



# 2023 Annual Compliance Meeting

December 6, 2023

# Today's Presenters



- **Jill Zacha**  
*LFAS/LFCM Chief Compliance Officer &  
Corporate Counsel*
  
- **Stacey Lavender**  
*LFF Chief Compliance Officer &  
AML Compliance Officer*
  
- **Kimberly Miller**  
*LFF/LFAS Managing Director, Compliance  
CRI Capital, LLC Chief Compliance Officer &  
AML Compliance Officer*

# New Addition to Level Four Compliance Team

## Angela Burns

### Branch Manager, Supervisory Principal

Angela started with Level Four on November 15<sup>th</sup> and is serving as a Branch Manager for both Level Four Financial and Level Four Advisory Services. She comes to Level Four with 30 years of industry experience starting her career at Raymond James where she worked in multiple roles including on the Agency Trading Desk and as a Sales Assistant. After leaving Raymond James in 2000, she continued her career at UBS and then Morgan Keegan which was ultimately acquired by Raymond James where she spent the next 9 years of her career. Most recently Angela worked in the RCS Division of Raymond James where she was responsible for the overall supervision of the Service Team.

Angela currently holds her FINRA Series 7, 9, 10, 66, 24 & FL 215 Insurance Licenses. She will be working in the Tampa, FL area where she currently lives.

# Agenda



## **ADVISORY**

- Annual Account Reviews
- Transition to Monthly Billing
- Foreign Advisory Accounts
- US Regulatory Update
- SEC Examination Priorities – 2024
- SEC Enforcement

## **BROKER DEALER**

- Regulation Best Interest
- Off-Channel Communications
- Cybersecurity & Identity Theft

## **GENERAL COMPLIANCE**

- Branch Office Examinations
- Branch Hires
- Continuing Education
- Marketing & Public Appearances





FOFFA

Future Of Financial Advice

# Advisory



2023



# LFAS Firm Policies



# Annual Account Reviews

**Advisors must conduct annual review for all advisory accounts each year**

## Best Practices:

- Start reviews early in the year and schedule out
- Can set calendar reminder to conduct a handful each month
- Confirm fee for the account \*if updates required utilize the LFAS202 as needed for appropriate updates
- Branch Managers can provide a list of reviews completed and added to the LF169 JotForm
- Advisors need to have system in place to track annual reviews completed vs client accounts managed
- EOM Monthly Attest now contains a question each month for you to document how many of your annual advisory account reviews have been completed that month



# Annual Account Reviews

## [LF169 \(Annual Review JotForm\):](#)

- Use form **LF169** to document your reviews
- Advisors can add information into CRM but official form to document Annual Reviews is the **LF169** JotForm
- Supporting documents can be uploaded/attached into the **LF169**
- Advisors and Sales Assistants can receive details of completed **LF169** Forms via email.
- Producing advisor needs conduct the reviews but Sales Assistants can populate **LF169**
- Should document updates to client financial situation, risk tolerance, investment goals as part of your review



# Transition from Quarterly to Monthly Billing

- All advisory accounts must be on a monthly billing schedule a/o 1/1/2024  
(We have given 1 year to transition accounts)
- Existing accounts, that are currently quarterly billing, must complete a one page Addendum to transition to monthly billing by 12/31/2023
- Addendum is available on Level Four DocuSign and on Firm Intranet
- Accounts that do not have client signed Addendums by year end will be converted to brokerage
- All Advisors should be receiving weekly updates from Ops of status of accounts
- As of 11/30 there were 758 accounts that still required signed addendums

# Foreign Advisory Accounts

- Due to cross border issues **Level Four Advisory Services, LLC does not permit foreign advisory accounts.**
- All LFAS advisory accounts must have a U.S. address.
- Advisory services cannot be provided to clients that are outside of the U.S.
- *\*\*Note that rules for **Brokerage Accounts** differ. LFF follows Raymond James's rules per foreign jurisdiction for brokerage accounts*







# U.S. Regulatory Update - Advisory



# Investment Advisory Regulation

## Cybersecurity – March 2023

Effective date: Expect to be adopted in Q42023 or Q12024 ([Final Rule](#))

\*\*Cyber rules for public companies became effective in September 2023

- Funds and advisers will be required to implement cyber risk managements policies and procedures
- Advisers will be required to report significant cyber incidents within 48 hours on new Form ADV-C
- Advisers and funds will be required to disclose cybersecurity risks and incidents to their investors and other market participants
- Advisers and funds will be required to maintain cybersecurity-related books and records



# Investment Advisory Regulation (Cont.)

## Use of Artificial Intelligence - July 26, 2023

- [Proposed Rule: Conflicts of Interest Associated with the Use of Predictive Data Analytics by Broker-Dealers and Investment Advisers \(sec.gov\)](#)
- SEC proposed new rules for broker-dealers and investment advisers on the use of predictive data analytics and PDA-like technologies in any interactions with investors. If using, BD's and RIA's must evaluate the technology for conflicts of interest and eliminate or neutralize those conflicts of interest.
- Comment period just ended – 10/10/2023

# Investment Advisory Regulation (Cont.)

## Private Fund Rules (3 New Rules) – August 23, 2023

Imposes new requirements on registered investment advisers to private funds. ([Final Rule](#))

### Quarterly Statement Rule

Increase transparency in private funds fees and expenses, performance and conflicts of interest. SEC private fund advisers have to provide investors with quarterly statements disclosing an enumerated list of fund-level information and include prominent disclosures regarding how all expenses and fee offsets are calculated.

