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3PM Responds to SEC Proposed Rule Banning Placement Agents

23-Page Letter Outlines Association's Concerns and Recommendations

PRINCETON JUNCTION, NJ – September 1, 2009 – The Third Party Marketers Association, Inc. (3PM) has issued a comprehensive response letter to address the Securities Exchange Commission (SEC) proposed rule that would ban the use of placement agents and other third-party solicitors working on behalf of investment advisers seeking to invest public pension plan assets. 3PM is a professional association advocating for more than 75 member organizations that assist the investment industry in growing assets under management.

In the letter, the Association outlines specific concerns with the proposed ruling S7-18-09, saying that “a general ban on the use of legitimate placement agents and other third party intermediaries is an unreasonable and unjustified response that affects an entire industry segment as a result of the improper and illegal misconduct of a few.”

Other key points illustrated in the letter include:

- 3PM provided section by section feedback on the proposed ruling's various topics including whether or not the rule should apply to state advisers, the use of MSRB rules as models and an in-depth cost/benefit analysis, to name a few.
- 3PM urges the SEC to examine suggestions of the five U.S. states that have endorsed the role of the third party marketer and called for an increase in transparency in lieu of an outright ban.
- The ban reduces the pool of investment opportunities which in turn limits diversification and the potential rate of return earned by pension plans which could increase the need for additional funding to offset any underfunded liability.

3PM's response letter can be viewed at <http://3pm.org/press-releases.html>. It is one of 37 responses already posted to the SEC comment website in opposition to the ban. The comment period is open until October 6, 2009. 3PM has also begun a grassroots outreach initiative to encourage all major stakeholders in the industry plan including sponsors, consultants, manager of managers programs, investment advisers, with a particular emphasis on emerging, minority and woman-owned firms, as well as industry service providers to voice their support for third party marketers.

“The Association agrees that change is necessary, but an outright ban is certain to introduce more inefficiencies in the system,” said Donna DiMaria, President of 3PM. “We are encouraging all of our members to contact everyone they know in the industry to write letters while the 60-day comment period is still open to let the SEC know how the industry will be negatively affected by this proposed rule.”

Formed in 1998, 3PM provides a forum for third party marketers to network and discuss issues affecting their businesses and the investment management arena. The Association pursues ongoing agendas in the areas of regulatory compliance and recommends adherence to the highest standards and best practices followed throughout the financial services industry. The Association has been widely credited with enhancing the business practices of third party marketers worldwide.

For more information about 3PM, please visit www.3PM.org, or contact Kaitlin Friedmann at kfriedmann@cmasolutions.com or 609-297-2215.

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About the Third Party Marketers Association, Inc. (3PM)

3PM is a professional association with more than 75 member organizations that assist in increasing institutional assets for their diverse following of investment manager clients. The organization’s goals are to cultivate relationships and business opportunities among members and to provide information and education about the industry. In addition, 3PM also aims to enhance professional standards and integrity by advancing best practices throughout the financial services industry. More information is available at www.3pm.org.