

## RIA Compliance Program Management

Below is a list of steps that you can take to prepare/update your firm's compliance program.

### Sample Reporting Matrix

	<b>Structure</b>	<b>Filing Types</b>	<b>Where:</b>	<b>Regulation:</b>
<i>Corporate Level</i>	Corporate Documents (C-Corp, LLC)	Articles of Incorporations, Stock Certificates	Secretary of State	State (securities act)
<i>Firm Level (RIA)</i>	Registered investment advisor (RIA)	Form ADV Agreements Procedures Manual	FINRA Web CRD/IARD	SEC (investment advisors act) State (Securities act)
<i>Firm Level (BD)</i>	FINRA/other SRO member broker-dealer,  Securities Agent  Securities Issuer Agent	Form B-D  FINRA Membership MSRB (municipalities) FinCen (SAR, AML) State Securities	FINRA Web CRD/IARD  State Specific	FINRA (NASD) MSRB (SRO) SEC (advisors act); SEC (securities exchanges act) State (securities act) FinCen (Treasury/BSA/AML)
<i>Rep Level (RIA/BD)</i>	Investment advisor Representative (IAR)  Registered Representative (RA)	Form U-4	FINRA Web CRD/IARD	State (Securities act) SEC (investment advisors act) FINRA
<i>Securities Level</i>	Public Securities/  Structured Products  Initial Public Offering	Exemptions- Reg D (504, 505, 506)  Form S-1 (IPO) Public Companies (S-K, S-X)  Private Placements	State securities commission (notice filings);  SEC (Edgar)	State (Securities act) SEC (investment advisors act) SEC (securities exchanges act)
<i>Fund Level</i>	Registered Fund (i.e. open/closed end funds)  Private Fund (registration or exemption)	Edgar: 13D, 13G, 13F  Form PF  3c-1, 3c-7	SEC Edgar  State securities commission (notice filing);	SEC (investment company act) SEC (securities exchange act)

## Determining Levels of Regulatory Reporting

### Corporate Level:

Corporate entities file with the secretary of state

### Advisory (firm) level:

This level refers to the registered investment advisor (RIA) practice – the business entity that is registered with the SEC or State.

*Disclosures on ADV Part 1, 2A, 2B, and agreements.*

### Investment Advisor Rep Level:

This level refers to persons who work under the advisory firm (investment advisory representative).

*Disclosures on U-4, ADV Part 1A and/or 2B supplement.*

### Fund Level:

This level refers to registered investment companies (i.e. mutual funds) as defined by the Investment Company Act of 1940 and/or private funds (3C-7, etc.).

*Disclosures on ADV Part 1A, 2A, and Fund Board (Schedule D - registered funds).*

*Disclosures on ADV Part 1A, 2A (Schedule D – private funds)*

*Blue Sky Reporting (State exemption reporting)*

### Securities Level:

This level refers to reporting securities, such as equities, private funds (securities exemptions), and other securities exchange act disclosures.

*Disclosures/Filings on: 13F, 13D, 13G, Reg. D, 505, 506*

### Broker-Dealer Level:

The broker-dealer level refers to activities with advisory firms who:

Have employees that also work with a broker-dealer (e.g. registered representatives that conduct advisory activities with an independent RIA and broker-dealer); or

Are affiliated with a broker-dealer (typically an RIA that is still owned, operated, or acting as a part of a broker-dealer/RIA financial network); or

Own or Control a registered broker-dealer firm (e.g. advisory/broker-dealer hybrids).

*Disclosures on ADV, Form B-D, U-4, U-6*

### Filling Out a Compliance Reporting Matrix

Questions to Ask:

	<b>Description</b>
<i>Corporate Level</i>	<p>What are my corporate/organization obligations?</p> <p>What are my corporate tax obligations</p>
<i>Firm Level</i>	<p>Who are my regulators?</p> <p>What policies and procedures are needed for my registered advisory firm?</p> <p>Do I need to register with the SEC or FINRA?</p>
<i>Rep Level</i>	<p>What are my compliance requirements for my reps?</p> <p>Are my reps under SEC, State, or FINRA oversight?</p> <p>Investment advisor representatives (IAR) and/or Registered Representatives (RA)?</p>
<i>Securities Level</i>	<p>Do I have any reporting requirements for my equities/structured products or other securities investments?</p> <p>Do I have any custody reporting obligations?</p>
<i>Fund Level</i>	<p>What are my obligations for investments in funds?</p> <p>What are my requirements as a fund manager?</p> <p>Registered Investment Fund (i.e. open/closed end)</p> <p>Private Fund (registration or exemption)</p> <p>Do I need to file with the SEC, Edgar, and/or to a state securities commission?</p>

### **Assessing General Firm Requirements**

#### **Annual Review (required by SEC and some states): *at least once a year***

- Procedures Review- *online template available (located in review center\*\*)*
- CCO Summary – *online template available (located in review center\*\*)*
- Risk Assessment - *online template available (located in review center\*\*)*

#### **Post Registration Forms/Templates\*: *within first year***

- Agreements – *online template available (located in forms\*\*)*
- Business Continuity Plan– *online template available (located in forms\*\*)*
- Policies & Procedures Manual –*online template available (located in forms\*\*)*
- Privacy Policy Notice – *template available for clients/website (located in forms\*\*)*
- ADV Offer Letter – *template available for client delivery (located in forms\*\*)*

#### **Client Onboarding/Documentation: *during new account process***

Provide clients:

- Agreements;
- Financial Planning Engagement Letter (for CFP's who offer financial planning);
- ADV Brochure (Part 2A/B brochure);
- Privacy Policy Notice;
- Business Continuity Plan offer or deliver a copy (print or electronic).

