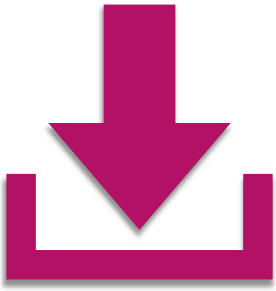
Compliance Calendar: Track It, Test It



Download Our Slides

https://www.ria-compliance-consultants.com/track-test



Important Disclosures

Please carefully review the following disclosures and limitations of this course.

- Although the sponsor of this course, RIA Compliance Consultants, Inc. ("Sponsor"), is an affiliate of a law firm and Sponsor may have an individual on its staff that is also licensed as an attorney providing legal services in a completely separate capacity, Sponsor is **not** a law firm and does **not** provide legal services or legal advice. A consulting relationship with Sponsor does not provide the same protections as an attorney-client relationship.

- This course is offered for educational purposes only and should not be considered an engagement with Instructor or Sponsor. This presentation should not be considered a comprehensive review or analysis of the topics discussed today. These educational materials are not a substitute for consulting with an attorney or compliance consultant in a one-on-one context whereby all the facts of your situation can be considered in their entirety.



Key Point: *Taking this educational course does not create an attorney-client relationship or a compliance consulting relationship between you and your Instructor or the program Sponsor. If you have questions about your particular circumstances, we encourage you to discuss them with your compliance professional and/or your attorney.*

Please Read Our Fine Print

- Instructor and Sponsor make all reasonable efforts to ensure the educational material is current and accurate at the time of presentation. Instructor and Sponsor are not be under an obligation to advise you of any regulatory developments or subsequent changes to educational material presented in this IAR CE course.

- Information provided during this course is provided "as is" without warranty of any kind, either express or implied, including, without limitation, warranties and merchantability, fitness for a particular purpose, or non-infringement. Instructor and Sponsor assume no liability or responsibility for any errors or omissions in the content of the presentation.

- There is no guarantee or promise that concepts, opinions and/or recommendations discussed will be favorably received by any particular court, arbitration panel or securities regulator or result in a certain outcome.



Key Point: *Laws and regulations change over time, and it is impossible to predict how a court, arbitration panel, or securities regulator will act in the future. After taking this course, you should be alert for future regulatory developments.*

Keep in Mind…

- Communication with Instructor is not protected from discovery by third-parties during litigation or regulatory proceedings. Please keep questions during this course in a hypothetical form.

- Reviewing the slides and/or attending this course does not create a consulting engagement with RIA Compliance Consultants, Inc. A consulting relationship can be established only after the following two events have been completed: (1) our thorough review with you of all the relevant facts pertaining to a potential engagement; and (2) the execution of a written engagement and fee agreement and our advance receipt of any retainer required under such an agreement. The slides and/or course should not be regarded as a complete analysis of the subjects discussed. The information on these slides and in the course should not be relied upon as a substitute for one-on-one compliance advice. Often times, a party needs professional advice that applies to his or her specific situation. Your investment adviser firm should retain a compliance professional and/or attorney to provide you with specific guidance regarding your firm's situation.



Key Point: *Do not disclose confidential or proprietary information during this course. If you have questions about your particular circumstances, we encourage you to discuss them with your compliance professional and/or your attorney.*

Jurisdictions Requiring IAR CE

Already Effective As Of 1/1/24:

AR; CA; CO; DC; FL; HI; KY; MD; MI; MS; NV; ND; OK; OR; SC; TN; VT; & WI.

Effective On 1/1/25:

Minnesota; Nebraska; New Jersey; Rhode Island and U.S. Virgin Islands

Live Course Submitted to NASAA But Not Yet Approved

RCC Has Submitted This Live Presentation to NASAA for Approval as an IAR CE Course

Once Approved, RCC Will Contact Attendees About Next Steps for Obtaining IAR CE Credit

NASAA Disclosure

NASAA does not endorse any particular provider of investment adviser representative continuing education courses. The content of this course and any views expressed are our own and do not necessarily reflect the views of NASAA or any of its member jurisdictions.



