

SEC Clarifies Definition of Municipal Advisor for Registered Investment Advisers

As noted in our prior alert dated January 8, 2014, the final rule recently adopted by the SEC to establish a permanent registration regime for municipal advisors (the “Final Rule”) raised a number of interpretive issues for investment advisers. Today, the SEC clarified that SEC-registered investment advisers that provide advice on municipal derivatives in an investment portfolio for clients that are municipal entities are not, merely as a result of providing such advice, “municipal advisors” for purposes of the Final Rule.¹ A copy of the FAQ is available [here](#) (see Section 4 of the FAQ for clarification of the scope of the registered investment adviser exclusion).

The guidance did not provide any additional information with respect to application of the Final Rule to unregistered investment advisers (*e.g.*, exempt reporting advisers).

Please refer to our prior [alert](#) for additional information on municipal advisor registration, including the process of registering as a municipal advisor and implications of being a municipal advisor. Please contact your usual Ropes & Gray advisor with any questions.

¹ Other relationships with municipal entities may still require municipal advisor registration, such as providing advice to a municipal entity regarding municipal derivatives that are entered into by the municipal entity in connection with the issuance of municipal securities (*e.g.*, swaps to hedge interest rate risk in connection with the issuance of municipal debt securities).