

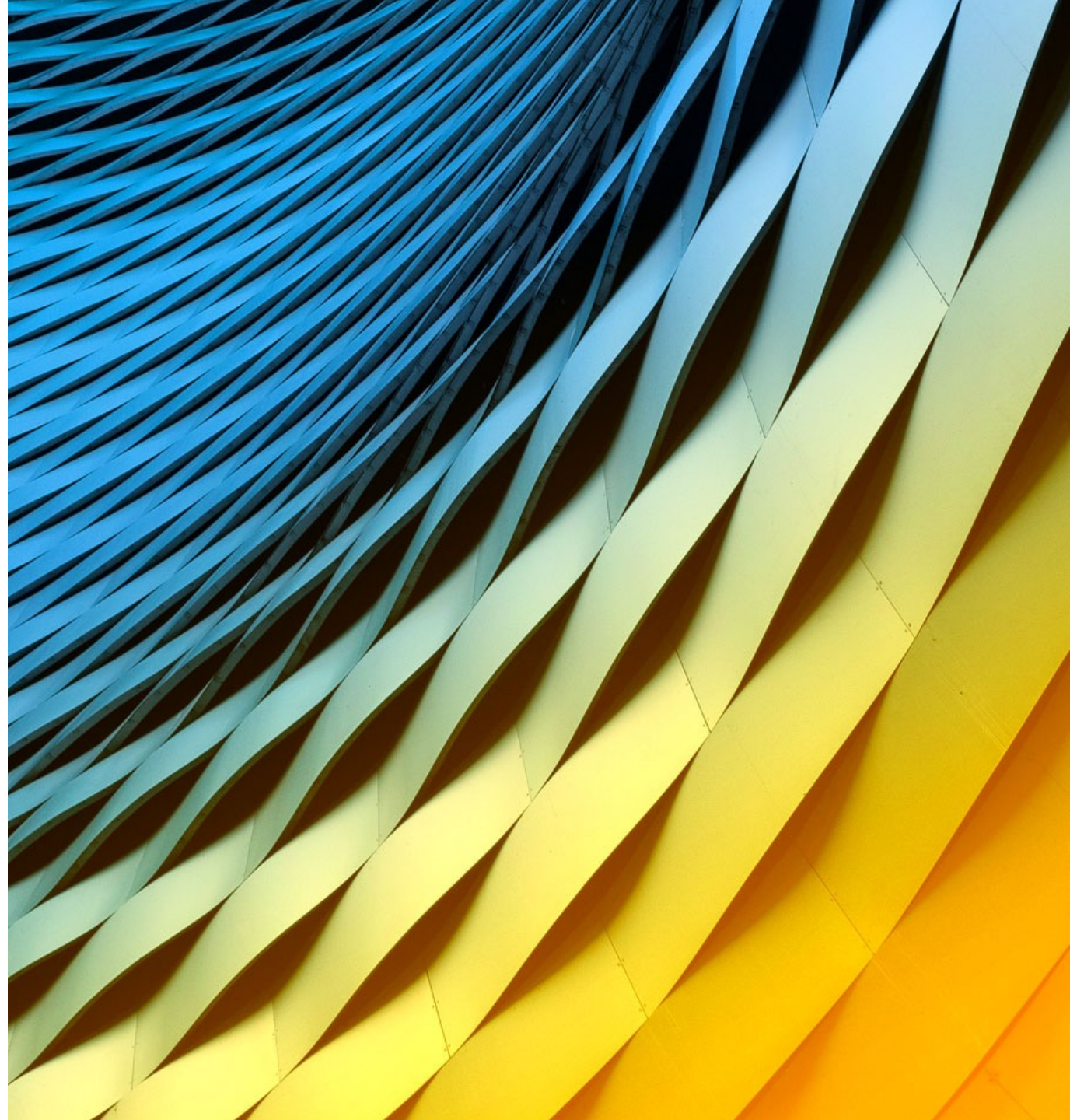
RIA in a Box – Best Practices for an Effective RIA and Private Funds Compliance Program

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May 18, 2021



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Services & Technology

Providing the lead compliance solution for investment advisors since 2005.



