

LET'S TALK ABOUT RIA COMPLIANCE STAFFING

AN RIA COMPLIANCE STAFFING BENCHMARK STUDY





INTRODUCTION

Your firm has just received an examination request letter. Suddenly, your entire compliance program flashes before your eyes. Have you done enough? Are all your bases covered? Have you allocated the right resources to compliance?

Or perhaps your firm hasn't received an exam notice but it has grown significantly or undergone a shift in its business model and you're proactively evaluating whether your compliance staffing is adequate for the firm's current size, complexity, and risk.

So what is appropriate compliance staffing? Is it based on assets under management (AUM)? Employee headcount? Something else entirely?

In this report, we'll explore how to approach compliance staffing thoughtfully and strategically. We'll examine key metrics every RIA should consider, and take a look at how your peers are structuring their compliance teams. Whether you're preparing for a looming exam or proactively strengthening your program, this guide will help you benchmark and right-size your compliance resources with confidence.



REGULATORY REQUIREMENTS

To start, let's look at what regulators actually require. For SEC-registered investment advisers, the only explicit compliance staffing requirement is the designation of a Chief Compliance Officer (CCO). There is no mandate that the CCO be a full-time employee, nor are there specific guidelines on how large or robust the compliance team must be.

In many smaller firms, the CEO or another senior executive often assumes the CCO role, juggling it alongside other responsibilities. This arrangement can be sufficient—so long as the compliance program is effective, well-documented, and tailored to the firm's specific risks and operations.

Rule 206(4)-7 requires each adviser registered with the Commission to designate a chief compliance officer to administer its compliance policies and procedures.

An adviser's chief compliance officer should be competent and knowledgeable regarding the Advisers Act and should be empowered with full responsibility and authority to develop and enforce appropriate policies and procedures for the firm. Thus, the compliance officer should have a position of sufficient seniority and authority within the organization to compel others to adhere to the compliance policies and procedures.



RISKS OF INADEQUATE COMPLIANCE STAFFING

While the SEC does not mandate specific compliance officer roles beyond the Chief Compliance Officer (CCO), nor does it provide explicit guidance on the appropriate number of compliance personnel an RIA should have, the Commission has taken enforcement action against firms deemed to have inadequate compliance resource, including insufficient staffing.

In a Risk Alert issued in November 2020, the SEC highlighted several recurring concerns:

- CCOs who were responsible for multiple roles within their firms and **may not have dedicated sufficient time** to their compliance obligations.
- Compliance teams that **lacked the resources** necessary to effectively implement the firm's compliance program and meet essential requirements, such as annual reviews and regulatory filings.
- Firms that had experienced significant growth but **failed to scale their compliance departments** or adopt appropriate technology to manage increased regulatory demands related to their size or the complexity of services offered.



RISKS OF INADEQUATE COMPLIANCE STAFFING

So, how can your firm ensure that it has adequate compliance resources?

As with many areas in compliance, there is no one-size-fits-all answer. However, we can approach the question by focusing on two key areas: Compliance Considerations and Benchmarking.



6 COMPLIANCE CONSIDERATIONS

Some of the following compliance considerations may be more difficult to quantify than others. However, taken together, they can provide valuable insight into whether your current compliance staffing ratio is adequate.

1. Employee Headcount

The size of your staff matters significantly in compliance. A larger number of supervised persons typically results in a greater volume of work, including quarterly and annual personal trade reviews, Outside Business Activity (OBA) disclosures, marketing and advertising reviews, social media and email monitoring, staff inquiries, and issue resolution stemming from compliance reviews. As the number of employees grows, so too does the demand on compliance resources.

2. AUM and Business Complexity

Assets Under Management (AUM) alone may not serve as a reliable indicator of how many compliance personnel are necessary. Instead, AUM should be evaluated in conjunction with the complexity of your client base and the nature of your investment strategies or services. Firms with complex products, high-net-worth individuals, institutional clients, or customized strategies will often require more rigorous compliance oversight, documentation, and due diligence.



