

## Ricardo Davidovich in U.S. News & World Report: 'New SEC Rules Allow Financial Advisor Testimonials'

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**PRACTICES** Investment Management

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Haynes Boone Partner [Ricardo Davidovich](#) talked with *U.S. News & World Report* about the Securities and Exchange Commission's (SEC's) updates to its decades-old rules about investment advisor marketing,

Here is an excerpt:

The ruling now allows endorsements and testimonials, with some restrictions. Advertisements must prominently and clearly disclose whether the person giving the endorsement or testimonial has been compensated and whether he or she is a client.

The updated regulation also permits performance reports and third-party ratings. These are also subject to strict parameters.

### **Road Map for Advisors**

Compliance experts and attorneys underscore the need for advisors to proceed with caution.

Ricardo Davidovich, a partner in the investment management and private equity practice groups at the law firm Haynes Boone in New York, says the new regulation has pros and cons for advisors. Some of the rules are quite detailed, which could be challenging for those who aren't careful.

"For example, the requirement that performance advertising must show net performance," Davidovich says. "Gross performance can be used, but net performance must be included with equal prominence."

He adds that the amendments codify guidance the SEC previously issued governing the use of investment performance generated by a firm's personnel while working at other firms.

"The advantage of codifying previous guidance is that it puts everything in one place and gives advisors a road map as to what they can and cannot do," Davidovich says.

To read the full article, click [here](#).