### Private Fund Audit Rule

SEC-registered private fund advisers must obtain an independent annual financial statement audit of each of the private funds they advise that meet the requirements of the audit provision in the Advisers Act custody rule. Audited financial statements must be distributed to current investors within 120 days of the end of the fund's fiscal year.



# Investment Advisory Regulation (Cont.)

## Private Fund Rules (3 New Rules) – August 23, 2023

### Adviser-led Secondaries Rule

Rule aims to reduce potentially fraudulent or manipulative activity by advisers and to ensure accurate valuation of assets. Fairness or valuation opinion must be furnished to investors prior to the due date of the election form for the transaction (vs prior to closing of the transaction).

# Investment Advisory Regulation (Cont.)

## Restricted Activities Rule (Applicable to all Registered Investment Advisors)

Focuses on transparency, disclosures and in some cases, client consent

### Restricted Activities with Disclosure-based exceptions

Advisors cannot charge clients regulatory or compliance fees and/or expenses associated with an exam, incurred by the adviser, unless written notice within 45 days of each quarter-end after expenses incurred.

### Reducing adviser claw backs for taxes

Advisors must distribute written notice to investors of aggregate dollar amounts of claw backs both before and after any reduction in taxes within 45 days after the end of the fiscal quarter.

### Non-pro rata fee and expense allocations

Advisors cannot charge multiple clients fees and expenses on a non-pro rata basis unless it is fair and equitable and prior to allocating, written notice is provided to investors



# Investment Advisory Regulation (Cont.)

## Restricted Activities with Consent exceptions

### Investigation expenses

Advisors cannot charge investors investigation expenses unless consent is obtained from a majority of investors. Can't charge at all if investigation results in a sanction.

### Borrowing

Advisors cannot borrow funds, securities or other assets from a private fund client unless written notice of material terms of such borrowing is provided to all investors and written consent from majority of investors is obtained.

### Preferential Treatment Rule

Prohibits preferential treatment to any investor unless disclosure obligations met.

# Investment Advisory Regulation (Cont.)

## Transition Dates

**18 months for Quarterly Statement and Private Fund Audit Rule and staggered compliance dates for the remaining rules**

- \$1.5B or more in private funds AUM, one year transition
- <\$1.5B in private funds AUM, 18 month transition

**Safeguarding Advisory Client Assets - redesignates and amends current custody rule**

- Initially proposed February 15, 2023
- Initial comment period ended May 8, 2023
- Reopened comment period on August 23, 2023



# Investment Advisory Regulation (Cont.)

## Investment Company Names Rule

- Amendments to Rule 35d-1 under the Investment Company Act of 1940 ([Final Rule](#))
- Rule applies to registered investment companies and business development companies and broadened the rule originally adopted in 2001.
- Requires that investment companies that invest at least 80% of the value of their assets in investments that matched the funds' name, if the fund name suggests a particular asset type, industry, geographic focus or a **focus on certain investments**. (i.e. growth, value; environmental, social and governance (ESG) terms
- Rules adopted on September 20, 2023. Compliance date for larger entities (\$1B or more net AUM) is 24 months from effective date. Compliance date for smaller entities (funds under \$1B net AUM) is 30 months from effective date.



# SEC Examination Priorities - 2024





# SEC Exam Priorities - 2024

**Investment advice provided to clients with regard to products, investment strategies, and account types, particularly those regarding:**

- Complex product – leveraged ETF's; derivatives
- High cost/illiquid products – variable annuities; REIT's
- Unconventional strategies

**Investment advice provided to certain types of clients i.e. senior investors**

**Processes for determining best interest**

- Initial and ongoing suitability
- Best execution
- Evaluating costs and risks
- Identifying and addressing conflicts of interest





# SEC Exam Priorities - 2024



## Allocating to accounts when client has more than one type of account

- Fee based vs brokerage
- Wrap; taxable/nontaxable:

## Economic incentives firm level (i.e. affiliated firms providing services) and rep level (commissions; product-based)

## Disclosures to clients

- Disclosures must be full and transparent

## Firm Advisory compliance program

- Do policies and procedures reflect the firm's business operations
- Does the program address applicable market risks





# SEC Exam Priorities - 2024

## Marketing Practice Review

- Compliance with Marketing Rule \*Effective 11/2022
- Substantiation
- Advertising materials
  - ✓ no untrue, materially misleading, or other deceptive information
- Compliance with Marketing Rule requirements
  - ✓ performance, third-party ratings, predecessor performance





# SEC Exam Priorities - 2024

## Specific Areas to be Reviewed during 2024

1. Portfolio management processes;
2. Disclosures made to investors and regulators;
3. Proprietary trading by the adviser and the personal trading activities of supervised advisory personnel;
4. Safeguarding of client assets from conversion or inappropriate use by advisory personnel;
5. Accurate creation of required records and their maintenance in a manner that secures them from unauthorized alteration or use and protects them from untimely destruction;
6. Safeguards for the privacy protection of client records and information;
7. Trading practices;
8. Marketing advisory services;
9. Processes to value client holdings and assess fees based on those valuations; and
10. Business continuity plans.