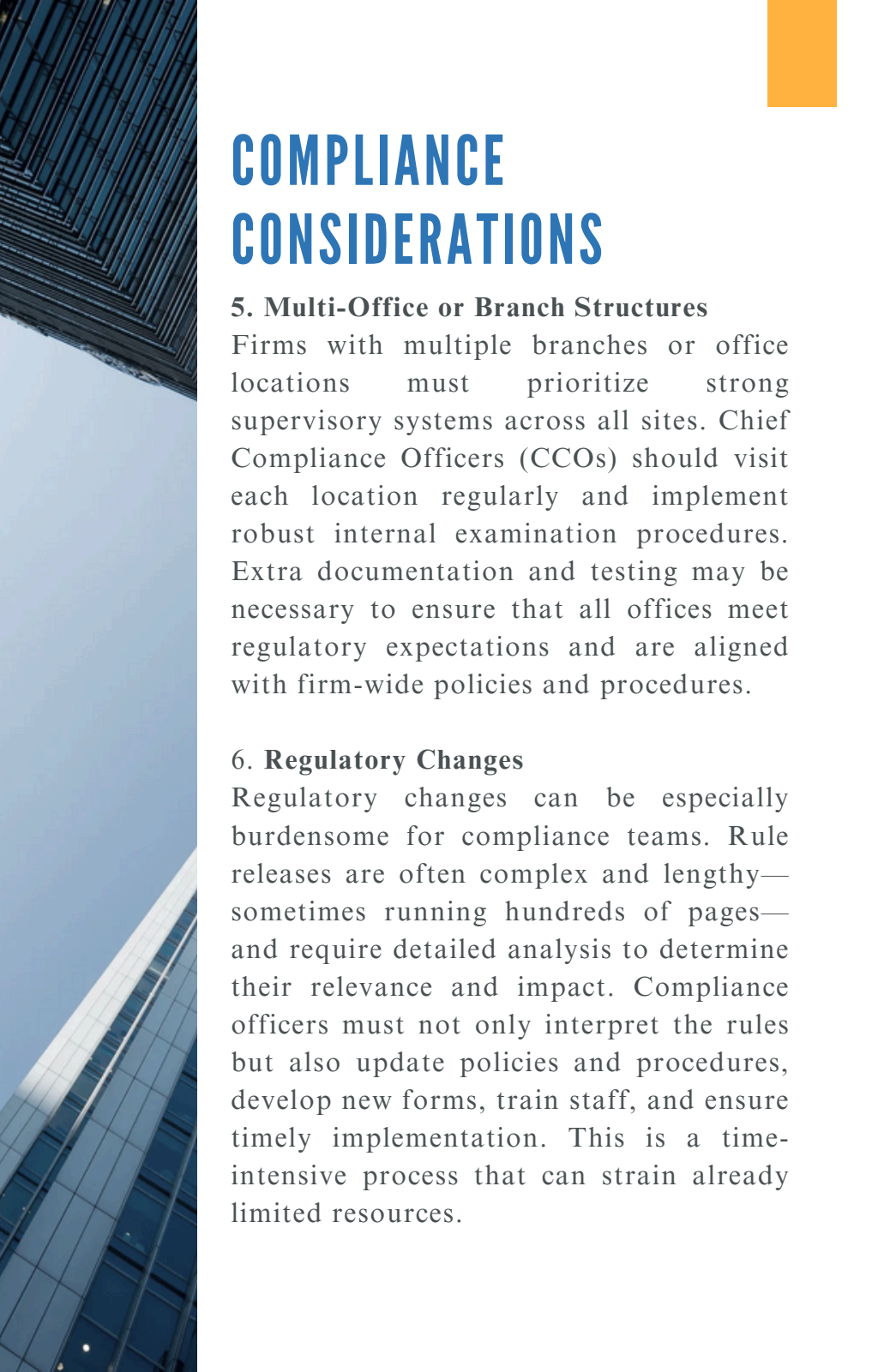
COMPLIANCE CONSIDERATIONS

3. Business Model Structure

The scope of your firm's activities significantly impacts compliance workload. If Investment Adviser Representatives (IARs) are also affiliated with a broker-dealer, offer insurance products, or hold dual registrations, this adds layers of oversight. In cases where the RIA owns a broker-dealer, insurance agency, or other financial entities, even greater oversight and separation of duties may be necessary.

4. Marketing Activity

While marketing is just one component of a compliance program, it deserves particular attention because of its inherent risk and time sensitivity. High volumes of marketing materials—such as blog posts, books, newsletters, videos, or white papers—can require substantial review time. Additionally, the complexity and format of the marketing content (e.g., performance advertising, hypothetical performance, endorsements/testimonials) can increase the risk profile and require deeper scrutiny. Firms must ensure they have adequate compliance staff to conduct timely and thorough marketing reviews.