Course Requirements

- **Login** - You must be logged in during the presentation under your email address.
- **View Entire Presentation** – You are required to watch the entire presentation the course.
- **Attendance Codes** - As you watch the presentation, you will receive two attendance codes, each containing three alphanumeric characters. Save these codes. You will need to enter the full six-character attendance code prior to accessing the final quiz.
- **Login** – You will need to login into https://www.CE4Advisers.com and select/purchase this course.
- **IAR Acknowledgement** – Sign the IAR CE Acknowledgement & Attestation.
- **Final Quiz -** You must complete each lesson and receive a score of **70%** on the final quiz to receive IAR CE credit (assuming the course has been approved by NASAA).

Content Questions & Technical Help

If you have questions about the content of this course or need technical help, please contact us via the email address below:

ContEd@ria-compliance-consultants.com

Your Instructor – Teresa O'Grady

Teresa O'Grady, Senior Compliance Consultant

Teresa began her career in the financial services industry in 1989, when she joined Ameritrade, Inc. Throughout her career, she worked for several other local firms gaining experience in almost every facet of the broker dealer and investment adviser industry. Teresa joined RCC in 2016 and enjoys helping investment adviser firms meet their regulatory and compliance obligations.

tograd y@ria-compliance-consultants.com

- 877-345-4034 x 114
- 402-739-8214

Tammy Emsick

Tammy Emsick, VP of Business Development

Tammy began her career in the financial services industry over 38 years ago. As one of the first employees to join RIA Compliance Consultants, she initially worked with clients as a Senior Compliance Consultant. Eventually, she took on the role of the Vice President of Business Development where she is typically the first point of contact for prospective clients looking for a compliance consultant. Tammy uses her past experience to help investment advisers determine appropriate consulting services based on each firm's individual circumstances.

temsick@ria-compliance-consultants.com

- 877-345-4034 x 102
- 402-201-2260

Learning Objectives / Course Overview

- Understand how firms can maintain a strong compliance program by using a Checklist
- The use of a Compliance Calendar Checklist may lessen audit deficiencies
- Understand the general compliance responsibilities of an Investment Adviser
- An effective compliance program starts by implementing the policies in the manual
- Customize the compliance manual based on your firm.
- Questions & Answers

An Effective Compliance Program is KEY!



SEC Rule 206(4)-7 of the *Investment Advisers Act of 1940* requires an investment adviser to:

- Adopt and implement written policies and procedures reasonably designed to prevent violations of federal securities laws;
- Review those policies and procedures annually for their adequacy and the effectiveness of their implementation, and
- **Designate a chief compliance officer to be responsible for administering the policies and procedures.**

The Chief Compliance Officer is KEY!



CCO must be someone that is:

- Competent and knowledgeable regarding the *Advisers Act to prevent violations of state and federal securities laws*
- Empowered with full responsibility and authority to develop and enforce appropriate policies and procedures for the investment advisor
- Given sufficient position of seniority and authority within the organization to compel others to adhere to the investment adviser's policies and procedures and carry out supervision responsibilities
- Clear about understanding the regulatory expectations of this role and the related responsibilities within your investment adviser

2025 Examination Priorities for Investment Advisers

1) Adherence to Fiduciary Standards of Conduct

a) Duty of Care

b) Duty of Loyalty

c) Act in client's best interest at all times

d) Full and fair disclosure of conflicts of interest

2) Effectiveness of Advisers' Compliance Program

a) Adopt and implement written Policies and Procedures

b) Designate a Chief Compliance Officer

c) Review Policies and Procedures annually – Critical Element

COMPLIANCE CALENDAR

"TRACK IT"

- As Needed – Ongoing Tasks
- Monthly Tasks
- Quarterly Tasks
- Semi-Annual Tasks
- Annual Tasks





AS NEEDED – ONGOING COMPLIANCE TASKS

As Needed-Ongoing Tasks

1) Review Form ADV documents for material changes that need updated immediately. Material changes should be made within 30 days of the event.

As Needed-Ongoing Tasks

2) Keep list of requests received for ADV Part 2 (Part 2A, Part 2B and/or 2A Appendix) and if applicable, Form ADV Part 3) date requested, date sent and how delivered. **Requested brochure(s) must be delivered to clients within seven days of receiving the request.**

As Needed-Ongoing Tasks

3) Keep list of clients (including those that terminated, date terminated and reason).