# SEC Exam Priorities - 2024

## Other areas of Focus for 2024

- **Compensation arrangements assessments**

- disclosures;
- bank sweep arrangements;
- fee calculation processes
- Procedures

- **Valuation assessments**

- illiquid or difficult to value assets (private placements, commercial real estate)

- **Safeguarding assessments – controls to protect client information**

- **Disclosure assessments**

- Regulatory filings, Form CRS, Form ADV

- **Business continuity**

- ability to prevent disruptions to mission critical systems and to protect investor information, records and assets

- **Oversight and review of 3<sup>rd</sup> party vendors/service providers**

- **Crypto assets and Emerging Financial Technology (EFT)**

- AI; automated investment tools,



# SEC Enforcement Actions



# SEC Enforcement Actions

- **May 11, 2023** HSBC and Scotia Capital fined for allowing employees to use WhatsApp and other off channel communications on personal devices in violation of SEC Rule 17a-4 - HSBC fined \$15M and Scotia fined \$7.5M with another \$15M file to its parent company (The Bank of Nova Scotia) ([Click for Detail](#))
- **August 1, 2023** SEC charged NJ based ETF manager (ETF Managers Group LLC) for fraudulent conduct related to misleading trustees to obtain rescue financing – agreed to pay \$4.4M to settle charges and manager was barred for 3 years ([Click for Detail](#))
- **August 7, 2023** SEC settled charges against Theorem Fund Services LLC (fund administrator) for failing to respond to red flags relating to a fraud against a private fund and its investors. ([Click for Detail](#))



# SEC Enforcement Actions (Cont.)

- **August 8, 2023** SEC charged 11 firms for widespread and longstanding failures by the firms and employees to maintain and preserve electronic communications – combined penalties of \$289M ([Click for Detail](#))
- **August 21, 2023** SEC first enforcement action under the new Marketing Rule vs Fintech advisory firm for in excess of \$1M - misleading statements in hypothetical performance (crypto strategy), insufficient disclosure leading to and within embedded links – risks of strategy were not clear and prominent; conflicting and misleading disclosures re: crypto custody ([Click for Detail](#))
- **August 25, 2023** SEC charged Wells Fargo for overcharging approx. 11,000 advisory accounts \$26.8M (had agreed to reduce advisory fees and did not include in billing calculations) - firm paid a \$35M penalty. ([Click for Detail](#))

# SEC Enforcement Actions (Cont.)

- **September 5, 2023** SEC charged Prime Group Holdings, LLC for failing to adequately disclose millions of dollars of real estate brokerage fees that were paid to a real estate brokerage firm owned by the firm's CEO - penalties of \$6.5M paid plus \$14M in disgorgement and prejudgment interest ([Click for Detail](#))
- **September 5, 2023** SEC charged five advisory firms for custody rule violations (audits) - agreed to pay civil penalties ranging from \$50K to \$225K. ([Click for Detail](#))
- **September 11, 2023** Charges against 9 investment advisers for advertising hypothetical performance without policies and procedures adopted – combined charges of \$850,000  
\*\*result of Marketing Rule sweep. ([Click for Detail](#))

# SEC Enforcement Actions (Cont.)

- **September 22, 2023** – SEC settled charges with a CA-based RIA to private funds that made an undisclosed loan to a fund advised by an affiliate adviser, breaching its fiduciary duty and duty of care. Agreed to pay \$1.2M plus \$445K in disgorgement. ([Click for Detail](#))
- **September 25, 2023** – SEC cited DWS Investment Management America (sub of Deutsche Bank) with AML violations and misstatements re: ESG investments - \$25 million in penalties paid. ([Click for Detail](#))
- **September 26, 2023** - SEC charged AssetMark with failing to provide full and fair disclosure of conflicts of interest arising from its affiliate's cash sweep program – AssetMark agreed to pay more than \$18M to settle. ([Click for Detail](#))
- **October 25, 2023** - SEC filed civil charges against Julie Darrah and Vivid Financial Management, for allegedly stealing \$2.25M from at least nine elderly clients. She became trustee on her clients' trusts or signatory on their bank accounts or obtaining POA over their accounts and liquidating most of the securities in their accounts. She is said to have then transferred money to her own back accounts, where she used funds to pay personal expenses, buy luxury vehicles and operate a restaurant business. She allegedly changed client account mailing addresses to her own address. ([Click for Detail](#))



The logo for FOFA is displayed in a stylized, multi-line font. The letters 'F', 'O', 'F', and 'A' are composed of multiple parallel lines, giving it a modern, digital appearance. The 'O' is a circle made of concentric lines. The entire logo is contained within a yellow rectangular border.

Future Of Financial Advice

# Broker Dealer



2023



# Regulation Best Interest





# Regulation Best Interest (RegBI)

**Regulation Best Interest (Reg BI):** Reg BI continues to be a major focus of the regulators. The Rule aims to enhance the standards of conduct for broker-dealers when making recommendations to retail customers. FINRA's reviews of member firms' adherence to their obligations pursuant to Reg BI and Form CRS address a number of areas:

- such as making recommendations that adhere to Reg BI's Care Obligation;
- identifying and addressing conflicts of interest;
- disclosing to retail customers all material facts related to conflicts of interest;
- establishing and enforcing adequate written supervisory procedures (WSPs),
- including the provision of effective staff training; and filing, delivering and tracking accurate Forms CRS.