#### **Client Annual Notices – *next year (120 days after fiscal year)—deliver annually***

Offer letter to include:

- Complete ADV brochure or delivery summary of material changes (print or electronic\*)
- Privacy Policy Notice - deliver a copy (print or electronic\*)
- Business Continuity Plan - offer or deliver a copy (print or electronic\*)

\*Obtain permission if selecting electronic delivery method.

#### **Annual Renewal Fees Due – *second week of December***

- FINRA Preliminary Renewal statements released in November (*summary of fees*)
- Firms pay fees via FINRA CRD/IARD e-bill (link checking account)

## Creating a System for Ongoing Maintenance

### Updated Dashboard 2.0

RIA Review™ Premium Plus Version Dashboard FAQ BLOG Users premiumplus@riareview.com Log Out

Hi premiumplus! Welcome back.  
What can we help you with today?

[Download Forms](#) [Access Checklist](#) [Review Rules](#)



**Rule of the Month** Review your firm's cybersecurity and client data protection mechanisms periodically (Reg. S-P and Reg S-ID)

**Monthly Schedule**



January	February	March	April
May	June	July	August
September	October	November	December

**Monthly Schedule**



**January**

**Perform Annual Review:**    
Firms should conduct a review of firm policies and procedures anytime throughout the year.

**Applies to:** SEC Registrants & Some state-advisors including: Florida, Georgia, and Washington-registered advisors







**FINRA Final Statement released:**    
Fees due for any transactions conducted after preliminary statements were released (e.g. new IAR's, new registrations)

**Applies to:** all firms

**Collect Personal Securities Transactions**    
Collect: (1) a holdings report or (2) collect quarterly/annual confirmations – within 30 days after the quarter end.

**Applies to:** all firms with access persons.















**Review Documents (premium plus):**

Annual Review\*    
Monthly Review\*\*    
Quarterly Review\*\*\*    
Code of Ethics Certification

**January Monthly To-Do List**

**Disclaimer:** Click **Save** before leaving the page, clicking another month, or clicking calendar button. It is up to you to set any recurring events in your third party application.

**Monthly Items**

1.	asdasd	January 6	, 2018	 
	Biweekly			
2.	2	January 12	, 2018	 
	Biweekly			
3.	3	January 1	, 2018	 
	Annually			
4.	asdasdadsa	January 13	, 2018	 
	Biweekly			
5.	5	January 18	, 2018	 
	Weekly			
6.	sd	January 13	, 2018	 
	Biannually			
7.		January 2	, 2018	 

### Applicability:

- Compliance Calendar to review **annual requirements and set alerts\***
- Setup Calendar To-Do List to add firm specific items
- Annual Renewal Fees – instructions located in CRD/IARD guidelines section.
- Access Forms/Templates as needed.
- Store Books/Records (on cloud) if needed.
- User and CCO procedures manual is available online.

## Storing Firm Books and Records

### Current Clients:

At least five years.

- 2 years onsite
- 3 years offsite

### Former clients:

- 5 years from the fiscal year date of last client activity.
- (e.g. Client exits on 7/1/2014 then keep records through 2020)

### Types of Records:

**Format:** Accrual Format

**A journal or journals, including cash receipts** and disbursements records, and any other records of original entry forming the basis of entries in any ledger.

**General and subsidiary ledgers** (or other comparable records) reflecting asset, liability, reserve, capital, income and expense accounts.

**A memorandum of each order given by the investment adviser** for the purchase or sale of any security, of any instruction received by the investment adviser from a client concerning the purchase, sale, receipt or delivery of a particular security, and of any modification or cancellation of any such order or instruction. (e.g. trade blotter)

- All check books, bank statements, cancelled checks and cash reconciliations of the investment adviser. *Separate personal from business expenses.*
- All bills or statements (or copies thereof), paid or unpaid, relating to the business of the investment adviser as such.
- All trial balances, financial statements, prepared in accordance with generally accepted accounting principles,

**Originals of all communications** received, and copies of all written communications sent by such investment adviser relating to

- recommendation/advice made or proposed to be made;
- any receipt, disbursement or delivery of funds or securities; or
- the placing or execution of any order to purchase or sell any security;
- A list or other record of all accounts that advisors has discretionary power of attorney with respect to the funds, securities or transactions of any client.

**A copy of all powers of attorney** and other evidences of the granting of any discretionary authority by any client to the investment adviser, or copies thereof.

**A copy of all written agreements** (or copies thereof) entered into by the investment adviser with any client or otherwise relating to the business of such investment adviser as such.

**A copy of each notice, circular, advertisement, newspaper article,** investment letter, bulletin or other communication, including those transmitted by electronic media, recommending the purchase or sale of a specific security, which the investment adviser circulates or distributes, directly or indirectly, to 10 or more persons.

**A record of every transaction in a security** in which the investment adviser or any advisory representative has, or by reason of such transaction acquires a security (personal securities transactions report quarterly).

#### **Updating Documentation for clients**

Privacy Policy Notice

Business Continuity Plan

Investment Policy Statement (e.g. at least every three years)

Service Agreements (services/fees)

ADV Part 2A/B Brochure