Client list needs to include the following minimum information: Name of client, State of residence, Amount of assets under management or account values, Fee Schedule, Custodian, Investment strategy and objectives, Inception date

As Needed-Ongoing Tasks

4) New Clients Must Receive Following Documents:

- Form ADV Part 3 Relationship Summary
- Form ADV Part 2A Disclosure Brochure or Form ADV Part 2A-Appendix Wrap Fee Program Brochure as applicable
- Form ADV Part 2B Brochure Supplement(s) as applicable
- Customer Privacy Policy Notice
- Applicable Client Agreement

As Needed-Ongoing Tasks

5) Conduct IRA Rollover Recommendation analysis for any new clients and existing clients

- Transferring their 401(k) and/or IRA accounts to the firm.

As Needed-Ongoing Tasks

6) Suitability review for new clients or clients that change investment objectives.

As Needed-Ongoing Tasks

7) Solicitor Documentation: Confirm (if applicable) that all client accounts referred by a solicitor have proper disclosure statement on file. Chief Compliance Officer (CCO) is responsible for approving all solicitor relationships.

As Needed-Ongoing Tasks

8) Keep list of requests received for Code of Ethics, date requested, date sent and how delivered. Must be delivered within ten business days of receiving the request.

As Needed-Ongoing Tasks

9) Advertising file.

- Copy of written approval.
- Copy of approved advertising/marketing document.

As Needed-Ongoing Tasks

10)Keep list of Supervised Persons (i.e., employees)

As Needed-Ongoing Tasks

11) New Employee or Rep Documents

- Background Check
- Copy of Attestations – (COE, Compliance Manual and any others required by firm)
- Disclosures of Outside Business Activities
- Signed Form U4, if applicable
- IAR Agreement, if applicable

As Needed-Ongoing Tasks

12) Notify states and/or SEC of any changes to office address, hours of operation, phone numbers or other contact information

As Needed-Ongoing Tasks

13) Full and Fair Disclosure to Clients of all material facts and when a Conflict of Interest Exists

As Needed-Ongoing Tasks

15) Keep record of compliance manual violations and how violation was resolved.

As Needed-Ongoing Tasks

16) Ongoing compliance training for supervised persons.

As Needed-Ongoing Tasks

14) Complaint File-All written and verbal complaints must be reported to the CCO. Need to maintain the following information in file:

- A copy of the original complaint received;
- The date the complaint was initially received;
- Identification of all representatives providing any form of service on the account;
- Copies of all correspondence to or from the client in relation to the complaint;
- A written report of any actions taken in response to the complaint in addition to all documentation necessary to properly respond to the allegations.
- If it is determined that the complaint is a reportable event according to any advisory rules and regulations, the Form U4 and the Form ADV will be updated immediately by CCO.

As Needed-Ongoing Tasks

17) Complete Initial due diligence reviews on Solicitors, third-party managers, sub-advisers, broker/dealers and other vendors.

MONTHLY COMPLIANCE TASKS



Monthly Compliance Tasks - Confirm

1) Firm is not receiving client securities

2) Firm is not receiving client checks payable to third parties

3) No Foreign clients accepted if firm policy

4) No voting client proxies if firm policy

5) No breach of client's confidential information

Monthly Compliance Tasks - Document

1) CCO review of client correspondence

2) Review sampling of emails



QUARTERLY COMPLIANCE TASKS

- **QTR.** 1) Keep copies of fee notifications or invoices for each quarter.
- **QTR.** 2) Conduct audit sampling of client fees deducted/billed. Document the audit sampling review.
- **QTR.** 3) Double-check the firm's number of clients per state – Is the firm exceeding or getting close to a state's de minimus exemption? Firms can have up to 5 clients/households prior to getting registered or notice filed in a state. **Exceptions: SEC Firms: LA, NE, NH & TX at one client. State firms: LA & TX**
- **QTR.** 4) Account reviews as per procedures
- **QTR.** 5) Spot check advertisements issued during previous quarter. Completed by CCO.
- **QTR.** 6) Review Business Continuity and Disaster Recovery Plan – Review Call Tree to ensure it is accurate and prepare updates as needed.
- **QTR.** 7) Review client objectives and current investments. Do they "match"?

QTR. 8) Review all personal securities transactions (quarterly statements or logs) for supervised persons deemed Access Persons. Keep documentation of such review.

QTR. 9) Review political contributions and gifts or confirm contributions were not made or gifts were not given/received.

QTR. 10) To the extent your firm has management discretion over $100 million or more in 13F securities, your firm must begin filing Section 13F reports, initially and then quarterly reports thereafter. Review Section 13 filings to ensure firm is not required to submit 13D, 13F, 13G and 13H.