SEC Regulation BI uses the term “**conflicts of interest**” more than 500 times making clear the SEC’s emphasis on these areas.



[NASAA Report on Reg BI](#) 1<sup>st</sup> year compliance findings:

- “most of the Reg BI firms sampled **are not providing fair and balanced point-of-sale disclosure regarding fees, costs, and risk to retail investors.**”
- firms have steadily increased participation in complex, costly, and risky products under the new conduct standard and **continue to rely on financial incentives that Reg BI was intended to curb**, incentives rarely seen with fiduciary advisers



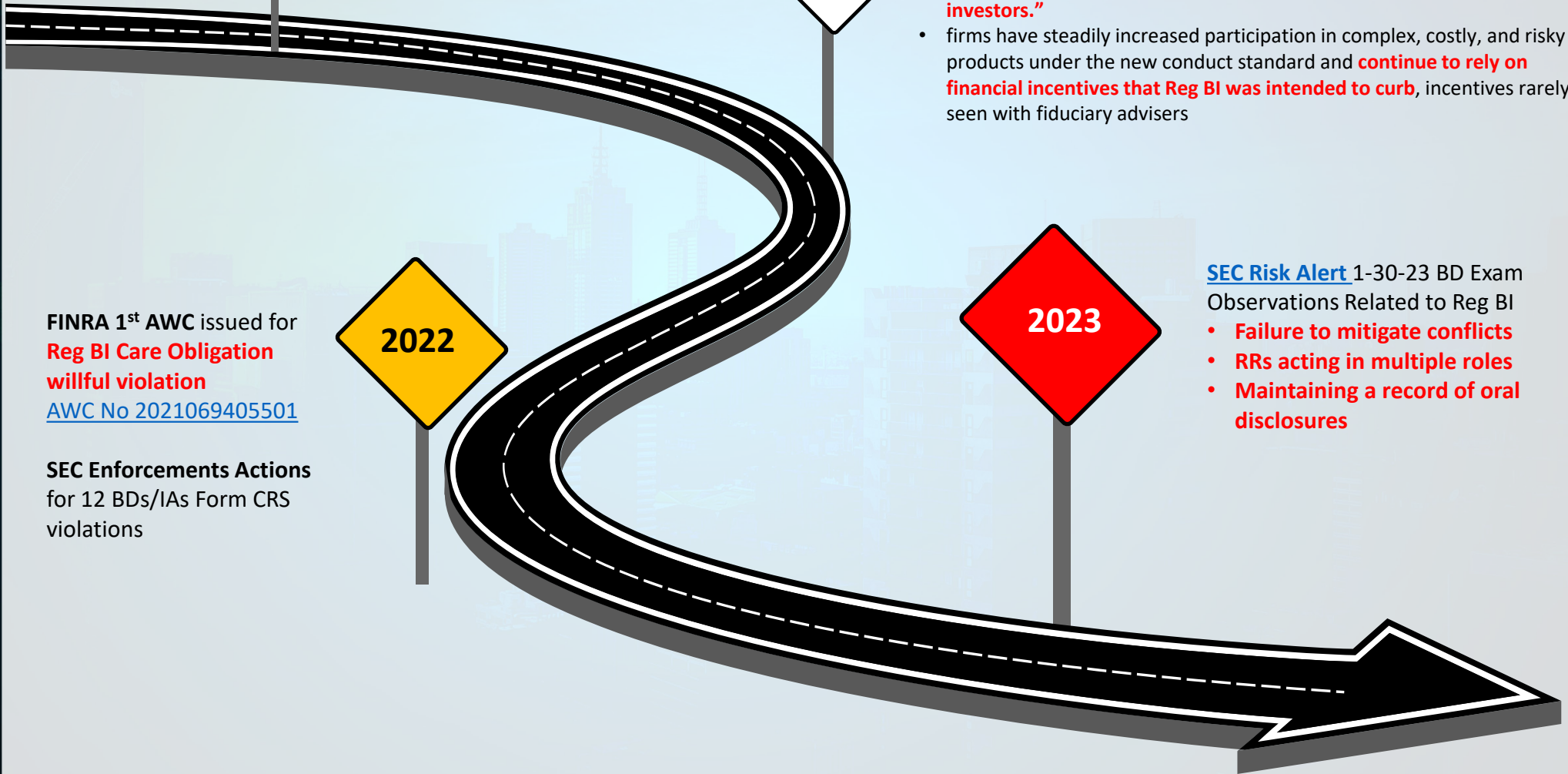
FINRA 1<sup>st</sup> AWC issued for **Reg BI Care Obligation willful violation**  
[AWC No 2021069405501](#)

SEC Enforcements Actions for 12 BDs/IAs Form CRS violations



[SEC Risk Alert](#) 1-30-23 BD Exam Observations Related to Reg BI

- **Failure to mitigate conflicts**
- **RRs acting in multiple roles**
- **Maintaining a record of oral disclosures**





# Reg BI Enforcement

## SEC

- June 2022/ 1<sup>st</sup> Reg BI Care Obligation Case Filed (Pending) [Western International Securities, Inc., Nancy Cole, Patricia Egan, Andy Gitipityapon, Steven Graham, and Thomas Swan](#)
- February 2022/ Form CRS 6 BDs/6 IAs Civil Penalty Settlements ranging from \$10,000 - \$25,000 per firm. [SEC.gov Charges 12 Additional Financial Firms for Failure to Meet Form CRS Obligations](#)
- January 2023/ [SEC Reg BI Exam Alert](#). Identifies exam deficiencies and cites staff issuing exam deficiency letters to modify practices.

