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Annual Review 2022

INSERT NAME OF FIRM HERE

CCO NAME | December 2022
2022

ANNUAL COMPLIANCE REVIEW

InsTRUCTION PagE

**PLEASE NOTE:**

Under Rule 206(4)-7 in the Advisers Act, SEC-registered firms are required to adopt, implement, and maintain written policies and procedures reasonably designed to prevent violation of the rules and regulations of the Advisers Act.

The rule further requires investment advisers to review, no less than annually, the adequacy of its compliance policies and procedures and the effectiveness of their implementation. Some states also have the same requirement, and we recommend as best practice for each firm to complete the Annual Review.

For your convenience, CRP has created the following template to assist firms in completing the Review. Firms will need to tailor the Review specifically to their firms’ policies and procedures. Several of the references below are pulled directly from our past monthly content, This Month in Compliance (‘TMIC’) and This Month’s Resource (“TMR”). Refer to your Review and commentary for the tailoring of the language below.

* Read through the entire template. SAMPLE WORDING is provided within the template. This language is meant to ASSIST you in drafting your firm’s Annual Compliance Review.
* Refer to resources provided by CRP throughout the year – [Blue Highlights]
* Tailor SAMPLE language that may or may not apply to the firm’s activities – [Yellow Highlights]
* Review modified sections and confirm language for the final report.
* For the final report: Delete references to CRP Resource.
* For the final report: Select all content and remove highlights within the Review.



* Delete this firm Instruction Page.
* Save as a PDF: Annual Compliance Review 2021 - Final.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (“firm”) is an investment adviser registered with the Securities and Exchange Commission pursuant to the Investment Advisers Act of 1940 (the “Act”) – or – [registered under the State Statutes of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_].

Under Rule 206(4)-7 of the Act, or applicable state statutes, the firm is required to, among others, adopt and implement written policies and procedures reasonably designed to prevent violations of the Act and the rules thereunder. The firm is further required to review, no less than annually, the adequacy of such policies and procedures and the effectiveness of their implementation.

The firm initially adopted and implemented written policies and procedures outlined in the firm’s Compliance Manual. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, the Chief Compliance Officer of the firm (“CCO”) has the responsibility of administering the firm’s policies and procedures and for reviewing and updating said policies and procedures for their adequacy and effectiveness. The period for this report is [January 2022] to [December 2022] (“Review Period”).

In compliance with Rule 206(4)-7 of the Act or applicable state statutes, the following factors were considered, among others, during the Review:

* Any material compliance matters that arose during the Review Period and how firms resolved those issues.
* Changes in the business activities of the firm and its affiliates during the Review Period.
* Changes in the legal or regulatory requirements that apply to the firm that may necessitate revisions to the policies and procedures: and,
* A risk assessment of the firm’s business.

In general, the Review indicates that the firm's updated policies and procedures maintain adequacy and effectiveness. The compliance matters that arose during the Review Period were mitigated and resolved.

Herein are comments, suggestions, and recommendations for improving the firm's compliance policies and procedures. Additionally, comments on the areas and procedures improved during the Review Period are included.

Contents

[**BUSINESS DEVELOPMENTS** 5](#_Toc120687678)

[**OCIE EXAMINATION PRIORITIES FOR YEAR** 5](#_Toc120687679)

[**COMPLIANCE PROGRAM / MANUAL** 6](#_Toc120687680)

[**TERMINATED EMPLOYEES** 6](#_Toc120687681)

[**ADVISORY FEE REVIEW** 7](#_Toc120687682)

[**FORM ADV AND OTHER FILINGS** 7](#_Toc120687683)

[**RECORDKEEPING - BOOKS & RECORDS** 7](#_Toc120687684)

[**MARKETING & AVERTISING** 8](#_Toc120687685)

[**SOLICITOR/PROMOTER RELATIONSHIPS** 9](#_Toc120687686)

[**TEXTING** 10](#_Toc120687687)

[**TECHNOLOGY** 11](#_Toc120687688)

[**REGULATORY INQUIRIES** 11](#_Toc120687689)

[**CHANGES IN KEY PERSONNEL** 12](#_Toc120687690)

[**13F FILINGS** 12](#_Toc120687691)

[**REVIEW OF FIRM FINANCIALS** 12](#_Toc120687692)

[**BUSINESS CONTINUITY PLAN (BCP)** 13](#_Toc120687693)

[**REVIEW OF MUTUAL FUNDS SHARE CLASS** 13](#_Toc120687694)

[**REG BI/FORM CRS - [For SEC-registered Firms]** 13](#_Toc120687695)

[**CLIENT TERMINATIONS** 14](#_Toc120687696)

[**NOTICES TO CUSTOMERS** 14](#_Toc120687697)

[**CUSTODY - RULE 206(4)-2 OF THE ADVISERS ACT (THE “CUSTODY RULE”)** 15](#_Toc120687698)

[**CUSTOMER COMPLAINTS** 16](#_Toc120687699)

[**PROXY VOTING** 17](#_Toc120687700)

[**RESTRICTED LIST** 17](#_Toc120687701)

[**CHARITABLE GIVING & POLITICAL CONTRIBUTIONS** 17](#_Toc120687702)

[**USE OF ALTERNATIVE INVESTMENTS** 18](#_Toc120687703)

[**REVENUE SHARING AGREEMENTS** 18](#_Toc120687704)

[**BEST EXECUTION REVIEW** 19](#_Toc120687705)

[**THIRD-PARTY SERVICE PROVIDERS** 20](#_Toc120687706)

[**PERSONAL OR PRIVATE SECURITIES TRANSACTIONS** 20](#_Toc120687707)

[**SOFT DOLLAR ARRANGEMENTS** 21](#_Toc120687708)

[**WORKING WITH SENIOR CLIENTS** 22](#_Toc120687709)

[**REGULATORY INQUIRIES** 22](#_Toc120687710)

[**RISK ASSESSMENT & CONFLICTS OF INTEREST** 23](#_Toc120687711)

