

FrontLineCompliance®

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Investment Guideline Reviews Now Crucial in Light of U.S. Debt Downgrade

FrontLine Compliance Assisting Investment Managers Impacted by Standard & Poor's Rating Downgrade

NEW YORK, NY (August 16, 2011)—FrontLine Compliance, LLC, a leading regulatory compliance consulting firm, has expanded its customized investment guideline review service for large money managers following the U.S. debt downgrade issued by Standard's & Poor's on August 5, 2011. The downgrade has a rippling effect throughout the investment management industry based on investment guideline requirements of institutional clients. "Investment advisers will have to conduct an inventory of all advisory accounts invested in U.S. debt," says Amy Lynch, president and founder of FrontLine Compliance and a former SEC regulator. "This is especially important for institutional managers to large entities that typically have strict investment guidelines regarding the quality of fixed income investments."

FrontLine Compliance offers experienced trading compliance experts that have conducted numerous investment guideline reviews for many large money managers. This type of review is typically outsourced because it is very labor intensive to review all

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of the related account level documentation against the transactions and holdings. “The prudent manager should assess account holdings against investment guidelines as stated in client agreements or policy statements,” says Lynch. “It’s common practice for large pensions, foundations, and endowments to restrict debt holdings to AAA rated only. Unfortunately, due to the recent downgrade, an account with this restriction could be out of compliance if it holds long-term U.S. debt.” In order to comply with Section 206 of the Investment Advisers Act of 1940 investment advisers must follow client investment objectives and guidelines.

In today’s difficult economy, firms need their internal staff to stay focused on the day-to-day compliance challenges caused by volatile markets and increased regulatory requirements. An experienced consulting firm such as FrontLine Compliance will identify and mitigate this new risk transferred to investment advisers by the U.S. debt downgrade.

FrontLine Compliance, LLC is a regulatory compliance consulting firm of former high-level regulatory insiders offering customized services to investment advisers, broker-dealers, hedge funds, private equity firms, investment companies and insurance company affiliates. Staffed by former SEC and FINRA regulators, and chief compliance officers, FrontLine Compliance provides the kind of industry knowledge, experience and expertise on regulatory issues only available from well-seasoned insiders. For more information about the consulting firm, please visit www.frontlinecompliance.com.

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