 per official, per election (if they can vote for the official) and $150 per official, per election (if they cannot vote for the official)

2. ***The New Covered Associate Exception.*** New covered associates (either by way of hiring or promotion) who will not solicit clients for the adviser are only subject to a 6-month "look-back"

3. ***The Corrected Contribution Exception.*** If a covered associate makes a prohibited contribution of no more than $350, which is discovered within four months and re-collected within 60 days of discovery, then the "two-year timeout" will be lifted
   - BUT – there is a "3-2-1" limit on this exception. An adviser can only rely on this **3** times per year (or **2** times per year if it has less than 50 employees) and each covered associate only gets **1** strike

The Rule - Definitions

- Who is:
  - An “adviser”
  - A “covered associate”
  - An “executive officer”
  - An “official”
  - A “government entity”
- What is:
  - A “contribution”
  - A “regulated person”

The Rule - Definitions

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  - A "regulated person"

- ADVISER –
  - SEC-registered
  - Required to be SEC registered
  - Unregistered in reliance on 203(b)(3) of Advisers Act
    - *203(b)(3) changed after Dodd-Frank (formerly the small adviser exception)*
    - *Proposed: apply to venture capital fund advisers, private fund advisers and foreign private advises (IA-3110)*

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- COVERED ASSOCIATE
  - General Partner of an LP
  - Managing Member of LLC
  - Executive Officer
  - “Similar” Persons
  - Soliciting Employee
  - Supervisor of Soliciting Employee (even *indirect*)
  - Controlled PAC

The Rule - Definitions

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  - **An “executive officer”**
  - An “official”
  - A “government entity”
- What is:
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  - A “regulated person”

- EXECUTIVE OFFICER
  - President
  - Vice President in charge of principal business unit, division or function
  - Officer with policy-making function
  - “Other person” with policy-making function

The Rule - Definitions

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  - An “executive officer”
  - **An “official”**
  - A “government entity”
- What is:
  - A “contribution”
  - A “regulated person”

- OFFICIAL
  - Incumbent, candidate or successful candidate for an office that (i) is responsible for or can influence the outcome of hiring advisers or (ii) has the authority to appoint a person who is responsible for or can influence the outcome of hiring advisers
  - Includes the “election committee” of such person

The Rule - Definitions

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  - An “executive officer”
  - An “official”
  - **A “government entity”**
- What is:
  - A “contribution”
  - A “regulated person”

- GOVERNMENT ENTITY
  - State or political subdivision
  - Agency or instrumentality of the state or political subdivision
  - Pool of assets sponsored or established by state or political subdivision
  - Plan or program
  - Officers, agents or employees

The Rule - Definitions

- Who is:
  - An “adviser”
  - A “covered associate”
  - An “executive officer”
  - An “official”
  - A “government entity”
- What is:
  - **A “contribution”**
  - A “regulated person”

- CONTRIBUTION
  - Anything of value
  - Made for the purpose of influencing election or paying election debt/expenses
  - Does not include individual’s time unless adviser directs individual to so contribute time

The Rule - Definitions

- Who is:
  - An “adviser”
  - A “covered associate”
  - An “executive officer”
  - An “official”
  - A “government entity”
- What is:
  - A “contribution”
  - **A “regulated person”**

- REGULATED PERSON
  - Registered investment adviser
  - Registered broker-dealer
  - Subject to pay-to-play rules
  - Proposed: replace with “regulated municipal advisor”
    - *Dodd-Frank creation*
    - *Solicits municipal entities*
    - *Registered under 15B of Exchange Act*
    - *Subject to MSRB P2P Rules*

The Rule – 3 Proposed Changes

- The Rule was adopted July 1, 2010; Dodd-Frank enacted July 21, 2010
- Thus, on Nov. 19, 2010, SEC proposed three amendments to the Rule:

1. Private fund advisers, venture capital fund advisers and foreign private advisers would be subject to the Rule
   - *Other aspects of "private" adviser regulation are still being determined*
   - *Advisers that become subject to state regulation as a result of Dodd-Frank would not be covered*

