FOLEY HOAG LLP

Joint House and Senate Committee Approves Financial Regulatory Reform Bill

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On Friday June 25, 2010, House and Senate Lawmakers culminated two weeks of negotiations and approved a bill, coined the Dodd-Frank Act (the "Bill"), which implements changes to prior House and Senate approved bills to overhaul regulatory oversight of banking and financial institutions. While the final text of the Bill is not yet available, provisions of primary interest to investment advisers to private investment funds have been reported to include:

- a compromise to allow banking institutions to sponsor and/or invest in private investment funds on a limited basis (up to three percent of such bank's regulatory Tier 1 capital), retreating from an outright ban on such activity proposed by a May 2010 bill approved by the Senate;
- requiring most over-the-counter derivatives transactions to be conducted via exchange or similar marketplace transactions through third party clearing houses; and
- requiring firms managing hedge funds and/or private equity funds (but not managers of venture capital funds, which are exempted) with assets under management of greater than or equal to $150 million to register with the Securities and Exchange Commission pursuant to the Investment Advisers Act of 1940.

Foley Hoag will provide additional guidance following the release of the full text of the legislation.

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