QTR. 11) Review your specific state or SEC books and records requirements to ensure your firm is a) maintaining the required B&R, b) for the required retention period and, c) reviewing and documenting P&P, when necessary. Example, a) getting a signed advisory agreements for each client; b) maintaining/downloading monthly/quarterly client account statements; c) retaining all required emails; d) licensing files; e) all versions of current and past ADV documents; f) all versions and notes for advertising pieces; and g) all versions of compliance manual.



SEMI-ANNUAL COMPLIANCE TASKS

Semi-Annual Compliance Tasks

Conduct:

- Mutual fund share class selection reviews
  1) Recommend the client purchase the lowest cost share class reasonably available and most suitable for the client based on the facts and circumstances at the time the recommendation is made – Keep
  2) Advise each client of the available options and get client's authorization to purchase the more expensive share class
  3) Firm Policy should address MF positions transferred in, compliance with Policy and training

DOCUMENT ALL POINTS!

Oversight:

- Ongoing oversight of investment recommendations after the initial IRA rollover recommendation

  1) reviews should be conducted at least semi-annually in conjunction with the firm's annual retrospective review of IRA rollovers
  2) Written report and certification due 6 months after review period
  3) Violations corrected within 90 days after discovery of violation
  4) Notification of corrections and violations must be included in written report

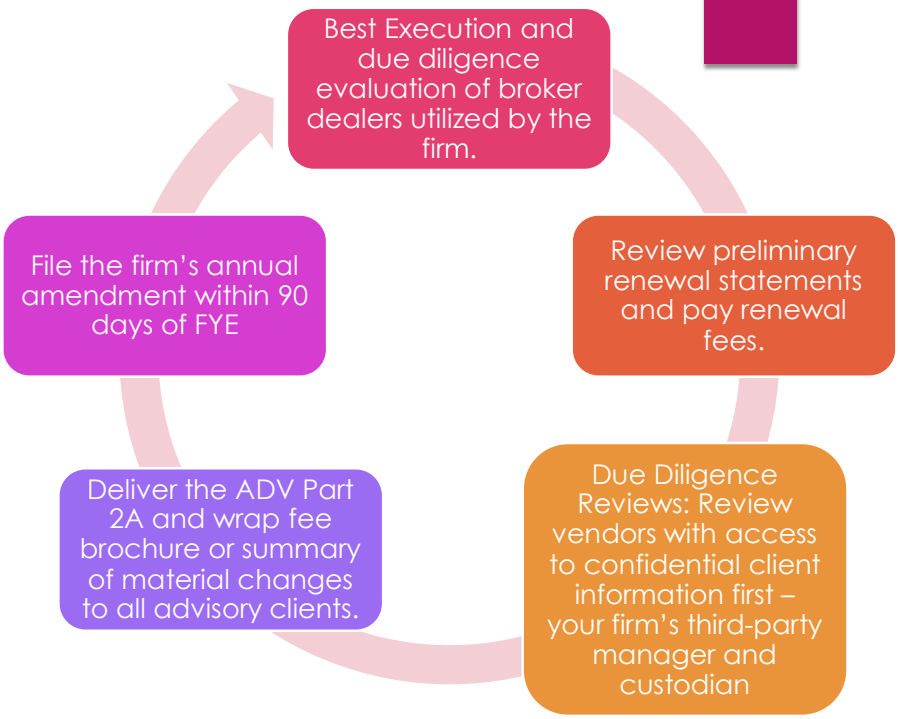
Training:

- Business Continuity Plan
- Client Communications
- Electronic Communications
- Code of Ethics (Personal securities transaction review and insider trading)
- Privacy Policy and procedures
- Fiduciary Duty
- Registration and Licensing
- Risk Assessment
- Senior and Vulnerable Investors
- Suitability of Investments
- General Employee Policies
- Outside Business Activities

ANNUAL COMPLIANCE TASKS



Annual Compliance Tasks



Annual Compliance Tasks

- **Annual Retrospective Review of IRA Rollovers**
- **Deliver Privacy Policy to all clients**
- **Obtain an Annual Holdings Report from each Access Persons –** (Supervised person *who has access to nonpublic information regarding any clients' purchase or sale of securities, or nonpublic information regarding the portfolio holdings of any reportable fund, or who is involved in making securities recommendations to clients, or who has access to such recommendations that are nonpublic.*
- **Consider follow-up background check for all or selected supervised persons especially if subject to heightened supervision plan or recent "Yes" answer on the Form U4.**
- **Annual employee compliance training should focus on the following minimum policies: Code of Ethics (including personal securities transactions and insider trading), Fiduciary Duty, Registration/Licensing, Client Communications, Customer Privacy Policy and Procedures, and other topics determined by CCO.**

