

RIA Compliance and Internal Controls Checklist

Review Area	Review Considerations	Control in Place	Reference / Link	Comments
Source	Relied on the SEC Division of Examinations' March 2023 Risk Alert		Observations from Examinations of Newly-Registered Advisers*	
Scope	Prepare for document requests and interviews that will address:			
	(1) business and investment activities			
	(2) organizational affiliations			
	(3) compliance policies and procedures			
	(4) disclosures to clients			
Conflicts of Interest (COI)	Assess COI controls by checking to see whether these firms have:			
	o identified and addressed conflicts of interest			
	o provided clients with full and fair disclosure such that clients can provide informed consent			
	o adopted effective compliance programs			
Representations and Disclosures	Assess compliance with a relevant act/or regulation. As an example, the Advisers Act and to determine whether the adviser's representations and disclosures made to its clients and in SEC filings are consistent with the adviser's actual practices by checking the information below:			
	<i>General information</i>			
	Provide an understanding of the adviser's business and operations, such as:			
	o organizational charts			
	o documentation to support eligibility for SEC registration			
	o information about ownership and control of the adviser and its affiliates			
	o information about current and former advisory personnel, such as the reasons for departure for former personnel (if available), and the roles, responsibilities, physical locations for current personnel			
	o financial information, including the balance sheet, trial balance, and income statement			
	o information about any threatened, pending, or settled litigation or arbitration involving the adviser or any of its supervised persons			
<i>Demographic and other specific data</i>	Review demographic and other specific data regarding each advisory client account, including information about:			
	o advisory services provided, such as portfolio management, financial planning, and/or bundled wrap fee arrangements			
	o types of client accounts serviced, such as individual, defined benefit retirement plan, registered fund, or private fund			
	o advisory authority to trade in the account, such as whether it has discretionary authority			
	o advisory personnel servicing and overseeing the account			
	o assets under management advised by the firm			
	o third-party service providers, such as custodians, administrators, and auditors			
	o investment strategies, such as global equity, high-yield, aggressive growth, long-short, or statistical arbitrage			
	o documents supporting representations, such as copies of select contracts, agreements, or third-party account statements			

RIA Compliance and Internal Controls Checklist

Review Area	Review Considerations	Control in Place	Reference / Link	Comments
Source	Relied on the SEC Division of Examinations' March 2023 Risk Alert		Observations from Examinations of Newly-Registered Advisers*	
<i>Compliance and Risk Management</i>	Be prepared to provide information regarding:			
	o compliance program			
	o risk management practices and framework			
	o internal controls			
	o written compliance policies and procedures			
	o code of ethics.			
<i>Portfolio Management</i>	Provide information to facilitate the staff testing for regulatory compliance in certain areas, including portfolio management and trading activities:			
	o a record of specific information for all advisory clients' securities holdings and transactions			
<i>Communications</i>	Assess the communication used to inform or solicit new and existing clients, including disclosure documents and advertising, such as:			
	o pamphlets			
	o social media			
	o mass mailings			
	o websites			
	o blogs			
Interviews	Be prepared that during the examination, the staff often interviews advisory personnel to understand:			
	o business o operations o investment activities o compliance program			
Staff Observations Compliance Policies and Procedures	Practices to be alert to, avoid and manage:			
	o Did you adequately address certain risk areas applicable to the firm, such as portfolio management and fee billing?			
	o Do you have procedures to enforce stated policies, such as stating the policy is to seek best execution, but not having any procedures to evaluate periodically and systematically the execution quality of the broker-dealers executing their clients' transactions?			
	o Are your personnel aware of the policies or procedures?			
	o Are your policies or procedures consistent with your businesses or operations?			

RIA Compliance and Internal Controls Checklist

Review Area	Review Considerations	Control in Place	Reference / Link	Comments
Source	Relied on the SEC Division of Examinations' March 2023 Risk Alert		Observations from Examinations of Newly-Registered Advisers*	
<i>Compliance Policies and Procedures (continued)</i>	o Do your annual compliance reviews address the adequacy of the policies and procedures and the effectiveness of their implementation? For example, do you:			
	(1) Use off-the-shelf compliance manuals that were not tailored for consistency with the advisers' operations and business lines.			
	(2) Not have devoted sufficient resources to comply with regulatory requirements and their own policies and procedures <i>For example, assigned additional and unrelated responsibilities to the chief compliance officer ("CCO"), resulting in limited time for the CCO to dedicate to compliance, or to ensure compliance personnel understood actual business practices.</i>			
	(3) Have undisclosed conflicts of interest created by the multiple roles and responsibilities of advisory personnel carrying out the assigned duties, and these conflicts were not mitigated			
	(4) Outsource certain business and compliance functions without assessing how these outsourced responsibilities were being performed or whether they were consistent with the advisers' compliance policies and procedures.			
	(5) Have adequate business continuity plans, including succession plans			
<i>Disclosure Documents and Filings</i>	Have you checked your required disclosure documents to see if they contain:			
	o omissions or inaccurate information and untimely filings (i.e., material or annual form updates were not made within prescribed timeframes or at all).			
	o inaccurate information			
	o untimely filings (i.e., material or annual form updates were not made within prescribed timeframes or at all)			
	In checking these disclosure make sure you check for omissions and inaccuracies involving:			
	(1) fees and compensation			
	(2) business or operations (including affiliates, other relationships, number of clients, and assets under management)			
	(3) services offered to clients, such as disclosure regarding advisers' investment strategy (including the use of models), aggregate trading, and account reviews			
	(4) disciplinary information			
	(5) websites and social media accounts			
(6) conflicts of interest				
<i>Marketing</i>	Consider if marketing materials contain:			
	o false or misleading information, including inaccurate information about advisory personnel professional experience or credentials, third-party rankings, and performance			
	o Not being able to substantiate certain factual claims			
Supporting Resources	Refer to Supporting Resources for previously published Division Risk Alerts contain information regarding common examination observations that are broadly applicable to SEC-registered advisers, including newly-registered advisers.			