[**COMPLIANCE MEETING** 24](#_Toc120687712)

[**CLIENT LIST** 24](#_Toc120687713)

[**CYBERSECURITY** 24](#_Toc120687714)

[**INVESTMENT MANAGEMENT AGREEMENT** 25](#_Toc120687715)

[**DISCIPLINARY ACTION** 26](#_Toc120687716)

[**PRIVACY NOTICE** 27](#_Toc120687717)

[**CLIENT RISK PROFILE QUESTIONNAIRE** 27](#_Toc120687718)

[**TRADE ERRORS** 28](#_Toc120687719)

[**IAR REVIEW OF OUTSIDE BUSINESS ACTIVITY, SOCIAL MEDIA, U-4 UPDATES** 28](#_Toc120687720)

[**CHANGES IN LEGAL OR REGULATORY REQUIREMENTS** 29](#_Toc120687721)

[**EVALUATION OF THE ADEQUACY AND EFFECTIVENESS OF COMPLIANCE POLICIES AND PROCEDURES AND CORRESPONDING RECOMMENDATIONS** 29](#_Toc120687722)

REVIEW OF COMPLIANCE

AREAS AND MATTERS

The following summarizes relevant issues and compliance matters concerning the firm’s compliance program that arose during the Review Period. Recommendations are included where appropriate.

## **BUSINESS DEVELOPMENTS**

*[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]*

*Summarize any changes in the Firm’s business over the prior year and the impact they had on the compliance program.*

*Some items to consider:*

* *Organizational Changes – change in ownership, new subsidiaries, new affiliates, etc.*
* *Changes in Personnel*
* *New Lines of Business*
* *Changes in Investment Strategies / Practices / Products Offered*
* *New Software or Automation Initiatives*
* *Changes in Key Service Providers*
* *Specific to 2022*

##

## **OCIE EXAMINATION PRIORITIES FOR YEAR**

CRP Resource: Review March 2022 TMR

On March 30, 2022, the Securities and Exchange Commission’s Division of Examinations (DOE) announced its 2022 examination priorities. The Division continues its 2022 focus on the following areas:

* STANDARDS OF CONDUCT: REGULATION BEST INTEREST, FIDUCIARY DUTY, AND FORM CRS
* INFORMATION SECURITY AND OPERATION RESILIENCY
* ENVIRONMENT, SOCIAL, AND GOVERNANCE (ESG) INVESTING
* EMERGING TECHNOLOGIES AND CRYPTO – ASSETS
* PRIVATE FUNDS

Summarize any of the topics above that may or may not apply to your firm’s business. For Example, “Our Firm’s policy does not allow recommendations to use Crypto assets. Further, our firm does not currently have ESG strategies as an offering to our clients. AND/OR “Our Firm continues to monitor procedures to act in the best interests of retail investors and not to place their own interests ahead of retail investors’ interests. The Firm reviews disclosure language to ensure conflicts of interest are managed and addressed as well as properly disclosed on Firm brochures and to clients.” AND/OR “The Firm has an obligation to review best execution obligations and trading procedures. Our Firm continues to ensure proper disclosures are delivered to clients/prospects in a timely fashion of engagement and/or updates.

PLEASE TAILOR AS NEEDED TO ADDRESS ACTIONS THAT RELATE TO SEC 2022 PRIORITIES LISTED ABOVE.

## **COMPLIANCE PROGRAM / MANUAL**

CRP Resource: Review November 2022 TMIC

*[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]*

Rule 206(4)-7 requires each registered Adviser to review its policies and procedures annually to determine their adequacy and the effectiveness of their implementation. The Review should consider any compliance matters that arose during the previous year, any changes in the business activities of the Adviser or its affiliates, and any changes in the Advisers Act or applicable regulations that might suggest a need to revise the policies or procedures.

NO changes were made to Manual during the last year.

- or –

Changes to the Manual include:

* Marketing Rule Updates (November 4)
* DOL PTE updates for IRA Rollover Analysis
* LIST ADDITIONAL UPDATES HERE

## **TERMINATED EMPLOYEES**

CRP Resource: Review August 2022 TMIC

*[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]*

There were no employees who terminated or left the firm in 2022.

OR

The following individuals left our firm in 2022:

When someone leaves the company, our firm completes a *Terminated SP Checklist* to assist with the Review of Terminated IAR’s. This assists Compliance with documenting the Review of what steps were taken when an IAR of the firm departs.

Our firm creates, maintains on file, and regularly updates a central database system that records all the access rights granted to an IAR/employee. When terminations occur, our firm knows what access needs to terminate to mitigate the risk of a data breach.

##

## **ADVISORY FEE REVIEW**

CRP Resource: Refer to Annual Risk Matrix Review

*[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]*

A sampling audit of the Advisory Fees billed to clients is reviewed on at least a quarterly basis. [Insert the frequency of Review and results of such Review over 2022.]

[Summarize any findings of the monthly, quarterly audit.]

A review of the Advisory Fees and billing methods including termination language listed in the ADV was completed. [Reflect any updates to the ADV or Advisory Fees going forward.]

##

## **FORM ADV AND OTHER FILINGS**

CRP Resource: Refer to Annual Risk Matrix Review

*[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]*

Annual Amendment was filed during the 1st Quarter 2022.

The following ADV material changes were made during the first quarter creating the need for client delivery Q1/Q2 2022:

[Describe the material changes below. You may copy and paste from the Part 2A material changes page.]

Delivery of Part 2A Brochure to clients was made on: \_\_\_\_\_\_\_\_\_, 2022, via [electronic means or hard copy mailing to clients].

- and -

FOR SEC FIRMS - Form CRS was distributed to all new clients and existing clients who opened new accounts with the firm.

## **RECORDKEEPING - BOOKS & RECORDS**

CRP Resource: Refer to Annual Risk Matrix

*[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]*

The CFO reviews the firm’s financial books and records (balance sheet and profit and loss) each month or quarter and retains copies in: (physical file, shared drive folder: \_\_\_\_\_\_\_\_).