Annual Compliance Tasks

Code of Ethics annual certification and acknowledgement for Supervised Persons

Compliance Manual annual certification and acknowledgement for Supervised Persons

- IARs must review and approve Form U4 and Form ADV Part 2B at least annually. IARs must notify CCO of any changes when they occur.
- All supervised persons must complete an Outside Business Activity Form at least annually. Must obtain pre-approval before engaging in outside activity.
- All supervised persons must acknowledge not using social media for business/client purposes, if that is the policy.
- All employees must acknowledge not voting client proxies.
- All employees must acknowledge full disclosure of personal securities accounts.
- All employees must acknowledge political contributions and/or gifts.

Annual Compliance Tasks

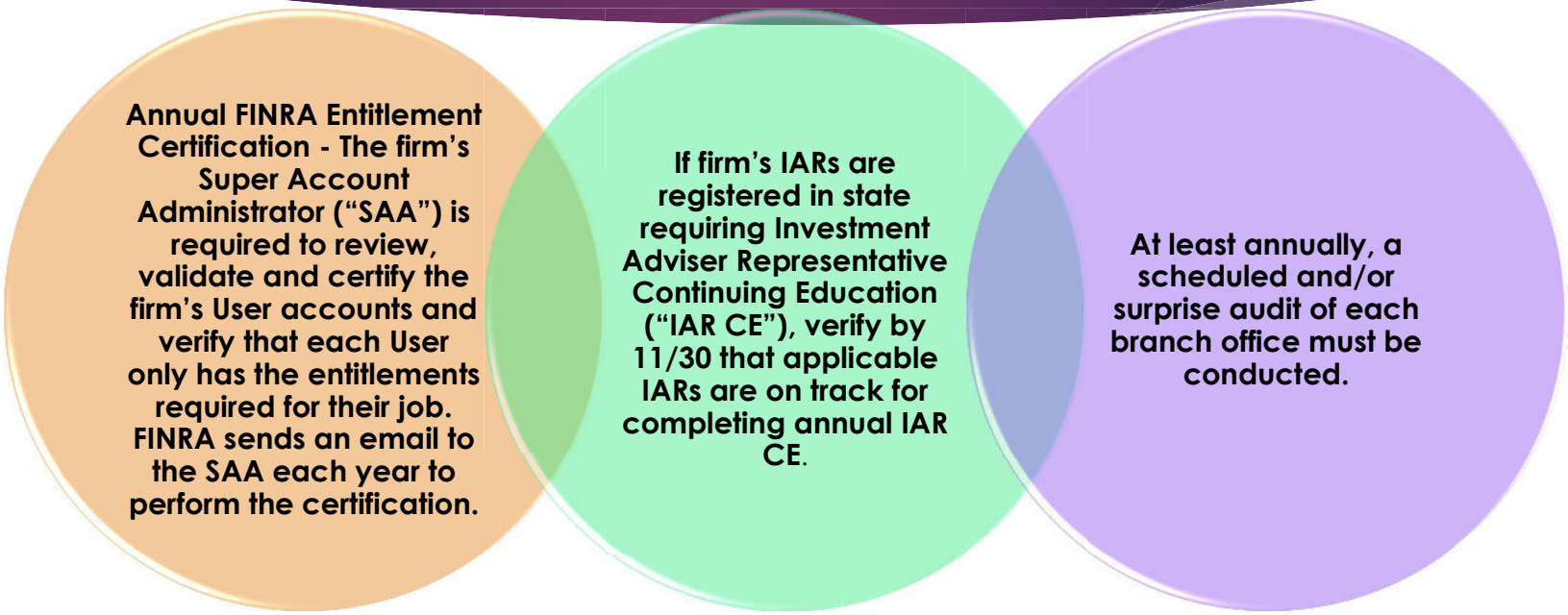
CCO to coordinate annual assessment/review of entire Compliance Manual and all other compliance policies and procedures including Business Continuity and Disaster Recovery Plan. Must document review and maintain with firm's books and records.

