

ALABAMA SECURITIES COMMISSION

Post Office Box 304700

Montgomery, Alabama 36130-4700

Telephone: (334) 242-2984 or 1-800-222-1253 Fax: (334) 242-0240

Email: asc@asc.alabama.gov Website: www.asc.alabama.gov

Impact of Financial Regulatory Reform Bill for Investment Advisers and Main Street Investors in Alabama

MONTGOMERY, ALABAMA (Sept. 17, 2010) The recent passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act will have far-reaching significance for investment advisers doing business in Alabama. According to Alabama Securities Commission (ASC) Director, Joseph Borg, the new financial regulatory reform bill will increase states' registration and auditing authority over investment advisers by raising the assets under management threshold from \$25 million to \$100 million. "The newly-defined asset threshold will effectively require approximately 40 investment adviser firms and companies domiciled in Alabama to transfer oversight of their business from the U.S. Securities and Exchange Commission to the ASC," Borg explained. ASC will work closely with these investment adviser firms to help ensure a smooth transition from federal to state oversight. "ASC looks forward to productive relationships with all new investment adviser firms and their employees and representatives to ensure that the long-term financial interests of Alabama's investors are protected."

The new financial reform law will offer additional safeguards for protecting the personal financial assets of senior "main street" investors, aged 50 and older. "During the current stressful economic climate, more seniors than ever before are being drawn into investment schemes that are unsuitable for the long-term financial goals of persons their age or are outright frauds," Borg said. "One of the cornerstones of the new law presently being studied will make it easier for state securities regulators to crack down on anyone committing securities fraud against elderly investors." Borg explained that financial scams perpetrated against seniors often arise from unscrupulous and unlicensed individuals who provide personalized investment advice and recommendations about investment products under the guise of being "specialists" in investments for seniors. "The new financial reform law seeks to close this loophole of promoters holding themselves out as legitimate financial planners by using misleading designations," Borg said. "This will serve as another level of protection for our senior investors who might be steered toward purchasing high-risk or unsuitable products that they can't afford or do not understand."

The ASC cautions potential investors to thoroughly scrutinize and research any investment opportunity or offer. Contact the ASC with inquiries concerning securities broker-dealers, agents, investment advisers, investment adviser representatives, financial planners, registration status of securities or debt management programs, to report suspected fraud or to obtain consumer information. The ASC provides free investor education and fraud prevention materials in print, on our website and through educational presentations upon request.

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For more information, contact Dan Lord, Education and Public Affairs Manager, 334-353-4858.

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