All incoming and outgoing emails are archived through an outside vendor: [One Secure, Smarsh, Global Relay, Other \_\_\_\_\_\_\_\_].

Business related text messages are archived through an outside vendor: [MyRepChat, Other \_\_\_\_\_\_\_\_].

Trade blotters are maintained on a: [Daily basis, Weekly basis, Monthly basis].

Advertising records are maintained as noted in the Advertising section.

All client files are reviewed annually to ensure terminated clients are retained for at least five years after termination with the firm.

Marketing materials were reviewed annually with special attention to the new Marketing Rule and its implementation on November 4, 2022. All marketing is maintained in accordance with Books and Records rules.

## **MARKETING & AVERTISING**

CRP Resource: Review TMIC/TMR during May, June, July, August 2022

*[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]*

The SEC Marketing Rule (implementation on November 4, 2022) was a large focus this year for the firm. Our Firm documented steps for compliance using an implementation checklist and the materials published by our Compliance Consultant. Training was conducted to IARs on [insert date].

This year the SEC published a [Risk Alert](https://nam12.safelinks.protection.outlook.com/?url=https%3A%2F%2Furldefense.com%2Fv3%2F__http%3A%2Flinks.investmentadviser.org%2Fc%2F7%2FeyJhaSI6NjkxMjIxNjgsImUiOiJncmVpbmtlQHZpc3RhZXF1aXR5cGFydG5lcnMuY29tIiwicmkiOiJjb250YWN0LTBmNjllM2JkODExZmU3MTE4MGVjYzQzNDZiYWRjNjgwLWRlNTE4NWJmZDc1MzQyNGJhMDIwOWFkNmE2MDhlZmJjIiwicnEiOiIwMi1iMjIzMjAtNjI0YzlmM2ViMjExNDMxZjkwZjUxNWY5MWJkZWUxNTgiLCJwaCI6bnVsbCwibSI6ZmFsc2UsInVpIjoiMiIsInVuIjoiIiwidSI6Imh0dHBzOi8vd3d3LnNlYy5nb3YvZmlsZXMvZXhhbXMtcmlzay1hbGVydC1tYXJrZXRpbmctcnVsZS5wZGY_X2NsZGVlPWJsQzJHTjNFZDcxNFZ4VDR3Umo0RDlFYTNxUVg3SC1nNURsRmtNUVExWUZhaklONFpzRndEYnpsTkg3UDNvcEJEOFZ4OFVsVktGT3ZvYkdRckItbWV3JnJlY2lwaWVudGlkPWNvbnRhY3QtMGY2OWUzYmQ4MTFmZTcxMTgwZWNjNDM0NmJhZGM2ODAtZGU1MTg1YmZkNzUzNDI0YmEwMjA5YWQ2YTYwOGVmYmMmZXNpZD1hNWM5ZWIxNS1mZDY1LWVkMTEtOTU2Mi0wMDIyNDgyNTdiNDEifQ%2FsDi12DzvDkE54OKHwX6RVA__%3B!!LKPb4p8LYaPB2mq3BWQ!QajE9FlU7hLv9HJq5N9-KvujGhzMWtRc18yYxrIIkPc68Ch0wfPwPrwxyrrj1d13iHvi-29p_5GIhGiUcW1IF1_q32Sd3Dxry9xqURY1%24&data=05%7C01%7CLuke.Wilson%40acaglobal.com%7C454e9c1851fd4a453c9a08dac854c15c%7C60436191a420448fb3e59d00da0b2a58%7C0%7C0%7C638042563638502609%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&sdata=iWayTW078YPyGgkdkyGYEhRzADwPnf0W3e4f0yWurn0%3D&reserved=0) which SEC highlighted certain areas examiners will be looking at. It was noted on the SEC Outreach Call held in November the that the SEC Exam staff received comprehensive training on the new rule, and SEC staff expect firms will conduct training as well. It is anticipated that examiners will focus on a firm’s process, policies and procedures, and how the firm is training staff to use marketing materials. Our Firm *[insert language on the additional steps the firm did to comply with the new rule, insert what the firm allows for and what the firm will prohibit].*

*[When determining whether performance-related metrics are considered performance requiring disclosure net of fees, our Firm will consider the facts and circumstances, the underlying risks the SEC was trying to address, and whether it is possible to calculate performance net of fees. A fair and balanced standard in choosing time periods (the SEC is now able to address concerns of cherry-picking time periods for performance) will be used when and if our Firm will advertise. Proper disclosures are reviewed prior to using performance in advertising. The Rule explicitly requires performance to be provided gross and net of fees, making it easy for exam staff to identify and cite.*

*[Our Firm’s use of social media and third-party postings are required to be reviewed and approved by Compliance prior to posting. Our Firm has developed a review process to ensure posting are complaint with the new Rule. Firms must ensure any references in advertising must be able to be substantiated. Documentation, if needed, will be maintained in the file to comply with the new substantiation requirement.]*

*[The firm has created several marketing pieces throughout the year. The firm recently reviewed the disclosures for each piece, and modifications were made if deemed necessary. The firm is maintaining adequate records of advertising and marketing used during the Review Period. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is responsible for maintaining approvals and retaining copies of all advertising in the shared folder. Compliance uses an advertising checklist to assist with the Review and approval of marketing. The Checklist was recently updated in light of the new Marketing Rule].*

*Some of the firm’s IAR’s use social media, including [LinkedIn, Facebook, Twitter]. All social media sites are archived through \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ [or copies of postings archived and stored in Compliance Files [insert folder name]. The firm’s Social Media Policy in the Compliance Manual sets forth the firm’s guidelines for maintaining social media sites.*

*The Firm’s Social media sites are updated on our Form ADV Part 1 and will be revised and updated as* necessary in Q1 2023 when updating our Annual Amendment. Compliance maintains an archive of the LinkedIn pages.

##

## **SOLICITOR/PROMOTER RELATIONSHIPS**

CRP Resource: Refer to June 2022 TMIC

*[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]*

The firm does not currently have solicitor relationships in place. No further action required to comply with new Marketing Rule for November 2022.

