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- Co-Founder of AdvisorAssist™
 - Supports start-up and growth of IA firms
 - Turn-key RIA Registration
 - Compliance Program Design & Independent Assessments
 - Outsourcing Compliance and Operations
 - Technology Selection and Implementation
- 17 years of industry experience
 - Co-Founder MainStay Consulting Group, LLC
 - Chief Compliance Officer, Open Investing, Inc. and Advisor Now, Inc. and other RIAs
 - Associate Director of Investment Management Consulting of Navigant Consulting, Inc.
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2010 Compliance Planning for RIAs

Chris Winn, AdvisorAssist.com



2010 Compliance Planning for RIAs

The coming new year is an excellent time to not only reflect on the growth and success of your business during the past year, but a great opportunity to improve processes, controls and efficiency in the coming year.

- Get your 2009 RIA House in order
- A Successful, Compliant 2010!
- A Year in the Life of an RIA CCO - Compliance as part of the day-to-day

A Year in the Life of an RIA CCO

Compliance is a culture and not a just a series of tasks. Build it into your firm's daily routine. You will save significant time and money, while protecting your practice.

- Strategic Compliance Planning – proactive not reactive approach is essential for an effective compliance program
- Rotational compliance plan – don't try to do it all at once. It makes it much harder!!
- Leverage and assess your partners
- Integrate technologies to enable transparency
- Perform an honest self-assessment or get help
- Document the evolution of your program

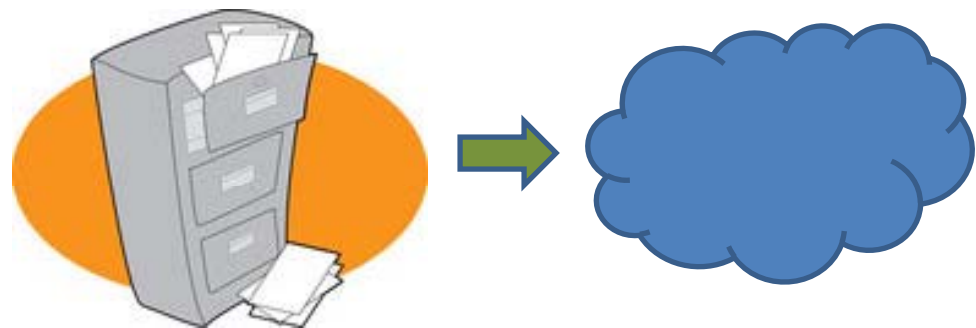


Get your 2009 RIA House in order

- How are your Books and Records?
- Any compliance issues during the year?
- CCO Assessment of the Compliance Program
- Formal review of policies, procedures and processes
- Business and Compliance risk assessment
- Testing your Business Continuity Plan
- Assessing the effectiveness of your vendors, sub-advisors and partners
- Funding your IARD/CRD renewal accounts
- Feedback and Training for staff
- Celebrating your successes

2009 – Books and Records

- Were you diligent about maintaining records?
- Would an examiner agree with your assessment of “GOOD”?
- Where do you keep them?
- Clean up and close out.
- Assess – what worked? What didn’t?
- Onsite and accessible – 2 years!!
- Archiving – consider archiving records over 2 years
- Considering going paperless? What’s the strategy?



2009 – Compliance Assessment

- Any violations of your policies during the year? Not the end of the world! Acknowledge, correct and prevent.
- Review your service providers. Did they do their jobs well? How do you know?
- Review your compliance manual and supporting tools. These are not paperweights.
- Test and refine your Business Continuity Plan.



Remember – your compliance program must be designed to effectively **prevent**, **detect**, and **correct** any violations of applicable securities laws.

2009 – State Fees

2010 State Registration / Notice Filing Fees are due by [December 31, 2009.](#)

- Penalties and re-registration if not paid!
- Fees HAVE increased in many states
- Obtain confirmation of receipt
- Consider a Service Bureau for assistance

2009 – The Compliance Calendar

A Compliance Calendar is an invaluable asset in planning and evidencing the strength of your compliance program.

- Review 2009 Calendar. Everything complete? Documented?
- What worked well? What to enhance for 2010.
- Draft 2010 Compliance Calendar:
 - Critical 2010 dates
 - Develop a rotational plan
 - Build compliance into day-to-day
 - Align events for efficiency

2009 – Celebrate successes

Compliance is an important part of your business. If you have employees, celebrate your successes and strengthen your culture of compliance.

- Identify the controls that saved the company money
- Discuss all the efforts that went into the program in 2009
- Recap the journey from where you started to today.

YOU'RE READY FOR 2010!

A Successful, Compliant 2010!

- 2010 Compliance Calendar
- Form ADV Amendment and Annual Offer
- Annual Privacy Policy Delivery
- Employee Code of Ethics
- Compliance Training
- Calculating your Assets Under Management Planning for
- Client Meetings (IPS, Review of Performance, Documentation)
- Planning enhancements to Operations, Technology and Compliance

2010 – Compliance Calendar

- Formally discuss and deliver the compliance calendar.
- Ensure it fits with business cycles, major events, etc.
- Get buy-in from your team.
- Mark critical dates!
- Spread the compliance tasks out over the year
- Integrate into your daily operations. Don't duplicate.

AdvisorAssist and Advisor4Advisors have made a 2010 compliance calendar available on Advisors4Advisors.com.

2010 – Form ADV Offer

Annually you are required to offer your ADV II (“Brochure”) to all clients.

- Offer only, not deliver
- Mass offering or personalized offers?
- Physical or electronic delivery
- Recordkeeping is a must!

2010 – Privacy Policy Delivery

Annually you are required to deliver your Privacy Policy to all clients.

- Deliver, not offer!
- Mass delivery or at client meetings?
- Physical or electronic delivery
- Recordkeeping is also a must!

2010 – Code of Ethics & Training

Annually, your Investment Advisor Reps must certify your Code of Ethics.

- Provide COE training and reinforce firm principles
- Ensure all personnel understand what is expected to protect the firm and clients
- Identify and disclose any conflicts of interest
- Address personal securities trading
- Discuss technology policies and terms of use
- And yes, a one-person firm should still certify that they have received and understand the firms COE

2010 – Calculating AUM

As part of your ADV updater, you are required to update you asset under management and number of accounts.

- Follow the correct methodology
- Seek advise for “gray areas”
- Keep documentation to support your calculations
- What if 2009 is not reflective of my plans for 2010?
 - You can estimate, but must note as such.

2010 – Client Meetings

Assess the suitability of a client's account at least annually.

- Review goals and objectives
- Validate the Investment Policy Statement
- Deliver / offer compliance documents -- Privacy Policy, ADV, Code of Ethics (if requested)
- Document the meeting and ensure all systems/records in order
 - CRM system
 - Client folder
 - Proposal/planning systems
 - Accounting systems

2010 – Implement Improvements

Learn from your experiences.

- Leverage technology to improve controls, recordkeeping, etc.
 - Link disjointed systems
 - WORM approach – Write Once, Read Many
- Create an Intranet to support your business
- Integrate compliance with daily operations
- Consider going paperless

2010 – Regulatory Changes

- How to stay on top of potential changes.
- Current proposals
 - FINRA to take responsibility for Broker-Dealer Affiliated RIAs
 - The Custody Debate
 - SEC vs. State Regulation
 - Email – will there ever be a clear rule?
 - Hedge Fund Registration

Where to go? Have I mentioned Advisors4Advisors.com?

Questions

I will be available from 5:00ET to 6:00ET on instant messaging on [Advisors4Advisors.com](https://advisors4advisors.com).

I will post responses to questions for all shortly thereafter.