## FINRA

- May 2023/ Reg BI Private Securities compensation disclosure [SW Financial AWC 2020065599101](#) BD expelled, [Diamante AWC No 2020065599102](#) Principal- statutory disqualification.
- January 2023/ Reg BI WSP & Form CRS [Long Island FG AWC No 2021069365001](#)



# Reg BI Enforcement

## FINRA Cont.

### Pre-Reg BI Conflict of Interest Disclosure

- February 2022 Conflict of Interest Private Placement [Worden Capital Disciplinary Proceeding No. 2019064746502](#)  
Expelled for \$609k secret compensation.
- January 2021/ Conflict of Interest Non-traded REITs/BDCs [Vungarala Admin Proc. File No. 3-18881](#). Rep expelled for compensation omissions and misrepresentations.





# Off Channel Communications



# Off Channel Communications

## What are Relevant Communications?

Regulators are focused on ensuring all business-related communication is preserved. This includes communication between:

- Colleagues
- Clients
- Broker-Dealers customers; and
- Other Persons connected to securities, commodities, or swaps related businesses.





# Off Channel Communications

## What are Relevant Communications?

### Mediums at issue include:

- Text messages
- WhatsApp
- Signal; and
- Personal Email

unrelated to the business of the broker-dealer. Consistent with the Commission's recommendation to the SROs regarding the appropriate standard for prior supervisory review for electronic communications, the Commission believes that for record retention purposes under Rule 17a-4, the content of the electronic communication is determinative, and therefore broker-dealers must retain only those e-mail and Internet communications (including inter-office communications) which relate to the broker-dealer's "business as such."





# Off Channel Communications Enforcement

SEC announced a group of settled enforcement actions charging 15 high-profile broker dealers and 1 investment advisor.

Centered on failures to monitor and retain business-related communication conducted over “off-channel” mediums

## Penalties:

- Collectively **\$1.1 billion in monetary penalties;**
- Requirement to hire independent consultant to review and report (to the SEC) on policies, procedures and training
- Ongoing consultant review of preservation programs.

**Texting is only permitted when using the Global Relay Application**



# Cybersecurity & Identity Theft



# Cybersecurity

## Imposter Websites

Fraudsters use Rep's name and/or firm information to establish websites to market services and products.

- These sites attempt to steal both personal information and investor funds by leading site visitors to believe they are investing in a legitimate business or product.

## Phishing

- One of the most common Cybersecurity threats affecting Firms.
- May take a variety of forms, but all attempts try to convince the recipient to provide information or take action.
- Fraudsters try to disguise themselves as a trustworthy entity or individual via email, IM, phone call, etc. where they request PII.

