PUBLICATION

Dodd-Frank Wall Street Reform And Consumer Protection Act, Part 4

July 30, 2010

Investor Protection and Transparency

On July 21, 2010, President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Act). We are publishing a series of releases discussing key aspects of the Act, which includes several provisions (i) to protect investors who invest in public companies and (ii) to create increased transparency for all investors. A summary of the key investor protection and transparency provisions is below.

- **Whistleblower Protection**. The Act amends the Securities Exchange Act of 1934 to add Section 21F, titled "Securities Whistleblower Incentives and Protection." This section, 21F, provides certain protections for whistleblowers that bring securities law violations to the attention of the SEC. Under Section 21F, in judicial or administrative proceedings resulting in monetary sanctions over $1 million, the SEC will pay to the whistleblower(s) that provided the information an amount between 10-30 percent of the amount of the monetary sanctions that are collected. When determining where in the 10-30 percent realm the award should fall, the SEC must take into account various factors, such as the significance of the information and the degree of the assistance provided. The Act also establishes the Investor Protection Fund, which is to be funded by collections of certain monetary sanctions, to be the source of the whistleblower payments. The Act further affords whistleblowers protection by preventing employers from discharging, harassing, demoting or taking certain other actions against whistleblowers because of a whistleblower's reporting information to the SEC or providing further assistance to the SEC in an enforcement action.

  The final rules for the whistleblower protections are due within nine months, but the new protections will apply to whistleblowers even if the action that violates the securities laws occurred before enactment of the Act. The SEC is also required to establish a separate office to administer and enforce the provisions of new Section 21F.
- **Investor Advisory Committee**. The Act creates an Investor Advisory Committee, which is to be composed of an Investor Advocate, a representative of state securities commissions, a representative of interests of senior citizens and 10-20 people who represent the interests of individual and institutional investors. The Act requires the Investor Advisory Committee to meet twice a year and focus on regulatory priorities of the SEC, initiatives to protect investor interest, and initiatives to promote investor confidence and the integrity of the securities marketplace.

If you have questions about this or any other securities-related issues, please contact one of the attorneys listed below or your Baker Donelson attorney.

Baker Donelson is pleased to present a series of Alerts related to the Dodd-Frank Wall Street Reform and Consumer Protection Act. To read the complete series, click here.