Information Regarding the Division and Examinations	
Relied on the SEC Division of	Observations from Examinations of Newly-Registered Advisers*
Examination Priorities (see	The annual publication of the Division’s examination priorities furthers the SEC’s mission and aligns with the Division’s goals to promote and improve compliance, prevent fraud, monitor risk, and inform policy. The examination priorities provide investors and registrants with transparency into those areas the staff believes bring heightened risks to investors, registrants, and the markets.
Risk Alerts (see “Office Resources	Risk Alerts are one way that the Division provides transparency and supports registrants’ compliance efforts. Risk Alerts, which cover a wide array of topics, are designed to raise awareness of compliance and industry risks and are meant to encourage firms to think about their own policies and procedures in particular areas.
Compliance Outreach Program	SEC staff engage with registrants through initiatives such as our Compliance Outreach Program, through which the staff seeks to promote compliance by informing advisers and funds about their obligations under the federal securities laws. The Compliance Outreach Program is designed to provide senior officers, including CCOs, with a forum to discuss compliance issues, share experiences, engage in discussions with Commission staff, and learn about effective compliance practices. The program features both regional meetings at various locations across the country and national seminars in Washington D.C.
Overview of Examinations	
Listing of All SEC Regional Offices	The Division’s website contains information about the examination program, including its mission, offices and program areas, and leadership. It also provides links to various helpful resources (by registrant type), examination-related forms and announcements, as well as the examination hotline, through which registrants can communicate comments, complaints, or concerns. Registrants are typically contacted by Division staff located within the SEC’s regional offices. To identify the states overseen by each region, including contact information for senior examination staff, click on the regional office links. The regional offices are assigned to an adviser based on the firm’s Principal Office and Place of Business, as identified on Form ADV.
Examination Brochure	The Examination Brochure is provided to all registrants at the beginning of an examination. It provides information regarding the purpose of examinations, the examination process, the steps taken at the completion of an examination, and the SEC’s Office of the Whistleblower.
Form 1661	Form 1661 is provided to all registrants at the beginning of an examination. It provides information regarding the mandatory production of certain documents to SEC staff, and the effect of not supplying such information or providing the staff with false statements or documents. The form also provides information regarding the principal and routine uses of information requested by the staff and how registrants may submit a request that their information not be disclosed under the Freedom of Information Act.
Information Regarding the	
Division of Investment	The Division of Investment Management has primary responsibility for administering the Investment Company Act and Advisers Act, which includes developing regulatory policy for investment companies (e.g. , mutual funds, including money market funds, closed-end funds, business development companies, unit investment trusts, variable insurance products, and exchange-traded funds) and for investment advisers. This site contains information and links to relevant laws and rules, regulatory actions, such as rulemaking, interpretive, and concept releases.
Advisers Act and the rules	The Advisers Act regulates investment advisers. With certain exceptions, this Act requires that firms or individuals that are in the business of advising others about securities investments and are compensated for that advice must register with the SEC or states and conform to regulations designed to protect investors. Generally only advisers who have at least \$100 million of assets under management or advise a registered investment company must register with the Commission. Other advisers typically register with the states in which they meet the registration requirements of that state.
Investment Company Act and	The Investment Company Act regulates the organization of companies, including mutual funds, that engage primarily in investing, reinvesting, and trading in securities, and whose own securities are offered to the investing public. The Act requires these companies to disclose their financial condition and investment

Form ADV	<p>policies to investors when shares are initially sold and, subsequently, on a regular basis. The focus of this Act is on disclosure to the investing public of information about the fund and its investment objectives, as well as on investment company structure and operations.</p>
<p>Brochure (Form ADV, Part 2)</p> <p>Form CRS (Form ADV, Part 3)</p>	<p>Advisers use Form ADV to apply for registration as investment advisers with the SEC and the state securities authorities, and registered advisers must amend their Form ADV each year by filing an annual Under SEC and similar state rules investment advisers are required to deliver to clients and prospective clients a brochure disclosing information about their business practices, fees, conflicts of interest, and disciplinary information. Advisers also may be required to deliver a brochure supplement disclosing information about one or more of their supervised persons. Part 2 of Form ADV sets out the minimum required disclosure that an adviser's brochure (Part 2A for a firm brochure, or Appendix 1 for a wrap fee program brochure) and brochure supplements (Part 2B) must contain.</p>
<p>SEC-staff statements and no-</p>	<p>SEC rules require advisers and brokers to provide new, prospective, and existing retail customers and clients with a Form CRS "relationship summary," file their relationship summary with the SEC and post the current relationship summary on the firm's public website, if the firm has one. While advisers must file their initial relationship summaries (and any amendments) with the SEC using IARD, advisers subject to this filing obligation may find it useful to review Form CRS and frequently asked questions about Form CRS as part of their filing process.</p> <p>SEC staff-issued statements and no-action letters provided by the Division of Investment Management are informal resource and guidance updates that may be of assistance to practitioners and others; they represent the views of SEC staff and are not a rule, regulation or statement of the Commission, and the Commission has neither approved nor disapproved its content. Examples of such resources include the following Staff Bulletins: (1) Standards of Conduct for Broker-Dealers and Investment Advisers Conflicts of Interest; and (2) Standards of conduct for Broker-Dealers and Investment Advisers Account Recommendations for Retail Investors.</p>