

**SEC RISK ALERT IA Exams Checklist**

<b>Review Area</b>	<b>Review Considerations</b>	<b>Control in Place</b>	<b>Reference / Link</b>	<b>Comments</b>
<b>Source</b>	Relied on the SEC Division of Examinations' September 2023 Risk Alert		<a href="#">Investment Advisers: Assessing Risks, Scoping Examinations, and Requesting Documents*</a>	
	Also refer to the March Risk Alert Self-Audit Checklist		<a href="#">Click Here</a>	
<b>General Information</b>				
<b>Organizational Information</b>	<input type="checkbox"/> Organizational structure, affiliations, and control persons.			
	<input type="checkbox"/> Remote offices and branch locations.			
	<input type="checkbox"/> Joint ventures or other businesses (including those with respect to the firm or any officer, director, portfolio manager, or trader).			
	<input type="checkbox"/> Current and former supervised persons, officers, and/or directors.			
<b>Business and Operations</b>	<input type="checkbox"/> Committees (e.g., responsibilities, members, meeting frequency, meeting minutes).			
	<input type="checkbox"/> Client advisory contracts or agreements.			
	<input type="checkbox"/> Agreements and arrangements with third			
	<input type="checkbox"/> Fees and payments for services rendered.			
	<input type="checkbox"/> Power of attorney obtained from clients.			
	<input type="checkbox"/> Service providers and the services they perform.			
<b>Disclosures and Filings</b>	<input type="checkbox"/> Disclosure documents and filings with regulators (e.g., Form ADV, including the brochure, and Form CRS).			
<b>Legal and Disciplinary</b>	<input type="checkbox"/> Threatened, pending and settled litigation, arbitration, or Administrative Proceeding involving the adviser or any supervised person.			
	<input type="checkbox"/> Remedial actions taken against supervised persons.			
<b>Information Regarding the Compliance Program, Risk Management, and Internal Controls</b>				
Compliance Program and Oversight Process	<input type="checkbox"/> Compliance policies and procedures in effect during the examination period.			
	<input type="checkbox"/> Tests performed (i.e., compliance reviews, quality control analyses, surveillance, and/or forensic or transactional tests performed by the firm)			
	<input type="checkbox"/> Compliance consultant reports resulting from a review of compliance policies and procedures, operations, or books and records.			

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	<input type="checkbox"/> Annual and/or interim reviews of policies and procedures, including any reports prepared.			
	<input type="checkbox"/> Record of compliance exceptions.			
	<input type="checkbox"/> Remote office and/or independent advisory contractor oversight process.			
	<input type="checkbox"/> Client complaints and correspondence and the process for monitoring such communications, including electronic communication.			
	<input type="checkbox"/> Inventory of compliance risks and conflicts of interest that forms the basis for policies and procedures and notations regarding changes made to the inventory.			
	<input type="checkbox"/> Written guidance and training provided to employees regarding compliance program and documentation of attendance.			
Valuation	<input type="checkbox"/> Valuation process.			
	<input type="checkbox"/> Pricing services, quotation services, and externally acquired portfolio accounting systems used in the valuation process and payment information			
	<input type="checkbox"/> Fair-valued and illiquid securities held by clients.			
	<input type="checkbox"/> Advisory fee calculations.			
	<input type="checkbox"/> Pricing overrides.			
Information Processing, Reporting, and Protection	<input type="checkbox"/> Safeguards for the protection of customer records and information.			
	<input type="checkbox"/> Electronic access controls.			
	<input type="checkbox"/> Business continuity plan.			
	<input type="checkbox"/> Cybersecurity incidents or breaches (e.g., incident description, impact, and remediation).			
<b>Information to Facilitate Testing with Respect to Advisory Trading Activities</b>				