The Rule – 3 Proposed Changes

2. "Regulated persons" would be replaced with "regulated municipal advisors" for persons who could be paid for solicitation services
   - *Paid solicitors would be required to be SEC- and MSRB-registered and be subject to pay-to-play rules*
   - *Because of an exemption from the definition of "solicitation of a municipal entity" in the Dodd-Frank Act, an adviser may be prohibited from paying an affiliated third-party for solicitation*

The Rule – 3 Proposed Changes

3. To clarify that a legal entity general partner or managing member of the adviser would be a "covered associate" (not just a natural person)
   - *PACs controlled by an adviser's general partner or managing member would now also be a covered associate under the Rule*

Issues in Application – Impact on Funds

- The Rule applies to advisers who manage or solicit government assets *through* a "covered investment pool"
  - Registered funds (i.e. mutual funds) that are investment options in participant-directed government plans/programs (i.e. college saving or retirement plans)
    - *Including government-selected funds that are part of a participant-selected "model portfolio"*
  - Funds that would be registered, but for 3(c)(1), (7) or (11) (i.e. hedge, private equity and venture capital funds and collective investment trusts)

Issues in Application – State and Local Laws

- State pay-to-play and placement agent regulations
- California Assembly Bill No. 1743
  - Passed Nov. 2010, effective Jan. 2011
  - Effectively treats placement agents as “lobbyists”
  - State-Municipality regulatory structure requires advisers to know the nuances of the local laws of each jurisdiction they seek business
  - Many jurisdictions have a lobbyist carve-out for RFPs and competitive bid processes
- New York
  - New York City Law Department opinion (Mar. 2010); effective 2011
  - Placement agents with more than $2,000 in annual compensation for lobbying activity must register as lobbyists

Issues in Application – What Are Your Options?

All advisers subject to the Rule are required to have compliance policies and procedures, but advisers are differing in their approaches

Poll Question 1

Is your firm treating all employees as "covered associates" in your policy and procedures, or is your firm treating only some employees as "covered associates"? (select one answer)

A. All employees will be treated as "covered associates"
B. Certain defined employees will be treated as "covered associates"

Issues in Application – What Are Your Options?

Poll Question 2

Which of the following is your firm including under your policy?
(select all answers that apply)

A. Administrative employees that may not be "covered associates" under the Rule
B. Spouses and/or spousal equivalents of employees/covered associates
C. Persons in the same household as employees/covered associates

Issues in Application – What Are Your Options?

Poll Question 3

How would you categorize your firm's approach to individual contributions to political candidates from "covered associates"?

(select one answer)

A. Complete ban
B. Pre-clearance of all contributions
C. Pre-clearance of contributions beyond *de minimis*
D. Pre-clearance of contributions to certain candidates
E. Pre-clearance of contribution to certain candidates beyond *de minimis*

Issues in Application – What Are Your Options?

Poll Question 4

For reporting and verification, which of the following processes is your firm putting in place? (select all answers that apply)

A. Periodic certifications from "covered associates" or all employees
B. Acknowledgments of receiving and reviewing firm policy
C. Spot checks of employees who report "no contributions"
D. Exploring/using third-party vendors to vet and/or monitor political contributions by "covered associates"
E. Exploring/using third-party vendors to vet and/or monitor political contributions by all employees
F. Conditioning offers for employment/promotion on no Rule violations or political contributions during the applicable "look back" period
G. Restricting personnel involved in "solicitation activity"

Issues in Application – What Are Your Options?

Poll Question 5

How is your firm educating employees? (select all answers that apply)

A. Requiring formal training sessions (either in person or online)
B. Firm “alert” or “newsflash” in hard copy or e-mail
C. Department or unit “experts” for collecting employee questions
D. Circulating a Q&A flier or list of examples along with policy
E. Executive/management level formal training/presentation
F. Targeted training to key employees/frequent political contributors

Issues in Application – What Are Your Options?