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Regional Account Executive



Our Agenda Today



Compliance Best Practices



Recent SEC Risk Alerts



2021 SEC Examination Priorities



RIA in a Box Resources and Solutions



Q&A



Compliance Best Practices

Policies and Procedures



Form ADV



Code of Ethics



Disciplinary Disclosures



Chief Compliance Officer ("CCO")

Fiduciary Duty

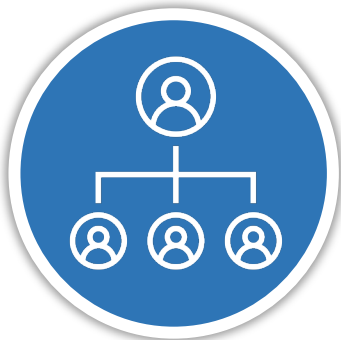
Books and Records

Compliance Best Practices: Policies and Procedures and CCO



Policies and Procedures

- Written policies and procedures are required per Rule 206(4)-7
- P&P is to be reviewed annually and updated accordingly



Chief Compliance Officer (“CCO”)

- The role must be designated within the firm
- The CCO is responsible for administering the compliance program

Compliance Best Practices: Form ADV and Fiduciary Duty



Form ADV

- Must be updated annually through the IARD website
- This process is required within 90 days of a firm's fiscal year end
- Additional ADV amendments may be required throughout the year for any material changes



Fiduciary Duty

- Obligation to act in the best interest of the client and provide investment advice in the best interest of the client

Compliance Best Practices: Code of Ethics and Books and Records



Code of Ethics

- RIA firms must establish, maintain and enforce a written code of ethics



Books and Records

- RIA firms are required to maintain books and records, that are accurate and true to their investment advisory business



Compliance Best Practices: Disciplinary Disclosures



Disciplinary Disclosures

- IARs are required to disclose certain disciplinary and financial/legal events

*In October 2020, the SEC released a statement reminding firms that they must report disciplinary history on its customer relationship summary (Form CRS) if that history must also be reported on other forms. Firms do not have discretion to leave the answer blank or to omit reportable disciplinary history from the relationship summary. As such, firms should review their reportable disciplinary history and that of their financial professionals to ensure that their relationship summaries are “accurate, complete and consistent” with those other forms.



Compliance Best Practices

Policies and Procedures



Form ADV



Code of Ethics



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Recent SEC Risk Alerts: ESG Products and Services

ESG Products and Services

Findings are from recent examinations of RIA firms and private funds offering environmental, social, and governance “ESG” products and services.

The Division of Examinations staff will continue to examine firms to evaluate whether they are accurately disclosing their ESG investing approaches and have adopted and implemented policies, procedures, and practices that accord with their ESG-related disclosures.



Source: <https://www.sec.gov/files/esg-risk-alert.pdf>



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Recent SEC Risk Alerts: Digital Asset Securities

Digital Asset Securities

In this release, the Division of Examinations' addresses its continued focus on the activities related to the offer, sale, and trading of securities known as "Digital Asset Securities".

The Division makes it clear to investment advisors that digital assets along with use of distributed ledger technologies will be a focus area for future examinations and discloses the related risks identified during recent examinations.



Source: <https://www.sec.gov/files/digital-assets-risk-alert.pdf>



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Recent SEC Risk Alerts: Multi-Branch Offices

Multi-Branch Offices

In this release, The Division of Examinations issues an alert with new information pertaining to a series of exams conducted that focused on RIA firms operating from numerous branch offices and with operations geographically dispersed from the adviser's principal or main office, better known as the "Multi-Branch Initiative."

According to the SEC, "This Initiative focused on, among other things, the assessment of the compliance and supervisory practices relating to advisory personnel working within the advisers' branch offices."



