

US association responds to recent bans on the use of third party marketers, placement agents

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The Third Party Marketers Association Inc. (3PM) has issued a position paper in response to recent controversy over banning the use of third party marketers, placement agents and other intermediaries by institutions such as the New York State Common Retirement Fund and New York City Retirement Systems. 3PM is a professional association with more than 75 member organizations that assist the investment industry in growing assets under management.

In the position paper, 3PM states that while they neither condone nor defend any of the alleged wrong doings, they take the position that the decision making process was compromised and unfairly affected the investment managers who were denied fair and equal consideration in their efforts to provide investment services. Further, this compromise, which favored relationships rather than merit, also disadvantaged the pension plan retirees' interests.

Other key points illustrated in the paper include:

- 3PM believes the ban is wrong-minded because it tarnishes the image and reputation of the vast majority of third party marketers who are professional, ethical and provide important services to their stakeholders.
- The ban introduces inefficiencies into the investment process that will effectively limit access to investment opportunities from investment managers who may not have adequate resources to directly approach potential investors such as small emerging managers.
- A ban would inadvertently reduce the transparency needed to promote greater integrity in the investment decision-making process.
- A third party marketer's role is much more than merely arranging a meeting between an investment manager and potential investors—they aid in identifying the most appropriate target market and message for the investment manager's products, create marketing materials such as presentation books, RFPs (Requests for Proposals), due diligence questionnaires and other collateral materials used in the sales and marketing process, moderate meetings ensuring the clarity of the manager's message while focusing on the investment objectives of each potential investor and much more.

"Since its inception 3PM has worked to enhance our profession's standards, integrity and business practices," said Donna DiMaria, President of 3PM. "We believe a general ban on the use of legitimate third party marketers is an unreasonable and unjustified response that affects an entire industry segment as a result of the alleged illegal misconduct of a few."

Formed in 1998, the association provides a forum for third party marketers to network and discuss issues affecting their businesses and the investment management arena. The association pursues ongoing agendas in the areas of regulatory compliance and recommends adherence to the highest standards and best practices followed throughout the financial services industry. The association has been widely credited with enhancing the business practices of third party marketers worldwide.

For more information about 3PM, please visit www.3PM.org. To obtain a copy of the position paper, please contact Kaitlin Friedmann at kfriedmann@cmasolutions.com or 609-297-2215.

About the Third Party Marketers Association, Inc. (3PM)

3PM is a professional association with more than 75 member organizations that assist in increasing institutional assets for their diverse following of investment manager clients. The organization's goals are to cultivate relationships and business opportunities among members and to provide information and education about the industry. In addition, 3PM also aims to enhance professional standards and integrity by advancing best practices throughout the financial services industry. More information is available at www.3pm.org.