Poll Question 6

Who is your firm assigning responsibility for monitoring and recordkeeping functions, including collecting and maintaining information concerning political contributions? (select one answer)

A. Compliance
B. Human Resources

Issues in Application – Creating Your Policy

- Prohibited: Adviser may not receive compensation from a government entity for advisory services within two years after it or its covered associate contributes to an official of the government entity
- Policy considerations…
  - Consider how broadly you want to define "covered associates." Those with "economic incentive" must be covered
  - Remember new hires, acquired advisory firms and promoted employees can bring their time-out with them
  - Consider whether you want to define "government entities" and "officials" or put the onus on requesting employees
  - Permit individual contributions to federal candidates (unless incumbent state officials) and to national, state or local political parties and PACs
  - Not carve out "intent of influencing contracts" – the test under the Rule is merely the intent of influencing election (low threshold)
  - Consider that substance, rather than job titles and organizational structure, may be determinative

Issues in Application – Creating Your Policy

- Prohibited: Payments from an adviser or covered associate to someone to solicit a government entity for advisory services, unless such person is a "regulated person" or an executive/manager or employee of the adviser
- *The gist: anyone paid for solicitation must be subject to pay-to-play rules*

- Policy considerations…
  - Take into account the pending changes to the Rule, which could prohibit paying third-party affiliates for solicitation
  - Ban covered associates from paying anyone for solicitation
  - Limit adviser payments for solicitation to an approved list of solicitors
  - Require "regulated persons" (or "regulated municipal advisors") to prove qualification under the Rule or establish dialogue procedures
  - Require periodic certifications from covered associates

Issues in Application – Creating Your Policy

- Prohibited: Adviser and its covered associates may not coordinate (or solicit a person or PAC to make) (i) contributions to an official of a government entity or (ii) payments to a state or local political party, where the adviser is providing or seeking to provide advisory services
- *The gist: cannot target aggregated contributions (i.e. bundling, gatekeeping) toward a current or hoped-for government client*

- Policy considerations…
  - Ban covered associates from coordinating/soliciting contributions
  - Permit covered associates to make independent, individual contributions to state or local political parties below the *de minimis* threshold
  - Enumerate limited circumstances in which adviser could coordinate or solicit contributions, checked against a list of current and possible clients

Issues in Application – Creating Your Policy

- Prohibited: Adviser and its covered associates may not do anything indirectly that, if done directly, would violate the Rule

- Policy considerations…
  - How broad of a net to cast when defining "covered associates" - include spouses, "spousal equivalents" and members of the same household?
    - *SEC recently proposed definition of "spousal equivalent"*
  - Include a simple statement that attempts to end-around the policy by acting through another person will also violate the policy
  - Build "no indirect activities" clauses into certifications, reports and new hire forms

Issues in Application – Implementing Your Policy

- Educate, educate, educate! – "Alerts," formal training sessions and Q&As
- Use Pre-Clearance Forms for all contributions beyond *de minimis* threshold
  - May put onus on employees to prove request is not a trigger
  - Should provide thorough examples
- Quarterly reports of contributions may allow the adviser to rely on the "corrected mistake" exception
- Periodic certifications and robust compliance process may be viewed favorably by examiners
- Designate "experts" in units/floors/departments for fielding questions and organizing forms
- Create an environment of "compliance collaboration," not restriction
- Remember that politics can be hyper-sensitive; don't play favorites
- Make it clear that contributions may limit future opportunities

Issues in Application – Testing Your Policy

- Back-testing
  - Consider political donations made by compliance team members during prior elections
- Solicitation of questions and hypothetical requests
  - Be prepared for issues before they arise
- Spot checking of certain employees/covered associates who indicate “no contributions” or certain managerial or politically active employees
- Consider monitoring contributions by some or all “covered associates”

Issues in Application – Enforcing Your Policy

- Employment Laws
  - Some states and municipalities (including CA, CT, CO, MA, NY and Seattle, WA) have laws that arguably restrict or prohibit private employers from (1) requiring employees and/or applicants to disclose, pre-clear or agree to monitoring of political contributions; (1) regulating or monitoring political contributions; and/or (3) taking adverse employment actions based on political contributions or a failure or refusal to disclose, pre-clear or agree to monitoring of political contributions

Issues in Application – Enforcing Your Policy

- Employment Laws
  - State privacy laws
  - State law limitations on employer efforts to regulate or monitor political activities
  - State anti-discrimination laws
  - Public policy exception to at-will employment
- Federal pre-emption of state laws

Issues in Application – Employment Laws

- State privacy laws
  - Many states have statutory or common law invasion of privacy laws that could arguably apply to requirements that employees or applicants disclose, pre-clear or agree to monitoring of political contributions.
  - However, privacy laws typically proscribe only unreasonable interferences with a person's privacy, so that a legitimate business interest – such as the need to comply with pay-to-play laws or the Rule – may render the required disclosure reasonable
  - There is arguably no reasonable expectation of privacy in political contributions where information about them is publicly available.