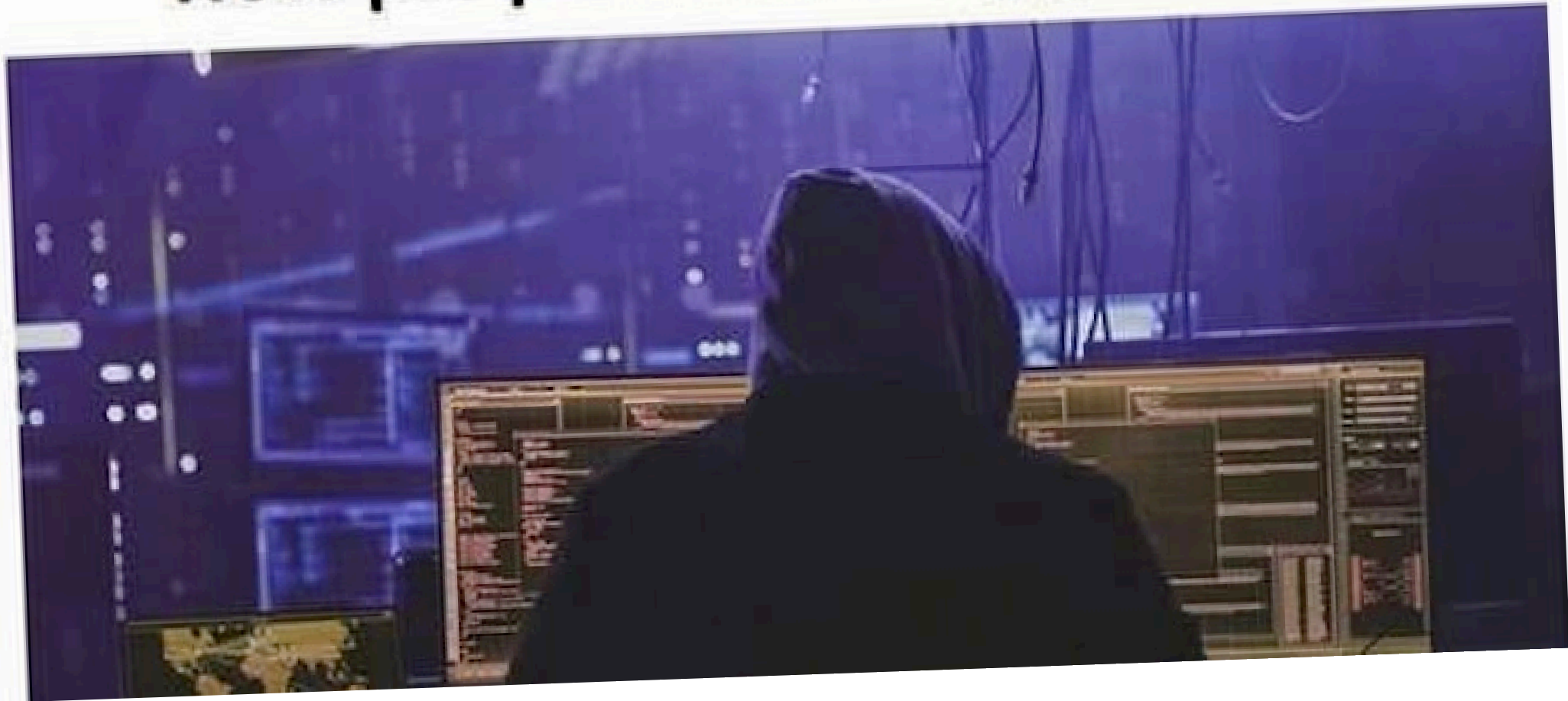
## Malware/Ransomware

Malware includes (viruses, spyware, worms) designed cause damage to a stand-alone system or networked comp

- Originates from Phishing emails.
- Ransomware is a highly sophisticated malware that encrypts a Firm's files, databases, and applications prevent access until Firm pays a "ransom" to the fraudster.



# How people think they get hacked



2023

**FOFA**

Future Of Financial Advice



# How they really get hacked

84.1 KXO/8  
Feb 10 · 🌐

If you had to marry your spouse where you met them, where would your wedding have been?

👁️ 1.2K    💬 204K Comments    🔄 2.2K Shares

👍 Like    💬 Comment    🔄 Share

Up! Up 99.3  
Feb 10 · 🌐

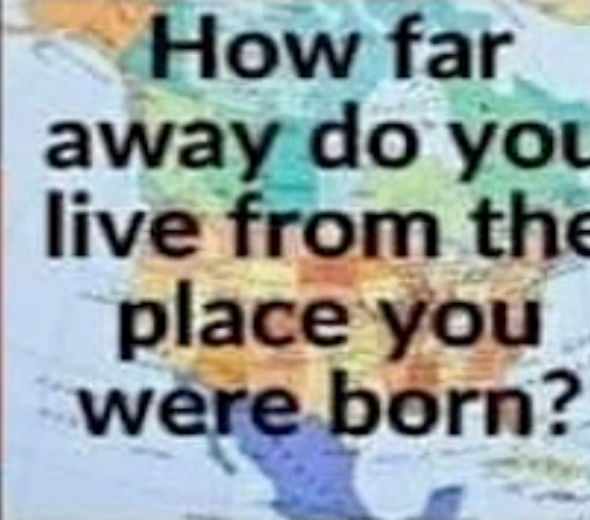
You can call me Down Outcast Supreme!  
Your turn.  
-Shannon

Your porn name, is your middle name, and the first car you had.

👁️ 1.2K    💬 26.4K Comments    🔄 837 Shares

👍 Like    💬 Comment    🔄 Share

How far away do you live from the place you were born?



👁️ 1.2K    💬 10.5K Comments    🔄 2.6K Shares

The car you passed your drivers test in was a \_\_\_\_\_

👁️ 14.5K    💬 70K Comments    🔄 6.3K Shares

Asking where you'd get married again is like asking where you met.

A 'porn name' that exposes your middle name AND a street you grew up on are TWO pieces of info that people need.