Source: <https://www.sec.gov/files/Risk%20Alert%20-%20Multi-Branch%20Risk%20Alert.pdf>



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2021 SEC Examination Priorities



Standards of Conduct: OCIE will focus on examining compliance with Form CRS and how RIA firms are acting according to their fiduciary duties of “care and loyalty”.



Fraud, Sales Practices, and Conflicts:

RIA firms can expect an emphasis on disclosures related to fees, expenses, and conflicts of interest during their examinations.



Information Security and Operational Resiliency: This examination priority builds onto the business continuity and disaster recovery plan reviews in past years, adding focus onto how the plans are designed for the increasing risks associated with climate change and market events.



Financial Technology (Fintech) and innovation, including digital assets: Exams will assess the whether investments are in the best interests of investors; portfolio management and trading practices; safety of client funds and assets; pricing and valuation; effectiveness of compliance programs and controls; and supervision of representatives’ outside business activities.

2021 SEC Examination Priorities



Anti-money laundering programs: The staff highlights the importance of implementing programs designed to identify suspicious or illegal money-laundering activities in accordance with the Bank Secrecy Act.



The London Inter-Bank Offered Rate (“LIBOR”) transition: Examinations will shine a light on how registrants are knowingly exposed to the LIBOR as well as measure the preparedness for a transition to an alternative reference rate, relative to how it will affect the firm’s own financial matters as well as its customers.



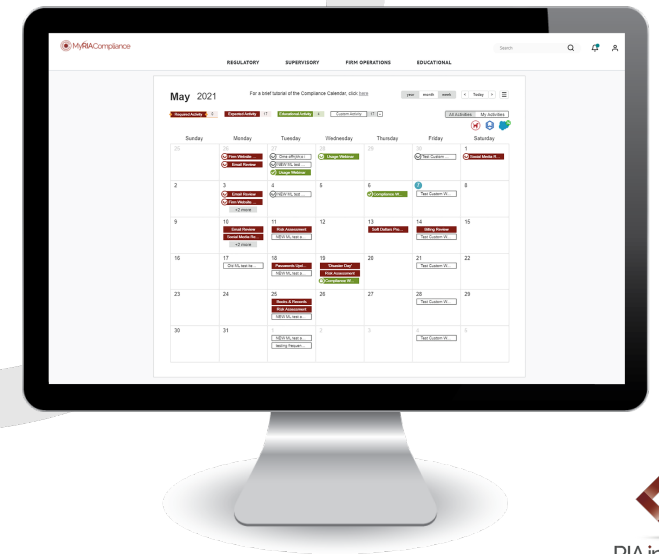
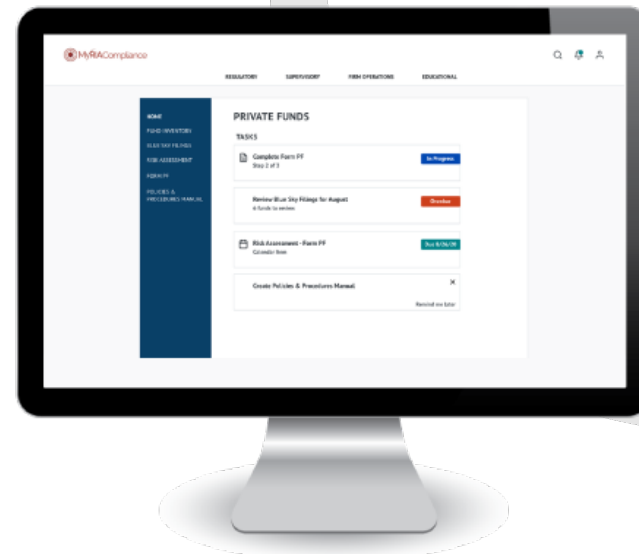
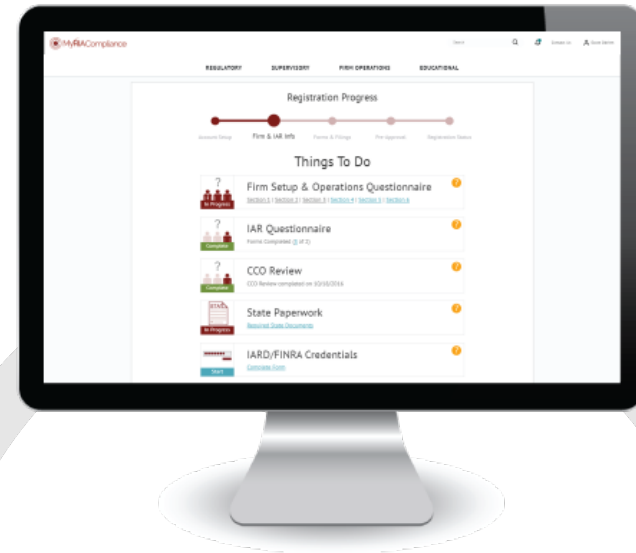
RIA Compliance Programs: The report describes the focus areas for compliance program.