Issues in Application – Employment Laws

- State privacy laws
  - If third party vendors are used to monitor political contributions, be sure to comply with any applicable notification and authorization requirements under state law and the Fair Credit Reporting Act
  - Limit access to and disclosure of information about political contributions on a need to know basis

Issues in Application – Employment Laws

- State law limitations on employer efforts to regulate or monitor political activities
  - Some states (e.g., CA, CT, MA, NY) have statutes that arguably (1) protect employee rights to engage or participate in political activities and/or (2) prohibit employers from regulating or monitoring political activities, or taking adverse employment actions against employees based upon political activities (including political contributions).
  - Some states (e.g., MA) impose criminal sanctions for violations.

Issues in Application – Employment Laws

- State law limitations on employer efforts to regulate political activities
  - Many of these laws (e.g., CT, NY) have exceptions where (1) political activities would materially conflict or interfere with legitimate business interests of the employer and/or (2) the employer's actions were taken based upon a good faith belief that its actions were required in order to comply with the law
  - These defenses will likely be available only insofar as disclosure and pre-clearance requirements, any monitoring of political contributions and any adverse employment actions based on political contributions or a failure or refusal to disclose, pre-clear or agree to monitoring of contributions are appropriately limited to those that are required to advance the legitimate business interests of the employer and/or to comply with pay-to-play laws

Issues in Application – Employment Laws

- State anti-discrimination laws
  - Some jurisdictions (e.g., DC and PR) have statutes that ban discrimination on the basis of political affiliation
  - Employers should be able to defend such claims where adverse employment actions are based not upon any particular political affiliation, but instead upon an individual's violation of the Rule or failure or refusal to disclose or pre-clear political contributions – regardless of political affiliation - so long as the employer's policy is consistently applied and enforced.

Issues in Application – Employment Laws

- Public policy exception to at-will employment
  - Many states recognize a public policy exception to at-will employment
  - While we are unaware of any court applying a public policy exception to protect political contributions, we expect plaintiffs to seek to expand the public policy exception to include such claims
  - Employers can reduce their risk by appropriately limiting their disclosure and pre-clearance requirements, any monitoring of political contributions, and any adverse employment actions to those that are required to advance the legitimate business interests of the employer and/or to comply with pay-to-play laws

Issues in Application – Employment Laws

- Federal pre-emption of state laws
  - State employment laws are arguably pre-empted insofar as they conflict with federal pay-to-play laws or interfere with employers' ability to comply with the Rule
  - In that regard, the only way for advisors to comply with pay-to-play laws and the Rule is to implement reasonable disclosure and pre-clearance requirements and to monitor compliance
  - Pre-emption would likely only apply insofar as disclosure and pre-clearance requirements and any monitoring of contributions are appropriately limited to those that are necessary to ensure compliance with the Rule

Issues in Application – Pre-emption

- Disclosure and pre-clearance requirements and any monitoring should be limited to contributions in excess of the *de minimus* limitations and, in the case of disclosure requirements and any monitoring, contributions that were made both
  - On or after March 14, 2011; and
  - Within the applicable "look-back" period pre-dating the disclosure
- Consider also limiting mandatory disclosure and pre-clearance requirements and any monitoring of contributions to individuals working in or applying for positions as "covered associates," and informing other applicants and employees that they need to voluntarily disclose, pre-clear and authorize monitoring of political contributions if they want to be eligible for consideration for "covered associate" positions in the future