**STOP. THINK. DO NOT SHARE INFO.**

**NAME A SONG**



THAT TAKES YOU BACK TO HIGH SCHOOL

👁️ 1.2K    💬 10.5K Comments    🔄 2.6K Shares

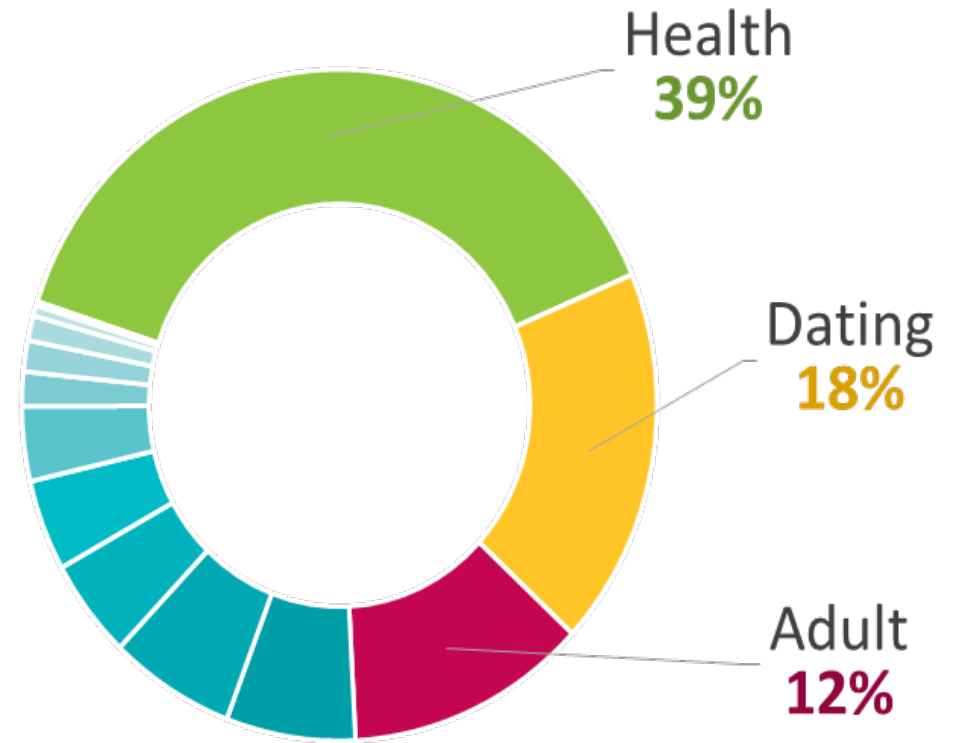
The Farmer's Wife  
Apr 18 · 🌐

If you had to marry your spouse where you met them, where would your wedding have been?

What city or town was your first job?

# Phishing

- 54% of all inbound email is spam
- 1 in 20 email messages has malicious content
- Bad actors are able to bypass all traditional attack methodology and get direct front door entrance access.



**Spam Types**





- Clicking on malicious links in email
- Plugging in an unknown flash drive
- Downloading malware masquerading as other software
- Desktop – Downloading applications on your work PC without approval from IT / Security.



## How Do I Get Infected?

- Leaving your PC unlocked
- Mobile - Installing 3<sup>rd</sup> party apps directly from the internet instead of via official stores such as Google Play or Apple's App Store. Even then, check the reputation of the application.

# Identity Theft

## 3 Easy Steps to Protect your Firm and Clients

### ASK!!

Talk to the client about an unusual Request

- Ask the client WHY they are making a request if it seems unusual or out-of-pattern
- Ask the client HOW they plan to address specific issues like taxes, losses, costs, fees etc.

### DOCUMENT!!

Create a record of what your client says

- Document your clients explanation for their request (or refusal to provide an explanation)
- Document the client conversation with your Branch Manager or the CCO

### ESCALATE!!!

Escalate any unusual or out-of-pattern client requests as soon as possible!



# Best Practice: Wire Fraud

- ✓ Look for potential typos, errors, grammar mistakes in the email message, subject line & hyperlinks.
- ✓ Review recent changes or variations in the client's email address or phone number on file.
- ✓ Carefully review the instructions & email correspondence from your client to identify any modifications or changes to the beneficiary's name, payment method, or beneficiary details.

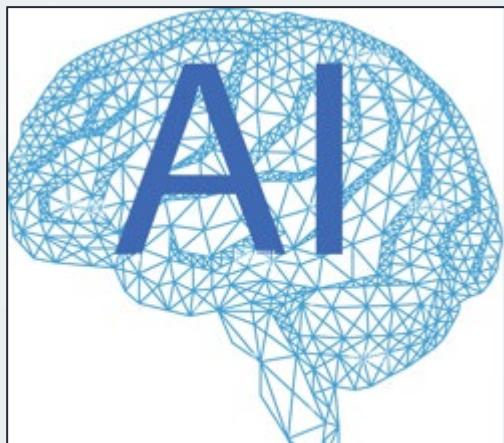
- ✓ Do not release funds or update client contact details without verbally validating the request with the client using a phone number on file – do not use new contact information provided via email and/or within the wire request.
- ✓ When verbally confirming payment instructions with your client, it is recommended that you **state and verify the beneficiary's name, intended account number, intended routing number, and intended beneficiary name.**
- ✓ **Ask the client if they have verbally confirmed the payment instructions with the third-party beneficiary.**



# Artificial Intelligence *SCAMs*

## How AI is used in Scams?

Fraudsters can take as little as (3) seconds of a person's voice to convincingly impersonate that person to a family member.



## Fraudsters use the impersonated voice to:

- Scam grandparents/parents soliciting immediate funds for an emergency
- Verify distribution instructions with the advisor
- Request distributions or gift card purchases from accounting departments or coworkers

## How to protect your firm and your clients:

- Verify that you are speaking with whom you believe you are speaking
- contact clients at a known established telephone number
- Out of wallet questions can assist in ensuring you are speaking to your client



# General Compliance





# Branch Audits

# 2023 Branch Audit Results

Compliance audited 28 branches, which included 57 of our registered LFF and LFAS producers, during 2023.

Top Exceptions Noted	# Of Reps	% Of Reps
Computer Standards/Cyber Security Related Finding	19	33%
Employee account disclosures	16	28%
OBAs Disclosure Issues	14	24%
Failed to perform advisory annual reviews	12	21%
Required Disclosures (Websites, Business Cards, Signage)	9	15%
BD Registration in required states	8	14%



# 2024 Branch Audits

**2024 Branch Audits will start during the first part of February, 2024**

## **Some Areas of Focus:**

Advertising Review

Correspondence

Advisory Business

- ✓ Annual Reviews
- ✓ Excessive Cash in Advisory Accounts
- ✓ Non-Billable Assets in Advisory Accounts

General Business Overview

RCI Disclosures

Computer Cybersecurity Settings

State Registrations

## **Make sure to:**

- **Disclose OBAs & Accounts**
- **Complete Annual Advisory Reviews**
- **Check Computer Cybersecurity Settings**
- **Submit Advertising in Quest**