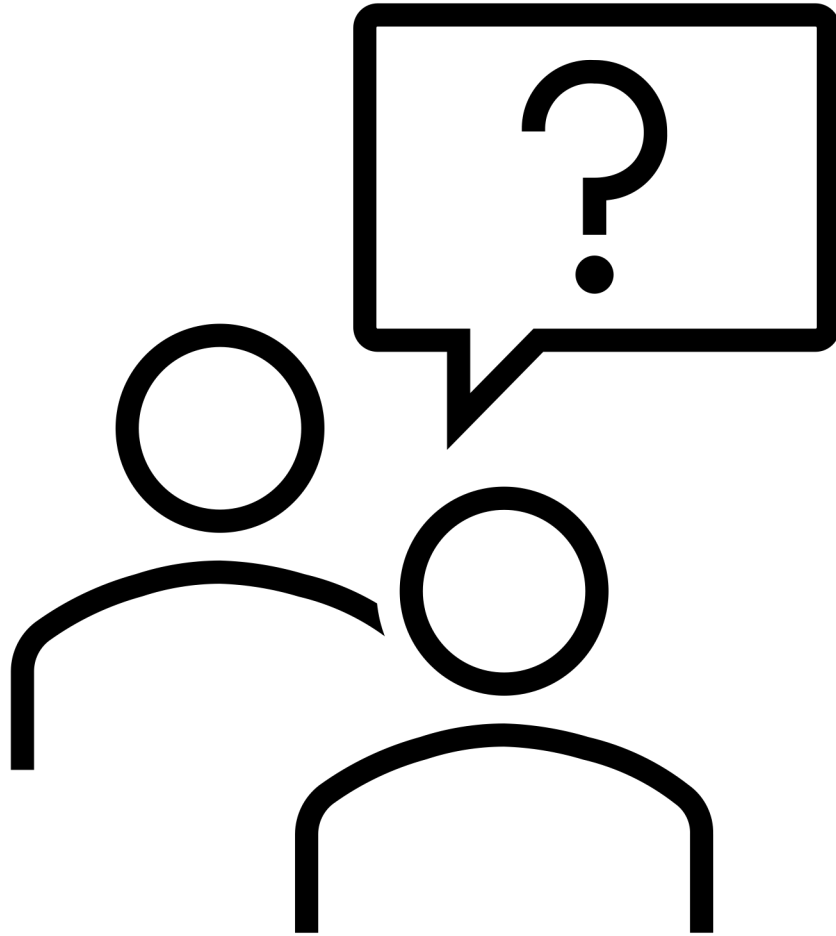
RIA to Private Funds: With a reported 36% of RIA firms managing private funds, OCIE stated it will be focusing on the liquidity and disclosures of investment risks and conflicts of interest.

RIA in a Box Resources and Solutions

- Registration
- On-going Compliance Support
- Private Fund Compliance Support



Questions?





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Thank you for joining us today!



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Learn more about RIA in a Box and our offerings [here](#).