Issues in Application - Recordkeeping

- Under Rule 204-2(a)(18) advisers will keep a list or other record of the following:
  - The names, titles and business and residence addresses of all **covered associates**
  - All **Government Entities** to which the adviser provides or has provided investment advisory services, or which are or were investors in any covered investment pool to which the adviser provides or has provided investment advisory services, as applicable, in the past five years, but not prior to September 13, 2010
  - All direct or indirect **Contributions** made by the adviser or any of its covered associates to an official of a Government Entity, or direct or indirect payments to a political party of a state or political subdivision thereof, or to a political action committee, including:
    - *Name and title of each contributor*
    - *The name and title (including any city/county/state or other political subdivision) of each recipient of a Contribution*
    - *The amount and date of each Contribution, and*
    - *Whether any such Contribution was the subject of the exception for certain returned contributions pursuant to Rule 206(4)-5(b)(2)*
  - The name and business address of each **regulated person** to whom the adviser provides or agrees to provide, directly or indirectly, payment to solicit a Government Entity for investment advisory services on its behalf, in accordance with Rule 206(4)-5(a)(2)

Issues in Application – Exemptive Relief

- Exemptive Relief from SEC may be available under Rule 206(4)-5(e) after considering:
  - If "necessary or appropriate in the public interest and consistent with the protection of investors"
  - If adviser has procedures reasonably designed to prevent violations
  - Whether adviser had knowledge of violation
  - How adviser acted after learning of violation
  - Whether contributor was covered associate, employee or applicant
  - Timing and amount of contribution; Nature of election
  - Contributor's apparent intent/motive under the facts and circumstances
- No limit on applications for relief; SEC predicts 5-7 annual applications

Compliance Dates: Ten Days Left

- March 14, 2011
  - Advisers (other than advisers to registered investment companies that are covered investment pools) subject to the Rule must be in compliance
  - Advisers subject to Rule 204-2 (other than advisers to registered investment companies that are covered investment pools) must be in compliance with amendments to Rule 204-2
- September 13, 2011
  - Advisers may no longer use third parties to solicit government business except in compliance with the Rule
  - Advisers to registered investment companies that are covered investment pools must comply with the Rule and with amendments to Rule 204-2 with respect to those registered investment companies

Useful Resources

- Useful Materials *(most are available online)*
  - Rule Proposing Release, IA-2910 (July 22, 2009)
  - Rule Adopting Release, IA-3043 (July 1, 2010)
  - Amending Proposing Release, IA-3110 (Nov. 19, 2011)
  - MSRB Notice 2011-04 (Jan. 14, 2011) (proposing Rule G-42)
  - *SEC Proposes Amendments to Pay to Play Rule*, IAA Newsletter (Jan. 2011)
  - California Fair Political Practices Commission, AB 1743 Fact Sheet
  - Michael A. Cardozo, City of New York Law Department (Mar. 31, 2010)

Questions and Answers

How would an adviser know that it is subject to the Rule? Is the Rule applicable to all advisers or is there a distinction?

- Currently, SEC-registered (or required-to-be registered) advisers are subject to the Rule
- It is proposed that private fund advisers, venture capital fund advisers and foreign private advisers will also be subject to the Rule
- All advisers subject to the Rule need compliance policies and procedures under Rule 206(4)-7
- Only advisers with government clients are subject to recordkeeping requirements

Questions and Answers

If an integrated adviser uses associated individuals outside of the adviser or uses affiliated broker-dealers to make solicitations (e.g. transfer agents) do those people need to be considered covered by 206(4)-5 or proposed MSRB G-42?

As currently proposed, an SEC- and MSRB-registered entity that is subject to the MSRB rules (when they are passed – which is scheduled for September 2011) may still not be able to be paid by the adviser for solicitation if the entity is an affiliate of the adviser

Questions and Answers

Are there any employment law concerns with (1) requiring prospective employees to disclose political contributions they have made; (2) requiring current employees to pre-clear political contributions they want to make; and/or (3) monitoring political contributions by employees?