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Information About Advisory Clients and Accounts	<input type="checkbox"/> Current advisory client account information regarding: account inception, type, balance, and management discretion; client demographic information; client affiliation with the firm; custodial arrangements; firm authority with respect to the account (e.g., trading authority, custody, and trustee); services provided; investment strategy and investment objectives; portfolio manager; fee computation; fee payment arrangements; and  <input type="checkbox"/> Advisory clients lost during review period.			
Portfolio Management	<input type="checkbox"/> Securities held in all client portfolios, including information identifying each client holding an interest, the amount owned by each client, the aggregate number of shares or principal and/or notional amount held and total market value of the position.  <input type="checkbox"/> Information about certain types of client			
Brokerage and Trading	<input type="checkbox"/> Trade blotter.  <input type="checkbox"/> Brokerage arrangements and best execution evaluation documentation. <input type="checkbox"/> Soft dollar budget and products and services obtained using clients' brokerage commissions. <input type="checkbox"/> Commission-sharing arrangements.  <input type="checkbox"/> Affiliated broker-dealers.  <input type="checkbox"/> Principal trades and cross transactions.  <input type="checkbox"/> Wrap fee programs.  <input type="checkbox"/> Trade errors and related information.  <input type="checkbox"/> Trade allocation information regarding initial public offerings and secondary offerings in which			
Conflicts of Interest and	<input type="checkbox"/> Code of Ethics and insider trading policies and procedures for the firm and its affiliates.			

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Insider Trading	<input type="checkbox"/> Code of Ethics attestations.			
	<input type="checkbox"/> Exemptions from Code of Ethics for supervised persons.			
	<input type="checkbox"/> Reports of securities transactions reported by access persons.			
	<input type="checkbox"/> Fee splitting or revenue sharing arrangements.			
<b>Information to Perform Testing for Compliance in Various Areas</b>				
Marketing and Advertising	<input type="checkbox"/> Advertisements and marketing materials disseminated, including newsletters, public audio and video programs, pitch books, pamphlets, brochures, websites, blogs, social media, and other promotional and/or marketing materials used.			
	<input type="checkbox"/> Client or investor meeting materials and presentations.			
	<input type="checkbox"/> Sponsored and attended seminars or events.			
	<input type="checkbox"/> Client performance information.			
	<input type="checkbox"/> Composite performance information, including current and terminated composites and composite returns.			
	<input type="checkbox"/> Requests for proposal, due diligence questionnaires, and any other questionnaire (e.g., third party consultant database or other performance database)			
	<input type="checkbox"/> Testimonials and endorsements, including payments made and compensation received.			
	<input type="checkbox"/> Third-party ratings and rankings.			
<b>Financial Records</b>	<input type="checkbox"/> Balance sheet, trial balance, income statement, and cash flow statements.			
	<input type="checkbox"/> Cash receipts and disbursements journal.			
	<input type="checkbox"/> General ledger and chart of accounts.			
	<input type="checkbox"/> Loans and sales of firm or affiliate's stock.			
<b>Custody</b>	<input type="checkbox"/> Custodian identification and contact information for entities that maintain custody of client assets.			

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	<input type="checkbox"/> Surprise examination documentation, such as engagement letters, client account lists, and reports, results, and recommendations.			
	<input type="checkbox"/> Auditor engagement letters, opinions, and			
	<input type="checkbox"/> Custodial confirmation of positions for specific clients			

[I am reproducing the resource information from the March Risk Alert.](#)

Information Regarding the Division and Examinations	
Relied on the SEC	<a href="#">Observations from Examinations of Newly-Registered Advisers*</a>
Division of Examination	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.
Examination Priorities (see 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	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
Overview of	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.
Listing of All SEC Regional Offices	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
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
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
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

<a href="#">Form ADV</a>	<p>and investment 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>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 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</p>
<p><a href="#">Form CRS (Form ADV, Part 3)</a></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 <a href="#">Form CRS</a> and <a href="#">frequently</a></p>
<p><a href="#">SEC-staff statements and</a></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) <a href="#">Standards of Conduct for Broker-Dealers and Investment Advisers Conflicts of Interest</a>; and (2) <a href="#">Standards of conduct for Broker-Dealers and Investment Advisers Account Recommendations for Retail Investors</a>.</p>