

**Manager's Amendment to the Investor Protection Act
Summary of Proposed Changes to the Discussion Draft of October 1, 2009**

The manager's amendment to the October 1, 2009 discussion draft of the Investor Protection Act contains numerous technical, clarifying, grammatical and conforming amendments that remedy drafting errors, correct oversights, streamline legislative language or improve the intent of the bill. As outlined below, the manager's amendment also contains a number of more notable modifications.

Sec. 103. Fiduciary Duty.

The manager's amendment clarifies that investment advice subject to a fiduciary duty is provided on a personalized basis. It also expands the commission-based sales language to include other standard compensation systems. The U.S. Securities and Exchange Commission (SEC) is further authorized to facilitate the disclosure of any material conflicts of interest of brokers, dealers and investment managers in their disclosures to retail customers. The SEC would further have the authority not only to prohibit but also restrict certain practices, conflicts and compensation schemes.

Additionally, the manager's amendment ensures that the standard of conduct for all brokers, dealers and investment advisers providing personalized investment advice will be at least as high as the current standard prevailing today for investment advisers. Harmonization of enforcement of the standard of conduct is amended in both the Exchange Act and the Investment Advisers Act.

Sec. 202. Whistleblower Protection.

The manager's amendment ensures that any whistleblower who knowingly and willfully makes any false, fictitious or fraudulent statements or representations shall not be entitled to any award and shall be subject to prosecution.

Sect. 208. Deadline for Completing Enforcement Investigations and Compliance Examinations and Inspections.

The manager's amendment creates two different 180-day standards for the agency. The first standard will apply to enforcement investigations, and the second standard will apply to compliance examinations and inspections.

Under the first provision, the 180-day clock for completing an enforcement proceeding will begin with the issuance of a Wells Notice, a letter issued to a prospective defendant advising that the SEC is considering bringing civil charges. To address complex cases, this first provision allows a 180-day initial extension, with notice to the Chairman, and additional subsequent 180-day extensions with notice to and approval of the Commission.

The second standard will apply to compliance examinations and inspections. Under this provision, the 180-day period to complete a proceeding begins upon completion of the onsite visit or the receipt of all requested records, whichever is later. By the end of the 180-day period, the SEC staff shall issue a written notification that the examination or inspection has concluded without findings or that the entity must undertake corrective action. To address complex cases, the second provision allows for one additional 180-day extension, after providing notice to the Chairman.

Sec. 216. Fidelity Bonding.

The revisions in the manager's amendment improve the implementation of the fidelity bonding requirements for registered management companies.

Sec. 304. Commission Organizational Study and Reform.

The manager's amendment extends the time the SEC has to hire an independent consultant to perform the comprehensive study by 30 days, but reduces the time the consultant has to issue the report to the SEC and Congress by 30 days. The amendment also includes a number of refinements to the parameters of the study.

Sec. 401. Regulation of Securities Lending.

The revisions provide a savings clause to ensure that an agency responsible for financial systemic risk protection or prudential management still has the authority to regulate stock lending or borrowing in the interest of safeguarding an institution's solvency or protecting against systemic risk.

Sec. 409. Protecting the Confidentiality of Materials Submitted to the Commission.

The manager's amendment expands the scope of protected material shared with selected entities to include information, documents, records or reports that relate to surveillance or risk assessment. It also expands the entities that can receive materials confidentially to include the Public Company Accounting Oversight Board and self-regulatory organizations.

Sec. 410. Technical Corrections.

The manager's amendment adds an additional technical correction.

Sec. 411. Municipal Securities.

The revisions alter the effective date of the composition of a more independent Municipal Securities Rulemaking Board to October 1, 2010, rather than 120-days after enactment, as the board annually reorganizes itself in early October each year. The

changes also authorize the SEC to issue rules about the minimal knowledge, experiences and other appropriate qualifications for board members.

Sec. 511. Study and Report on Feasibility of Risk-Based Assessments for SIPC Members.

The manager's amendment strikes the provisions requiring the Securities Investor Protection Corporation to put in place a risk-based assessment system and instead provides for a study and report by the Government Accountability Office on the feasibility of establishing such a system.

Sec. 603. Expansion of Audit Information to Be Produced and Exchanges with Foreign Counterparts.

The revisions correct numerous inadvertent staff drafting errors contained in the initial discussion draft, but do not change the intent of the section.