Yes – Some states and municipalities limit and/or regulate the ability of employers to monitor or require disclosure or pre-clearance of political contributions, or to take adverse employment actions based on political contributions or a failure or refusal to disclose, pre-clear or agree to monitoring of contributions

In addition, if third party vendors are used to monitor political contributions, be sure to comply with any applicable notification and authorization requirements under state law and the Fair Credit Reporting Act

Questions and Answers

The Rule is triggered by contributions to a government actor who makes awards or who has the power to appoint the government actor who makes awards. How does the Rule apply where the actor is appointed by an elected body, such as a legislature?

- Key to test is actor's ability to "influence the outcome of"
- "It is the scope of authority of the particular *office* of an official, not the influence actually exercised by the individual, that would determine whether the individual has influence over the awarding of an investment advisory contract under the definition" (pg. 44)
- If a state has a pension fund whose board of directors, which has authority to hire an investment adviser, is constituted, at least in part, by appointees of the governor and members of the state legislature, the governor and the members of the state legislature serving on the board would be officials of the government entity (pg. 44, n.143)

Questions and Answers

Does the Rule restrict spousal contributions? Please discuss whether the definition of "covered associates" includes spouses and/or other household members of a covered associate.

- "Covered associate" does not include spouses or household members of a covered associate
- However, because of the "no indirect violations" element of the Rule, a covered associate cannot "funnel" contributions through third parties such as consultants, attorneys, family members, friends, or affiliated companies (pg. 96, n.339)
- SEC has stated, however, that absent an indirect violation from a covered associate, such third party contributions would not trigger the Rule (pg. 96-97, n.340)

Questions and Answers

For pooled investment vehicles that are fund of funds, does the advisor to the first fund need transparency into underlying funds in order to comply with the Rule?

- Advisers to underlying funds are not required to look through the investing fund (bottom-up) to determine whether a government entity is an investor, so long as the investment was not made as an end-around of the Rule
- The same logic would seem to apply to the opposite direction (top-down), but SEC has not expressed a definitive view

Questions and Answers

What is the best way to handle contributions to a slate of local candidates who use one campaign account? Should the safe harbor of $350 apply to each of the candidates or to the slate as a whole?

- This would depend on the particular facts and circumstances: Who is contributing? How many candidates? Can the contributor vote for them all? Can they all influence the award of government contracts? What is the intent of the contribution? What is the intent behind setting up the omnibus campaign account?
- Safest approach would be to treat the slate as a single candidate and only contribute one amount that complies with *de minimis* exception

Questions and Answers

In determining what persons are “covered associates,” when should an adviser consider a solicitation to have ended? At the time a bid has been awarded? When the contract is executed?

- This question goes to the second prong of the definition of “covered associate,” which includes employees who solicit a government entity for the investment adviser and their supervisors (even indirect supervisors)

Questions and Answers

What are an adviser's obligations with respect to government plan/program (e.g., 403(b)'s, 457's, etc.) assets held in omnibus accounts set up by financial intermediaries?

- SEC recognized omnibus accounts may include mix of government and non-government clients
- SEC's solution: more time to amend systems to capture such information