-or-

The firm does currently have solicitor relationships. Compliance did a review of the Solicitation Agreement/ ADV Disclosure in light of the new Marketing Rule.

The Solicitor/Promotor maintains or will obtain any SEC and state registrations that may be appropriate or required in connection with the solicitation services provided under this Agreement or has been advised by counsel that it is exempt or excluded from registration.

Compliance conducted Due Diligence on firm’s Solicitor(s)/Promoter on \_\_\_\_\_, 2022 and determined Solicitor/Promoter is in good standing. The Solicitor/Promoter may not be a person subject to certain disqualifications specified in the new Marketing Rule.

Policies and Procedures were updated in light of the new Marketing Rule and updates on ADV Part 1 and 2A, Form CRS was revised in Q4 2022.

## **TEXTING**

CRP Resource: Review Risk Matrix

*[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]*

Our firm does not allow for Texting with Clients. Our firm has trained on our policy of NO texting during our Annual Compliance Meeting and throughout the year. Our firm has documented the training and attention of IAR's acknowledging the policy.

Our Firm has tested this policy of no texting through the following methods (tailor to your Firm):

* Reinforcing our Firm’s Policy on electronic communications to an approved means of business communications and prohibited platforms (text message, WhatsApp, etc) through our annual Compliance Meeting and/or monthly firm wide meetings
* Obtaining Certification /Attestation/ Specific certification regarding compliance with the company’s electronic communications policy. (electronic or require wet ink signatures)
* Conduct periodic or focused Trainings
	+ 1-on-1s with known or suspected offenders
	+ 1-on-1 trainings
	+ Company-wide trainings
	+ Department specific trainings
* Looking to provide and issue company devices that capture text message use and prohibit using personal phones for business purposes in 2023

-OR-

Our Firm’s allows for Texting with clients. The system used for archiving text messages between clients (external) and/or employees (internal) is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

Our firm reviewed policies and procedures to implement for the use of electronic communications and oversight. Below outline a few items that our firm has reviewed and implemented in light of our texting policy:

* Compliance sends periodic reminders to advisers
	+ Periodic email reminders from CCO, CEO, and/or other senior management
	+ In person reminders at the beginning of standing weekly/periodic meeting communicated by the CCO, CEO, and/or someone from senior management
* Firm has engaged a third party for surveillance and training (eComms Review, eComms Gap Analysis, eComms training offered by ACA)
* Disciplinary action for offenders (impact on performance review, impact on bonus, termination,  whatever they may deem appropriate, etc)
* Office walkthroughs (assuming IARs are back in office)
* Periodic client surveys to monitor if clients are texting with certain IARs

During the SEC outreach Call in November, the SEC stressed firms should retain communications related to business and investment advice, or they will be deemed off-channel. Firms should define allowable and prohibited forms of communications in their policies and procedures, obtain employee attestations, train employees, retain allowable forms of communication and review them, and identify prohibited forms of communication.

## **TECHNOLOGY**

*[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]*

During the Review Period, the firm made no changes to the firm's technology systems.

- or -

During the Review Period, the firm made the following changes to the firm’s technology systems:

*(Describe changes or state that no changes were made primarily to any vendors who were engaged in Review Period)*

##

## **REGULATORY INQUIRIES**

Resource: SEC/State Exam Letter

*[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]*

There were no regulatory inquires during the Review Period.

A Regulatory Exam occurred in our Review Period. The exam is [ongoing or was closed on \_\_\_\_\_\_, 2022].

(If the firm experienced a regulatory exam, discuss the findings and the steps taken for corrective action).

##

## **CHANGES IN KEY PERSONNEL**

*[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]*

There have been no changes to Key Personnel in our firm.

- or -

There have been changes to Key Personnel.

(Describe changes in any Key Personnel for 2022 and note if the ADV was updated accordingly)

## **13F FILINGS**

CRP Resource: CCO Scorecards

*[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]*

Ran Securities holdings report as of November \_\_\_\_\_, 2022 and determined our firm is required to file with EDGAR beginning 2023[no later than 45 days following the Calendar Quarter].

- or -

13F filing does not apply to our firm.

- or -

13F Filings were submitted each quarter through the EDGAR system. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is responsible for the filing of this report each quarter.

## **REVIEW OF FIRM FINANCIALS**

CRP Resource: Advisers Act Books and Records Rule

*[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]*

Financial Statements were reviewed and maintained in the firm’s Books and Records.

*[Insert commentary on any material issues to note for Financials, especially regarding this year and any financial impacts on the firm.]*

##

## **BUSINESS CONTINUITY PLAN (BCP)**

CRP Resource: Refer to August CCO Scorecard

CRP Resource: Refer to Annual Risk Matrix Review

*[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]*

In August 2022, the firm reviewed the BCP and included additional language to enhance further remote office procedures after the previous year of operations.

##

## **REVIEW OF MUTUAL FUNDS SHARE CLASS**

CRP Resource: Policies and Procedures Manual

*[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]*

The firm reviewed the policy for the selection of mutual fund share classes during their Review Period. Throughout the Review Period, the firm conducted periodic reviews of client holdings in mutual funds to ensure the appropriateness of mutual fund share class selections.

The mutual fund review process is documented in our Compliance File or SmartRIA.

[INSERT commentary on Mutual Fund Reviews in 2022]

Our Policies are addressed upon hire of IAR’s and at least annually during the Annual Compliance Meeting.

##

## **REG BI/FORM CRS - [For SEC-registered Firms]**

CRP Resource: Policies and Procedures Manual

*[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]*

In \_\_\_\_\_\_\_\_\_ of this year, our firm reviewed the current version of Form CRS posted to the Firm website. Further, our firm has maintained copies of our Form CRS and sent out changes to clients within 60 days of any updates. Form CRS copies are provided to new clients and to clients who open additional accounts with our firm. During the SEC Outreach call held in November 2022, it was noted the staff has observed issues with reporting incorrect disciplinary history on Form CRS. A review of the disciplinary history and what is reported on current Form CRS was completed. [Indicate if any updates were required]

##

## **CLIENT TERMINATIONS**

CRP Resource: Advisers Act – Books and Records

*[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]*

A review of the Client terminations over the Review Period was completed each quarter. A list of terminated clients is maintained and updated accordingly in the firm’s Compliance Files.

