

Chapman Client Alert

February 24, 2017

Current Issues Relevant to Our Clients

SEC Issues Guidance for Robo-Advisers

The staff of the Securities and Exchange Commission's Division of Investment Management recently released guidance on disclosure, suitability and compliance obligations for automated advisers—often referred to as “robo-advisers.” The guidance notes that robo-advisers represent a fast-growing part of the investment advisory industry with unique client relationships that often occur with limited (if any) human interaction and asset management that makes significant use of algorithms. Given the unique aspects of robo-adviser business models, the staff issued guidance focused on:

- the substance and presentation of disclosures to clients about robo-advisers and the investment advisory services they offer;
- the obligation of robo-advisers to obtain information from clients to support their duties to provide suitable advice; and
- the adoption and implementation of effective compliance programs reasonably designed to address concerns related to providing automated advice.

The full text of the IM Guidance Update is available [here](#).

[For More Information](#)

To discuss any topic covered in this Client Alert, please contact a member of the Investment Management Group or visit us online at chapman.com.

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