Questions and Answers

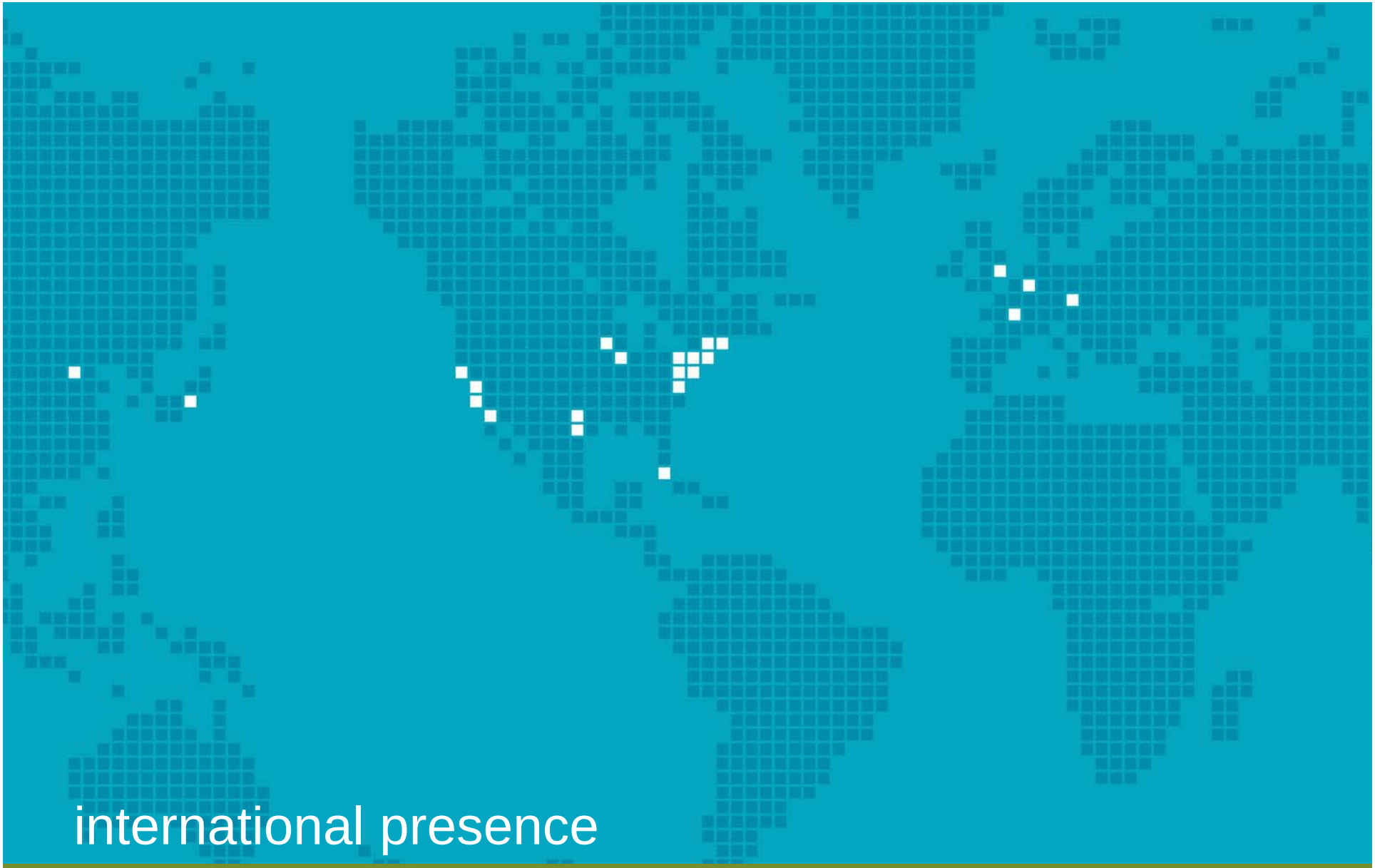
Sub-advisers to mutual funds that are registered under the 1940 Act generally do not know who the funds' shareholders are and the funds' advisers typically do not provide this information to the sub-advisers because of privacy concerns or for business reasons or other reasons. Please discuss.

- Several comment letters noted the difficulty of identifying shareholders where shares are held through an intermediary
- SEC remedy was to limit to registered funds that are options in government plan, assuming that advisers would know that fund is an option and the identity of the plan
- SEC noted that sub-advisers can obtain information from advisers
- If adviser makes triggering contribution, sub-adviser can still be paid (and vice-versa) unless there was arrangement to circumvent Rule

Questions and Answers

Have you seen other advisers including contributions to U.S. territories (i.e. Guam, Puerto Rico, U.S. Virgin Islands) in their policies and procedures?

- We have only seen policies and procedures that track the language of the Rule on this point
- The Rule defines "government entity" using the phrase "state or political subdivision of a state"
- Territories and states are each political divisions of the U.S., so the Rule would not seem to cover plans or programs of a U.S. territory
- Advisers managing territory assets should comply with the spirit of the Rule, nonetheless



international presence

Beijing Boston Brussels Chicago Dallas Frankfurt Harrisburg Houston Irvine
London Los Angeles Miami Minneapolis New York Palo Alto Paris Philadelphia
Pittsburgh Princeton San Francisco Tokyo Washington Wilmington