The Review of the terminated clients included:

* Terminated accounts have been reviewed to assure that any advisory fee refunds were appropriately calculated, documented, and [refunded or billed] to the clients from the termination date.
* Cross-check with the Complaint files to review patterns in client terminations
* No further action was required based on the Review.

- or -

The following accounts required a corrected refund on the final billing:

[List the accounts OR reference where the list is maintained and reason for terminations.]

CCO reviewed the reasons for termination on all terminated accounts for the year and determined no further action or documentation is required for Compliance "Complaint or Concern" files. [OR insert language to address any patterns in client terminations that prompted additional IAR training or changes to policies and procedures at the firm]

##

## **NOTICES TO CUSTOMERS**

CRP Resource: Review September 2021 TMIC

*[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]*

The firm’s books and records indicate that the firm promptly provided Form ADV Part 2A Brochure, 2Bs, and a Privacy Notice to each new Client upon signature of the Investment Management Agreement.

Our firm’s ongoing process per the language reflected in our Policies and Procedures Manual requires Form CRS to be provided when:

* A new account is opened for a new or existing client
* Investment Advisory Agreement has been updated to reflect confirmation of delivery. The initial delivery of all required disclosures is included in the onboarding client packets.
* A rollover recommendation from a retirement account into a new or existing account or investment.
* A retail investor requests a copy of Form CRS (provide within 30 days)

As referenced above, the Summary of Material Changes for our Part 2A updates from Q1 2022 ADV filing was sent to clients on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

If applicable, Form CRS was delivered to clients within 60 days of a material update. This was made on: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

## **CUSTODY - RULE 206(4)-2 OF THE ADVISERS ACT (THE “CUSTODY RULE”)**

CRP Resource: Policies and Procedures Manual

*[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]*

During the Review Period, no indications were noted that would cause the firm to have physical custody of any client’s funds or securities. The firm has reviewed each of the firm's custodial arrangements. The firm has determined that the Custodian(s) is a qualified custodian and that the Custodian is providing the requisite statements to the firm’s clients. [Attached letter of Confirmation of Delivery of Statements, if available].

**STANDING LETTERS OF AUTHORIZATION (IF APPLICABLE)**

The firm has reviewed the Standing Letters of Authorization and has disclosed in the ADV Part 2A Item 15 and Part 1 Item 9. A, accordingly.

The number of SLOAs on file is reviewed each quarter and the firm documents the Review through [SmartRIA or Compliance File]. Part 1, Item 9.A, has been amended to reflect the number of clients and AUM subject to SLOAs. A review of all SLOAs in place has been conducted on the following dates, [\_\_\_\_\_\_].

Per the seven conditions outlined in the SEC No-Action Letter, the CCO has reviewed and documented that no current 3rd party SLOAs are in place that sends money to any related party of the firm or an address located at the same address as our firm.

**INDEPENDENT AUDIT CONDUCTED BY CPA (IF APPLICABLE)**

The firm is deemed to have custody due to [bill paying services offered to certain clients. Under the Custody Rule, the firm is engaged with \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ to conduct an annual surprise audit of those accounts the firm is deemed to have custody. This audit occurred on \_\_\_\_\_\_\_, 2022. [Insert language summarizing audit results]. ADV-E was filed with the SEC before year-end.

The engagement agreement with the auditing firm contains the information required by Rule 206(4)-2(a)(4) under the Advisers Act, and the firm is registered with the Public Company Accounting Oversight Board (PCAOB).

**PRIVATE FUND (IF APPLICABLE)**

Our firm manages a private investment fund. The annual audit of affiliated private fund financials has been scheduled/performed on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_and internal controls are in place to ensure timely mailing of the audited financial statements to investors within the required period.

## **CUSTOMER COMPLAINTS**

CRP Resource: Advisers Act Books and Records Rule

*[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]*

A Review of the Customer Compliant File was conducted on \_\_\_\_\_\_\_\_\_\_\_\_\_, 2022.

The firm did not receive any customer complaints during the Review Period.

- or -

The firm did have Customer Complaints, which included:

* [list the account(s)/client(s) and how the firm resolved.]

The Review of Customer Complaint File determined no further action needed for updates to any IAR's U4.

## **PROXY VOTING**

CRP Resource: Policies and Procedures Manual

[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]

The firm does not vote proxies.

- or -

The firm votes proxies for clients. The firm outsources the proxy voting to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. [Summarize any changes to the proxy voting process and review for 2022].

## **RESTRICTED LIST**

CRP Resource: Advisers Act Books and Records Rule

*[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]*

The firm maintains a restricted list to include a general statement about all equity/bond positions the firm owns or publicly traded securities and any clients deemed privy to Insider Information (i.e., Board Positions).

The firm requires pre-clearance, and Review is subject to the procedures outlined in the firm’s Code of Ethics.

## **CHARITABLE GIVING & POLITICAL CONTRIBUTIONS**

CRP Resource: Code of Ethics

*[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]*

The firm tracks all charitable giving and political contributions made on behalf of the firm. There were no contributions for the Review Period.

- or -

The Review concluded that no charitable contributions were made to charities to influence a particular charity to become an advisory client of the firm. [If the firm had charitable contributions or political contributions, explain the review and approval process.]

##

## **USE OF ALTERNATIVE INVESTMENTS**

CRP Resource: Policies and Procedures Manual

*[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]*

Our firm reviewed the due diligence process around the alternative managers or alternative products utilized by our firm. The firm stressed that IARs understand how the products work and the importance of reading the offering documents. Our firm reviewed those clients who invest in alternatives to ensure suitability information is appropriate for those invested in alternative products. Written information about each investment advisory client is the basis for making any recommendation or providing any investment advice to each Client. Investment Objective, Risk Tolerance, Financial Needs, Liquidity, and any other pertinent information were documented by the Adviser and in line with the alternative product offering. Additional Risk disclosure was obtained if not already on file.

