

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

Investment Advisers Act of 1940
Release No. 3353 / January 13, 2012

Investment Company Act of 1940
Release No. 29917 / January 13, 2012

Administrative Proceedings
File No. 3-11696

In the Matter of

**RS Investment Management, Inc., RS
Investment Management, L.P.,
G. Randall Hecht and Steven M. Cohen,**

Respondents.

**ORDER MODIFYING ORDER INSTITUTING
ADMINISTRATIVE AND CEASE-AND-DESIST
PROCEEDINGS PURSUANT TO SECTION 203(e),
203(f) and 203(k) OF THE INVESTMENT
ADVISERS ACT OF 1940 AND SECTIONS 9(b)
AND 9(f) OF THE INVESTMENT COMPANY ACT
OF 1940, MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS AND A CEASE-AND-
DESIST ORDER AS TO RS INVESTMENT
MANAGEMENT, INC. AND RS INVESTMENT
MANAGEMENT, L.P.**

I.

On October 6, 2004, the United States Securities and Exchange Commission (the “Commission”) instituted administrative and cease-and-desist proceedings pursuant to Sections 203(e), 203(f) and 203(k) of the Investment Advisers Act of 1940 and Sections 9(b) and 9(f) of the Investment Company Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (the “2004 Order”) against RS Investment Management, Inc. and RS Investment Management, L.P (collectively “respondents”).¹

II.

In anticipation of the institution of these proceedings, respondents consented to the 2004 Order. Among other things, the 2004 Order required respondents to cease and desist from further violations of the federal securities laws, directed respondents to pay disgorgement and civil money penalties, and directed respondents to comply with various undertakings. In 2006, RS Investment Management Co. LLC (“RS”) became the successor to RS Investment

¹ See Advisers Act Rel. No. 2310, October 6, 2004, Admin. Proc. File No. 3-11696.

Management, Inc. and RS Investment Management, L.P. by acquiring all interest in both entities, and became subject to the undertakings of the 2004 Order.

III.

RS has submitted an Amended Offer of Settlement (the “Offer”) proposing to relieve it of the obligations to continue to: (1) hold a shareholders’ meeting at which the Board of Trustees for RS is elected not less than every fifth calendar year in accordance with paragraph 25.b. of the 2004 Order; (2) establish and maintain a Compliance Systems Committee in accordance with paragraph 26.a.iii. of the 2004 Order; and (3) undertake a periodic compliance review in accordance with paragraph 28 of the 2004 Order. Solely for purposes of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over it and the subject matter of these proceedings, which are admitted, RS consents to the entry of this Order Modifying Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 203(e), 203(f) and 203(k) of the Investment Advisers Act of 1940, and Sections 9(b) and 9(f) of the Investment Company Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order as to RS Investment Management, Inc. and RS Investment Management, L.P. (“Order”), as set forth below.

IV.

The Commission deems it appropriate and in the public interest to modify the 2004 Order as agreed to in RS’s Offer.

Accordingly, IT IS HEREBY ORDERED that:

A. Paragraph 25.b. of the 2004 Order is modified as follows:

25.b. Commencing in 2005 and not less than every fifth calendar year thereafter through 2011, each RS Fund will hold a meeting of shareholders at which the board of Trustees will be elected.

B. Paragraph 26.a.iii. of the 2004 Order is modified as follows:

26.a.iii. Until January 2012, RS shall establish a Compliance Systems Committee (the “committee”) whose purpose it is to coordinate compliance goals with operations. Members of the committee will include the CEO, COO, CFO, CCO, General Counsel, and personnel representing Sales and Marketing. Meetings of the committee shall be held weekly. The Compliance Systems Committee shall be chaired by RS’s Chief Compliance Officer, and shall have as its members senior executives of RS’s operating businesses. Notice of all meetings of the Compliance Systems Committee shall be given to the independent staff of the Trustees of the RS funds, who shall be invited to attend and participate in such meetings. The Compliance Systems Committee shall review compliance issues throughout the business of RS, endeavor to develop solutions to those issues as they may arise from time to time, and oversee implementation of those

solutions. The Compliance Systems Committee shall provide reports on internal compliance matters to the Risk Management Committee of the Trustees of the RS funds with such frequency as the independent Trustees of such funds may instruct, and in any event at least quarterly. RS shall also provide to the Risk Management Committee of RS the same reports of the Code of Ethics Oversight Committee and the Compliance Systems Committee that it provides to the Risk Management Committee of the RS funds;

C. Paragraph 28 of the 2004 Order is modified as follows:

28. **Periodic Compliance Review.** RS has undertaken that, commencing in 2006, and at least once every other year thereafter through 2011, RS shall undergo a compliance review by a third party, who is not an interested person, as defined in the Investment Company Act, of RS. At the conclusion of the review, the third party shall issue a report of its findings and recommendations concerning RS's supervisory, compliance, and other policies and procedures designed to prevent and detect breaches of fiduciary duty, breaches of the Code of Ethics and federal securities law violations by RS and/or its employees in connection with their duties and activities on behalf of and related to the RS Funds. Each such report shall be promptly delivered to RS's chief compliance officer and to the Compliance or Audit Committee of the Board of Trustees or directors of each RS fund.

D. All other provisions of the 2004 Order remain in effect.

By the Commission.

Elizabeth M. Murphy
Secretary