

Applicability of the SEC's Political Contributions Rule to Contributions to the Biden-Harris Campaign

August 2020

On Aug. 11, 2020, Joe Biden announced that he had selected California Senator Kamala Harris to be the Democratic Party's nominee for vice president of the United States. Given that California's public pension plans are among the largest in the country, and given that private fund managers and their personnel are subject to federal "pay-to-play" rules, many managers are considering whether there is any impact in allowing their employees to contribute to the Biden-Harris campaign.

The SEC's political contributions rule, Rule 206(4)-5, applies to contributions to "officials," defined as individuals who hold or are running for offices that have the ability to influence the hiring of investment advisers on behalf of a state or local government (or the ability to appoint individuals who do). Neither a United States Senator from California nor the vice president of the United States has such ability with respect to the California Public Employees Retirement System (CalPERS), the California State Teachers Retirement System (CalSTRS), or the University of California Retirement Plan (UC Regents). Because each such plan is managed by its respective board, the members of which do not include a United States Senator from California nor the Vice President of United States, and such offices do not have the ability to appoint members to these boards, contributions to the Biden-Harris campaign by employees of a private fund manager should not implicate the SEC's political contributions rule with respect to those three retirement plans.

This article appeared in the August 2020 edition of SRZ's Private Funds Regulatory Update. To read the full Update, [click here](#).