* Reviewed language in Part 2A – Item 8 – Strategy and Risk of Loss. Our firm added Alternative Product risk if necessary.
* Reviewed language in Compliance Manual – Our firm enhanced policies and procedures under Use of Alternative Investments.

The firm continues to use an Addendum to Advisory Agreement to acknowledge the risks associated with Alternative Investments and to document prospectus/product offering documents delivered to clients.

## **REVENUE SHARING AGREEMENTS**

CRP Resource: Refer to Annual Risk Matrix Review

*[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]*

Compliance/CFO reviewed firm Financials specifically for any entries that reflected a type of revenue sharing agreements not fully disclosed in the ADV. The firm determined:

The firm’s revenue IN or OUT from a third-party DID NOT trigger concerns for any conflicts NOT currently disclosed in your ADV.

- or -

The firm's revenue IN or OUT from a third-party DID triggers concerns for conflicts that were not currently disclosed in your ADV.

[Insert the language on the steps Compliance did to correct and remedy the issue]

Compliance reviewed Revenue Sharing Agreements on file and verified the firm’s books and records contained the current Agreements.

Compliance reviewed the firm’s RAUM and verified that the firm’s reported RAUM does not include:

* Assets that the firm may refer out to another adviser
* Assets that are part of a solicitor arrangement with an unaffiliated firm

Compliance reviewed disclosure on ADV and all current revenue sharing arrangements [ARE or ARE NOT] disclosed on your ADV.

## **BEST EXECUTION REVIEW**

CRP Resource: Refer to July 2022 TMR

*[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]*

In its interpretive release, Release No. 34-23170, Securities; Brokerage and Research Services, issued April 28, 1986, the Commission stated that *as a fiduciary, a money manager must obtain "best execution" of client transactions under the circumstances of the particular transaction.* In addition, the Commission stated that *advisers are required to evaluate the quality and cost of services periodically and systematically they receive from broker-dealers with whom they have placed client orders, including custodians*. Our firm conducts analysis and maintains documentation as a measure of best practices and strong internal controls.

Best Execution Reports are reviewed at least quarterly, a sampling of trades is reviewed and compared with the price variance from the market price and the execution price as well as timing

Annual Qualitative and Quantitative Review of Custodian. Documentation maintained in file. Topics of Review include:

* Execution capabilities include the ability to handle trades and answer calls in a volatile market
* Financial responsibility, obtain the audit or FOCUS Report
* Value of research or brokerage provided
* Technology provided
* Willingness, ability, facilities, and infrastructure to work with investment advisor firms
* Administrative resources
* Responsiveness
* Pricing for services provided

Compare 606 reports from various Custodians and retain them for file. Or obtain the Post Trade Report (available from TD Ameritrade and Schwab)

## **THIRD-PARTY SERVICE PROVIDERS**

*[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]*

Our firm conducts initial and ongoing reviews of the third-party vendors engaged by the firm. Firms are increasingly using third-party vendors to perform a wide range of core business and regulatory oversight functions.

When conducting due diligence on third-party vendors – we review some of the following factors: a Vendors’ financial condition, experience, and reputation; familiarity with regulatory requirements, fee structure, and incentives; the background of Vendors' principals, risk management programs, information security controls, and resilience. Our firm also looks to assess the BCPs of prospective vendors that would perform critical business, operational, risk management, or regulatory activities or functions.

A list is maintained and reviewed a list of all key vendors engaged by the firm. Our firm reviewed due diligence files on the firm’s third-party service providers. Our firm obtained or confirmed that a copy of each Business Continuity Plan for third-party vendors is available. Our firm reviewed the Service Agreement in place and identified any conflicts or issues with each arrangement if any. We reviewed confidential information protections and the Privacy section and Cyber protocols within each Vendor’s Agreement to identify any potential issues or lack of protection of client data.

The firm replaced or terminated the services of the following third-party service provider in 2022:

[Describe the vendors that will terminate and the reason for termination.]

The firm will be terminated or will terminate the services of the following third-party service provider in 2022:

[Describe the vendors that will terminate and the reason for termination.]

##

## **PERSONAL OR PRIVATE SECURITIES TRANSACTIONS**

CRP Resource: Review January 2022 CCO Scorecard

*[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]*

Initial and Annual Personal Security Holding Reports were distributed and received for all IAR’s of the firm. Holdings reports and statements were reviewed by CCO.

Quarterly transaction reports are received each quarter by IAR’s and associated persons. The CCO reviews completed forms or duplicate brokerage statements.

[Tailor] The firm’s policy is to block IAR trades with client trades for all accounts. The policy mitigates the risk for benefiting over client trades, and the same pricing is received across all trades – limiting favoritism between clients and the risk for IAR’s to benefit better pricing when investing in the same securities of the Client (s).

[During the Review Period, there were written requests for participating in private securities transactions. Supervised persons submitted these disclosure forms.]

All requests were approved and granted.

- or –

Some requests were denied. [Describe the issues and list how the firm addressed the issues]

- and –

Our firm had no issues to report. There were no indications of any violations concerning any employees' securities transactions.

- or –

Our firm had the following reportable issues:

[List any trade issues or corrections made during the review period. How were they detected, and how were they corrected?]

## **SOFT DOLLAR ARRANGEMENTS**

*[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]*

During the Review Period, the firm entered a formal soft dollar arrangement with brokers or dealers.

- or -

The firm did not enter a formal soft dollar arrangement with any brokers or dealers during the Review Period.

From time to time during the Review Period, the firm was invited to participate in and attend seminars or meetings sponsored by product sponsors/broker-dealers with which the firm executes trades. When the firm accepts an invitation, the firm ensures that such attendance did not create any expectation of or quid pro quo with the sponsor.