Complete or update risk assessment or risk inventory which identifies key areas of risk facing the firm. See applicable section of Compliance Manual for Risk Assessment, Supervision Chart or Risk Assessment Log," as an example.

To the extent that firm had investment discretion over $100 million or more of 13(f) securities as of the last trading day of any month during the past calendar year, your firm is required to submit 4 filings of Form 13F during the following year starting 45 days from the end of this past calendar year.

To the extent firm is required to file the Form 13F, firm must file an annual report on Form N-PX by August 31. This report will cover the most recent 12-month period ending June 30 and must include the firm's proxy voting record related to executive compensation matters.

Annual Compliance Tasks



COMPLIANCE CALENDAR

"TEST IT"

- As Needed – Ongoing Tasks
- Monthly Tasks
- Quarterly Tasks
- Semi-Annual Tasks
- Review the Business Continuity Plan



" Test It" - Ongoing Compliance Tasks – Hiring New Supervised Persons

Conduct:

- Background/Credit Check. Review for criminal, investment-related and civil lawsuits/disciplinary event and bankruptcies/compromise with creditors/tax liens
- Review location of clients, if IAR
- Review location where IAR will provide advisory services
- Review Outside Business Activities and possible Conflicts of Interest with IA
- Review Firm Website for changes
- Review and update Firm's list of Supervised/Access Persons
- Review Current Fee Schedule and make changes to ADV Documents, if necessary

Review, Sign and Comply:

- Written Compliance Policies and Procedures
- Code of Ethics – Sign within 10 days of hire
- Investment Adviser Representative Agreement, if applicable
- Communication/Social Media Policy, if separate document
- Form U4 and Part 2B, if IAR

Report:

- Personal Securities Accounts/Holdings for self and household within 10 days of hire
- All Outside Business Activities, including other compensation, serving as office, director or partner of another entity, ownership in private investments or non-publicly traded company
- Active Professional Designations

"Test It" Monthly Task

Review and Sample Firm Emails

1) Determine the type of Email Samples – Random and Key Word Recommended

2) Determine who is responsible for the task. Determine the frequency of review and number or percent of emails to be reviewed.

3) Update the Policies and Procedures to document this information.

4) Ensure the Firm documents all email reviews, including any issues that were found and follow-up that was made.

5) Review non business-related emails, if this is a violation of firm policy.

6) Review internal email communications

"Test It" Quarterly Task – Fee Audit

- At least every quarter, an Investment Adviser should pull a sampling of accounts for a fee audit.
- Firm must determine the number of accounts or a percent of accounts to audit each quarter.
- Audit should include all types of accounts across all investment adviser representatives, not to repeat accounts until all accounts are audited.
- Fee audit should include 1) a review of the fee schedule in the advisory agreement signed by the client; 2) a review of the fee that was actually debited from account; 3) a manual calculation of the fee that should have been debited; and 4) a review of the firm's current fee schedule to determine if there are any discrepancies in the fee that was debited.
- Review Policies and Procedures for fee debit to determine if any changes are necessary.