**2024 – 67 Producers / 35 Branches**

**We are all on the same team!!**



# Branch Hires

- **New hires must be reviewed/approved by the Firm prior to them joining.**
  - Costs associated with background checks, training, RJ Access and other requirements will be passed through to the independent advisor.
- **Any persons that require access to Raymond James will be considered an associated person of the firm and will be subject to the following:**
  - Annual Attestations/Questionnaires
  - Annual Firm Element Continuing Education
  - RCI Disclosures (Accounts, OBAs, Political Contributions etc.)
- **Please Email Compliance if you are considering adding a person to your office (Registered or NRF) [compliance@levelfourfinancial.com](mailto:compliance@levelfourfinancial.com)**





# Continuing Education



# Continuing Education – Regulatory Element

- **Regulatory CE is now an annual requirement for all registered persons of the broker dealer**
- Training assigned on January 1<sup>st</sup>
- CE is assigned by FINRA and taken through [FINRA's FinPro website](#)
- Level Four deadline will be 9/30 each year
- Failure to complete by the due date will result in CE Inactive status
  - ❖ No commissions/fees earned or paid out to reps while CE Inactive
- Assigned Courses are based on registration categories and your role within the firm.



# Continuing Education – Firm Element

## Firm Element CE is an annual FINRA Requirement

- Level Four utilizes QuestCE for this training
- Typically covers AML, Cybersecurity, Senior Safe Act, Product & Rule Related Training
- Annual AML Training is required for ALL associated persons of the firm
- Regulatory expectation that firm's will provide annual Cybersecurity Training
- Expect 2 assigned courses through QuestCE for 2024
- Failure to complete training by deadline will result in CE Inactive status



# Investment Advisor Representative CE (IAR CE)

- IARs are required to be registered in their home state only (Exceptions are Texas & Louisiana)
- If you have customers in the states that have implemented this rule, but are not RESIDING in those states, you are not subject to the IAR CE Rule.
- If your branch is in one of the listed states, and you are registered as an Investment Advisory Representative, you will be required to complete the training in order to maintain your IAR registration status.
- Training is taken through QuestCE (Same as Firm Element)

## **Annual Training includes:**

- 6 Credits of IAR Regulatory and Ethics content +
- \*6 Credits of IAR Products & Practice content

**\*Annual FINRA CE covers the Products and Practice content**

# Continuing Education - Advisory

States that have adopted the rule for 2024

Arkansas	California	Colorado	Florida
Kentucky	Maryland	Michigan	Mississippi
Nevada	North Dakota	Oklahoma	Oregon
South Carolina	Tennessee	Vermont	Washington DC
Wisconsin	US Virgin Islands		

Requirement based off your **branch location**, not your **client location**





# Marketing Events & Public Appearances



# Marketing Events & Public Appearances

- FINRA Rule 2210 requires firms to establish appropriate written policies and procedures to supervise public appearances by associated persons.
- Public Appearances are subject to the general content standards for communications
  - ✓ they be fair and balanced and not include false or misleading statements.
- Scripts, slides, handouts or other written (including electronic) materials used in connection with public appearances are considered communications for purposes of the Rule and must be approved and maintained by the firm.





# Marketing Events & Public Appearances



## Level Four General Policies

Marketing Events and Public Appearances should be disclosed to the firm several weeks ahead of the event date. The disclosure should include, at a minimum, the following information:

- **Information relating to the event/appearance...who, where, when, purpose, products discussed etc.**
- **Copy of the Invitation or Social Media Post relating to the event/appearance**
- **A list of the individuals invited to the event (if invitations are sent)**
- **Copy of the finalized presentation at least 1 week before the event/appearance**
- **Copies of any handouts that will be given to attendees**
- **Information as to who will be speaking and if the speakers will be paid**
- **Any other information relating to the event/appearance**

# Marketing Events & Public Appearances

## Level Four Employee Policies

All Events & Public Appearances must be pre approved by the firm's COO, Brent Morton and go through the firm's Marketing Department

Pre-Approval\* includes information relating to the following:

- Travel costs associated with the event/appearance (i.e. Hotel, flights etc.)
- Venue costs
- Budgets
- Subject matter
- Speakers
- Presentations, Flyers & Level Four Branding
- Give aways to attendees

Note that costs associated with an event, that are not pre-approved, may not be reimbursed to the employee.



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# Marketing Events & Public Appearances



## Event & Public Appearance Disclosure/Approval Procedures

- Events and public appearances should be submitted via the [Marketing Request JotForm](#).
  - ✓ The JotForm link is on the firm's Intranet under both the Marketing & Compliance tabs
- The JotForm is currently utilized for a number of marketing requests; select **“Presentation, Event, Public Appearance Approval/Request”** and follow the questions associated with the event.
- Based on your responses to the jot form questions, Marketing and/or Compliance will follow-up with you.
- Employees should provide cost details within the form but ALSO request reimbursement approval through Sales Force.  
**\*As noted, costs associated with events may not be reimbursed if pre-approval is not received by Brent Morton.**
- Questions regarding Public Appearances and/or Events should be directed to [Compliance@levelfourfinancial.com](mailto:Compliance@levelfourfinancial.com).



# Questions?



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*“Compliance is a team effort and  
a joint responsibility”*

**Thank You**