## **WORKING WITH SENIOR CLIENTS**

*[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]*

Our firm has reviewed what specific services and products are offered to seniors and reviewed how they are offered to seniors. Most importantly, IARs are trained to be aware of the red flags for identifying elder financial abuse, sweetheart scams or diminished capacity and the reporting requirements if detected.

Our firm has provided periodic or annual training to IARs to identify red flags for elder financial abuse and diminished capacity to ensure a high level of awareness within your firm. Our firm has adopted policies and procedures designed to address issues associated with senior clients and perceived by the firm to have possible issues associated with diminished capacity or competence.

Our firm has adopted policies and procedures concerning the handling of client requests for changes to beneficiaries, including all policies and procedures concerning monitoring and supervision relating to changes to beneficiaries.

Our firm has adopted policies and procedures that contemplate or consider establishing a trusted point of contact if the Client(s) experiences diminished capacity or competence.

Our firm provided continued training in our 2022 Annual Compliance Meeting on recognizing and preventing financial abuse of the elderly and other vulnerable clients.

##

## **REGULATORY INQUIRIES**

Resource: SEC/State Exam Letter (if applicable)

[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]

There were no regulatory inquires during the Review Period.

-or-

A Regulatory Exam occurred in our Review Period. The exam is [ongoing or was closed on \_\_\_\_\_\_, 2022].

(If the firm experienced a regulatory exam, discuss the findings and the steps taken for corrective action).

## **RISK ASSESSMENT & CONFLICTS OF INTEREST**

**CRP Resource: Review June, July, August 2022 TMIC**

[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]

An ongoing Risk Assessment was conducted during the 2nd/3rd Quarter. Conflicts of Interest were reviewed on our Risk Matrix provided by our Compliance Consultant. Any conflicts were noted and disclosed, as needed in the ADV 2A.

[Describe any high risks discovered in 2022 and the firm’s procedures for mitigating the risk.]

##

**USE OF THIRD-PARTY Managers / SUB-ADVISER RELATIONSHIPS**

[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]

[If Firm uses 3rd Party Money Managers] Our Firm utilizes [insert TPMM/Sub-adviser Names Here]. A review of our Firm’s Third-Party Managers included a review of:

* Fees on a relative and absolute basis – [Add commentary]
* Internal expenses of the portfolios - [Add commentary]
* Long Term portfolio performance - [Add commentary]
* Investment process and associated risks - [Add commentary]
* Experience, credentials and skills of personnel - [Add commentary]
* Use of proprietary products - [Add commentary]
* Conflicts of interest and hidden fees - [Add commentary]
* Compliance record and other risk factors - [Add commentary]

The Firm will continue to use [INSERT NAME OF TPMM] for portfolios where [Insert the rationale for when TPMM is used in client portfolios].

A review of our current disclosure agreement and investment agreement reflects the accurate description of the use of TPMM/sub-adviser. A review the fee language accurately reflects the fee arrangement. [OR insert updates/changes to agreements and disclosure agreements if updates are prompted].

## **COMPLIANCE MEETING**

**CRP Resource: Review October 2021 TMIC**

*[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]*

The firm conducted an internal staff compliance meeting in [INSERT DATE]. Topics included: Review of Code of Ethics, New Policies outlined in the Manual in 2022, update and rule changes such as Reg BI, Cyber Security training, implementation of the new Marketing Rule, AML training, Rollover Recommendations and treatment of Personal Identifiable Information. Other topics included understanding fiduciary duty, conflict of interest, outside business activities, marketing approvals, and internal policies procedures.

A copy of the Presentation is maintained in our Compliance Program files, as well as a list of attendees.

## **CLIENT LIST**

CRP Resource: Refer to Annual Risk Matrix Review

*[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]*

During the Review Period, the firm added several new clients. The firm maintains a list of all clients and as referenced above, all those who terminated services.

Compliance reviewed a list of all clients and the states in which they reside. This Review occurred on [insert review dates].

The firm determined it is appropriately notice filed [or registered] in the correct states.

- or -

The firm needs to notice file [or register] in the following states. [Describe the status of notice filing or registration here]

## **CYBERSECURITY**

CRP Resource: Review August 2021 TMR

*[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]*

Our Firm has tailored cybersecurity policies or procedures and last reviewed on \_\_\_\_\_\_\_\_\_\_\_\_. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is accountable for security policies and procedures. A review was conducted on the individuals, third-party vendors responsible for assigned IT roles on \_\_\_\_\_\_\_\_\_, 2022. Our Firm works with [a third-party vendor]. This firm assists in the design, implementation, and ongoing maintenance of security controls.

Employee training on cybersecurity was conducted on \_\_\_\_\_\_\_, 2022. The Firm designed, implemented, maintained, monitored, and tested backup and disaster recovery solutions as part of business continuity and disaster recovery plans. This Plan is tested annually and most recently on \_\_\_\_\_\_\_\_\_, 2022. [Summarize the testing results and any updates to the Plan]

The firm has reviewed the inventory of all employees, contractors/vendors, or other third-party devices that access firm systems on \_\_\_\_\_\_\_\_, 2022.

-or-

The Firm had cyber event(s). Describe the event, how it happened and the remediation to prevent the event in the future.

## **INVESTMENT MANAGEMENT AGREEMENT**

CRP Resource: Refer to Annual Risk Matrix Review

*[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]*

The firm conducted a sampling of client Investment Management Agreements on:

[INSERT DATE(s) of Review.]

[Summarize any findings of the audit.]

(Were fees accurately reflected on the Agreement and matched what has been deducted from accounts, Agreements on file for all clients audited, did older clients need an updated Agreement on file? Etc.]

A review of the firm’s current Investment Management Agreement was completed.

[Note any updates, if applicable]

Sections for Review on language within the Agreement included the following:

[Note any updates noted below, if applicable]

**Electronic Delivery**- Our Firm reviewed the language on our Firm's Electronic Delivery acknowledgment. Does your firm maintain a list of those who have opted out of electronic delivery? Be sure to log those receiving hard copy mailings and update/review this list periodically.