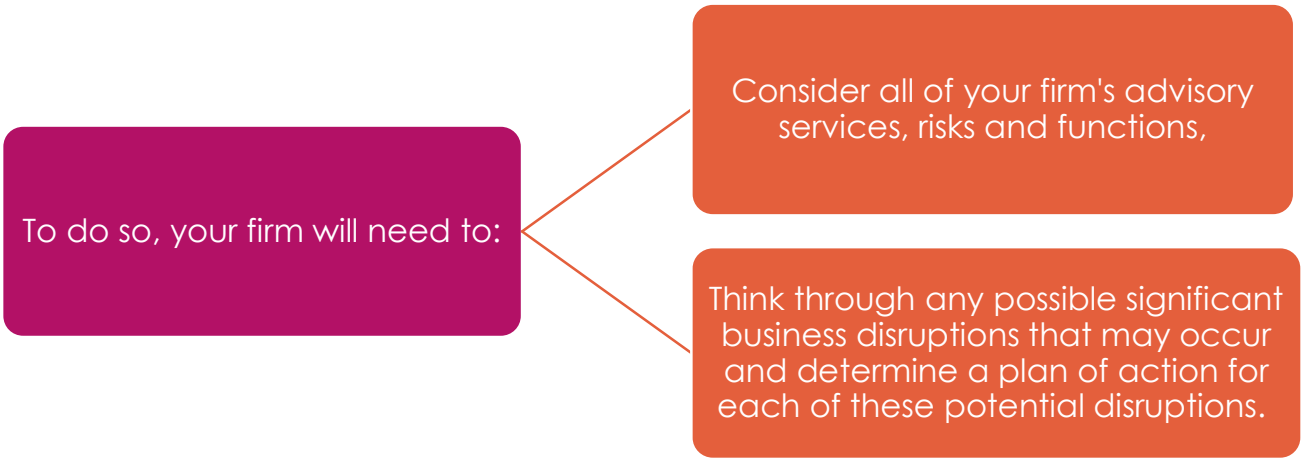
"Test It" Annual Task – Best Execution

Best Execution Review assesses the performance of brokerage firms.

- Sample a number of trades throughout a period of time for price and execution.
- Review the performance of your firm's broker dealer against other BDs to ensure they are providing the best execution for client trades.

"Test It" Annual Task – Review Business Continuity and Disaster Recovery Plan

Step #1: Create and implement a Business Continuity and Disaster Recovery Plan.



"Test It" Annual Task – Review Business Continuity and Disaster Recovery Plan

The following are ten critical elements that should be considered and included in your plan (if they are applicable to your firm):

- Data back-up and recovery (hard copy and electronic);
- All mission critical systems;
- Financial and operational assessments;
- Alternate communications between customers and your firm;
- Alternate communications between your firm and its employees;
- Alternate physical location of employees;
- Critical business constituents, banks and counter-party impact;
- Regulatory reporting;
- Communications with regulators;
- How your firm will assure customers' prompt access to their funds and securities in the event that you firm is unable to continue its business.

"Test It" Annual Task Review Business Continuity and Disaster Recovery Plan

Once the Plan is established, your task is not complete!

CONDUCT AN ANNUL REVIEW WHICH INCLUDES: 1) TESTING YOUR PLAN IN ORDER TO CONTINUE NORMAL BUSINESS OPERATIONS; 2) REVIEW REGULATORY MATTERS THAT AROSE; 3) REVIEW OTHER CHANGES THAT AROSE – OPERATIONS, STRUCTURE, BUSINESS OR LOCATION.

ONE OF THE COMMON AUDIT DEFICIENCIES FOUND IS NO PROOF OR DOCUMENTATION TO SUPPORT TESTING OF THE PLAN. AFTER THE REVIEW IS COMPLETED, A REPORT SHOULD BE PREPARED THAT DISCUSSES THE WORK DONE, THE ISSUES DISCOVERED, AND ANY RECOMMENDATIONS MADE. THIS REPORT AND ALL RECORDS DOCUMENTING THE ANNUAL REVIEW MUST BE MAINTAINED WITH YOUR FIRM'S BOOKS AND RECORDS.

SEC Enforcement Action 2024

Twenty-Six Firms to Pay More Than $390 Million Combined to Settle SEC's Charges for Widespread Recordkeeping Failures

- Widespread and longstanding failures by firms and their personnel to maintain and preserve electronic communications and the unapproved communication methods
- Charged with violating recordkeeping provisions of the Securities Exchange Act and the Investment Advisers Act
- Charged with failing to reasonably supervise personnel, at all levels, with a view to preventing and detecting those violations
  - Total combined civil penalties of $392.75 million
  - Immediate implementation and improvements to Policies and Procedures to address violations
  - Cease and desist from future violations of relevant recordkeeping provisions and centured

Resources

206(4)-7 – Compliance Procedures and Practices.

- https://www.law.cornell.edu/cfr/text/17/275.206(4)-7

NASAA Investment Adviser Information for Each State

- https://www.nasaa.org/contact-your-regulator/

2025 Examination Priorities

- https://www.sec.gov/files/2025-exam-priorities.pdf

Form ADV Instructions

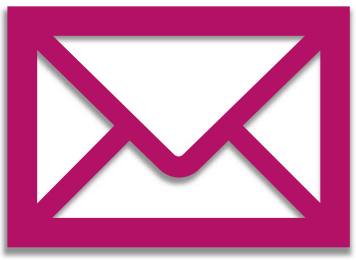
- https://iard.com/help-and-training

SEC Enforcement Action for Widespread Recordkeeping Failures

- https://www.sec.gov/newsroom/press-releases/2024-98

Questions

Please submit any question online or email with any questions about the content of this course.



ContEd@ria-compliance-consultants.com

Thank You