**Amendment** – Our Firm’s Agreement contains the following language (or similar) to allow for any required Amendment in the future:

*Except as otherwise outlined in this Agreement, the Adviser has the right to amend, add, modify, or rescind any of the outlined existing provisions. The provided Advisor notifies the Client of the amendment at least thirty (30) days before the change. The Client may amend this Agreement only with the written consent of the Adviser.*

**Billing practices** – Our Firm reviewed the language on our firm's billing practices. The Agreement reflects the current billing practices of the firm.

##

## **DISCIPLINARY ACTION**

CRP Resource: Refer to Annual Risk Matrix Review

[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]

During the Review Period, no disciplinary action was required against any firm employee for any violation of the firm’s Compliance Manual, Code of Ethics, policies, and procedures, or otherwise.

Under the Instructions for Form CRS, a firm must indicate whether it or its financial professionals currently disclose, or are required to disclose, the following information:

* disciplinary information in Form ADV (Item 11 of Part 1A or Item 9 of Part 2A).
* Legal or disciplinary history in Form BD (Items 11 A-K) (except to the extent such information is not released to BrokerCheck, according to FINRA Rule 8312); or
* disclosures for any financial professionals in Items 14 A-M on Form U4 or in Items 7A or C-F of Form U5.

Part of the firm’s efforts to comply with the new Reg BI – a Review of the Disclosure Reporting for all IAR’s was conducted on \_\_\_\_\_\_\_\_\_\_, 2022 to determine disclosure on Form CRS.

No reporting was required. For continuous oversight and an effort to comply with an updated Form CRS, the CCO or designee will review the firm's and Individual disciplinary history to determine proper disclosure of Item 5 of the Form CRS. At least semi-annually or deemed necessary, the CCO will review the firm and associated individual’s disciplinary report on IARD. Documentation of the Review will be retained in the firm’s compliance file, and a prompt update of the Form CRS will be made if warranted.

- or –

Reporting of a YES is required. The following action was required due to a violation in the firm’s Compliance Manual, Code of Ethics, Compliance Policies: [Describe the action required.]

[If the action was prompted] ADV Part 1, Part 2A, Form CRS Documents, and U4/2Bs were updated to reflect action. Client notification [was or was not] prompted.

##

## **PRIVACY NOTICE**

CRP Resource: Refer to Annual Risk Matrix Review

*[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]*

Initial delivery of the Privacy Policy was delivered with all-new Advisory clients in 2022.

The Privacy Policy was reviewed on [INSERT DATE].

No changes were warranted.

- or –

The following updates were revised for the firm's policy: [INSERT UDPATES], and an updated Privacy Policy was sent to all clients on [INSERT DATE].

[Note, if you changed your policy, you are required to make a delivery of the Privacy Policy].

##

## **CLIENT RISK PROFILE QUESTIONNAIRE**

CRP Resource: Refer to Annual Risk Matrix Review

*[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]*

The client risk profile/IPS document was reviewed during the \_\_\_\_\_ Quarter 2022. No revisions were needed for the Client Questionnaire or Investment Policy Statement (IPS) template.

- or –

The Client Questionnaire/template IPS was reviewed, and it was determined that the following revisions would be made and implemented in 2022: [Describe the revisions HERE.]

- or –

The firm currently uses (or implemented) software technology to assist with client profiles. [List the software that was implemented.]

##

## **TRADE ERRORS**

CRP Resource: Advisers Act Books and Records Rule

*[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]*

There were no trade errors for the firm during the Review Period. The Trade Error file has been reviewed.

- or -

The firm did have trade errors during the Review Period. A review of the Trade Error File was done on \_\_\_\_\_\_\_\_\_\_\_\_. As a result of the Review of the trade errors from 2022, the firm's CCO determined there was not a pattern in any trading errors that would result in additional IAR review by Compliance or an update to any additional policies and procedures.

- or -

The firm had trade errors during the Review Period. As a result of the trade errors, the firm determined [there was a pattern in trading errors that would result in additional IAR review by Compliance, amended Policies and Procedures to reflect a change in Review, disciplinary action required to a particular IAR causing multiple trade errors]. [Describe the steps the firm has taken to rectify the trading error.]

##

## **IAR REVIEW OF OUTSIDE BUSINESS ACTIVITY, SOCIAL MEDIA, U-4 UPDATES**

CRP Resource: Code of Ethics

*[Edit the SAMPLE language below and tailor it to the firm's activities. Delete language that does not apply.]*

Form U4s were distributed to IAR’s to review all information reflected on U4 was current. This Review occurred in Q\_\_\_2022. Amendments were filed if necessary.

Outside Business Activities were reviewed and approved, if new, for each IAR. CCO reviewed to ensure proper disclosure on U4, 2B, and due diligence file. [Note: Review any owner of the firm who has outside business activities – this may trigger ADV reporting under Item 10 of ADV]

The firm conducted a review of whether IAR acts as Trustee(s) on any accounts. Proper documentation was reviewed and maintained in a file. Per the Compliance Manual, trustee relationships are only allowed if a personal relationship exists before becoming a client of the firm.

A review of the personal social media accounts was documented during \_\_\_\_\_\_\_\_\_\_\_\_\_ 2022. Policy reiterated that no business information or affiliation should be reflected on Personal Social Media account. [Describe any other necessary changes for OBA, Personal Social Media review.]

## **CHANGES IN LEGAL OR REGULATORY REQUIREMENTS**

[Summarize how your compliance program is structured to address these risks. For example, do you have policies and procedures in place to address each of the risk areas outlined? Is compliance testing performed?]

## **EVALUATION OF THE ADEQUACY AND EFFECTIVENESS OF COMPLIANCE POLICIES AND PROCEDURES AND CORRESPONDING RECOMMENDATIONS**

[Summarize the Firm’s culture of compliance and how it stays current on changes in regulatory focus, industry compliance standards and trends.]