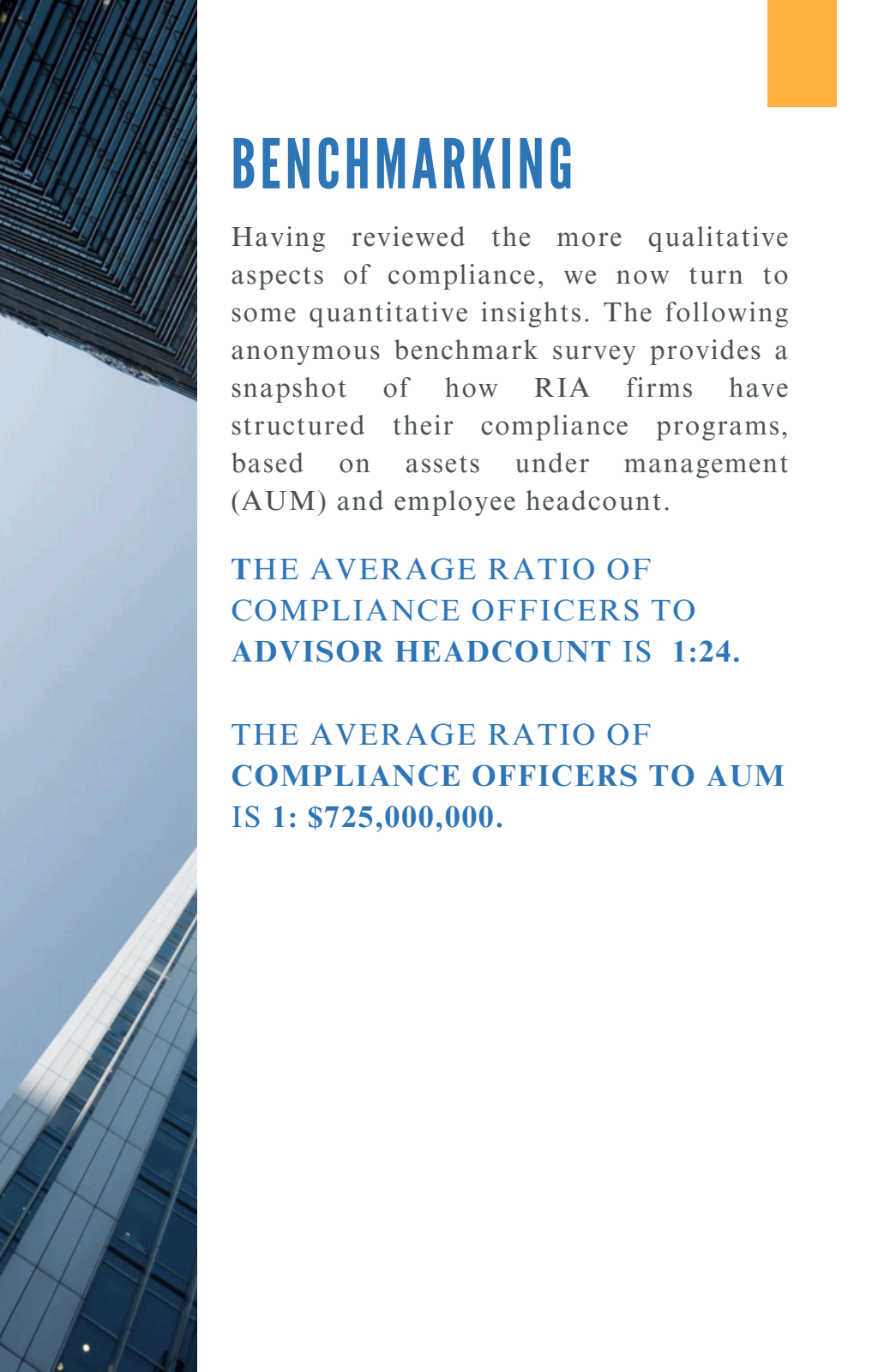
COMPLIANCE CONSIDERATIONS

5. Multi-Office or Branch Structures

Firms with multiple branches or office locations must prioritize strong supervisory systems across all sites. Chief Compliance Officers (CCOs) should visit each location regularly and implement robust internal examination procedures. Extra documentation and testing may be necessary to ensure that all offices meet regulatory expectations and are aligned with firm-wide policies and procedures.

6. Regulatory Changes

Regulatory changes can be especially burdensome for compliance teams. Rule releases are often complex and lengthy—sometimes running hundreds of pages—and require detailed analysis to determine their relevance and impact. Compliance officers must not only interpret the rules but also update policies and procedures, develop new forms, train staff, and ensure timely implementation. This is a time-intensive process that can strain already limited resources.



BENCHMARKING

Having reviewed the more qualitative aspects of compliance, we now turn to some quantitative insights. The following anonymous benchmark survey provides a snapshot of how RIA firms have structured their compliance programs, based on assets under management (AUM) and employee headcount.

**THE AVERAGE RATIO OF
COMPLIANCE OFFICERS TO
ADVISOR HEADCOUNT IS 1:24.**

**THE AVERAGE RATIO OF
COMPLIANCE OFFICERS TO AUM
IS 1: \$725,000,000.**

BENCHMARKING BY AUM

Business Model	Employees Subject to Firm's Compliance Supervision	AUM	Total Number of Full-Time Compliance Employees	Total Number of Part-Time Compliance Employees
RIA Only	220	\$3,500,000,000	3	2
RIA and B/D	38	\$3,300,000,000	1	1
RIA Only	65	\$2,900,000,000	4	0
RIA and B/D	42	\$780,000,000	1	0
RIA Only	9	\$675,000,000	1	0
RIA Only	30	\$500,000,000	1	0
RIA Only	14	\$500,000,000	1	0
RIA Only	5	\$250,000,000	0	1
RIA Only	5	\$170,000,000	0	1
RIA Only	3	\$112,000,000	1	0



BENCHMARKING BY HEADCOUNT

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COMPLIANCE STAFFING OPTIONS

If your analysis determines that the firm requires additional compliance resources, there are several staffing options to consider:

Optimize the Current CCO's Role

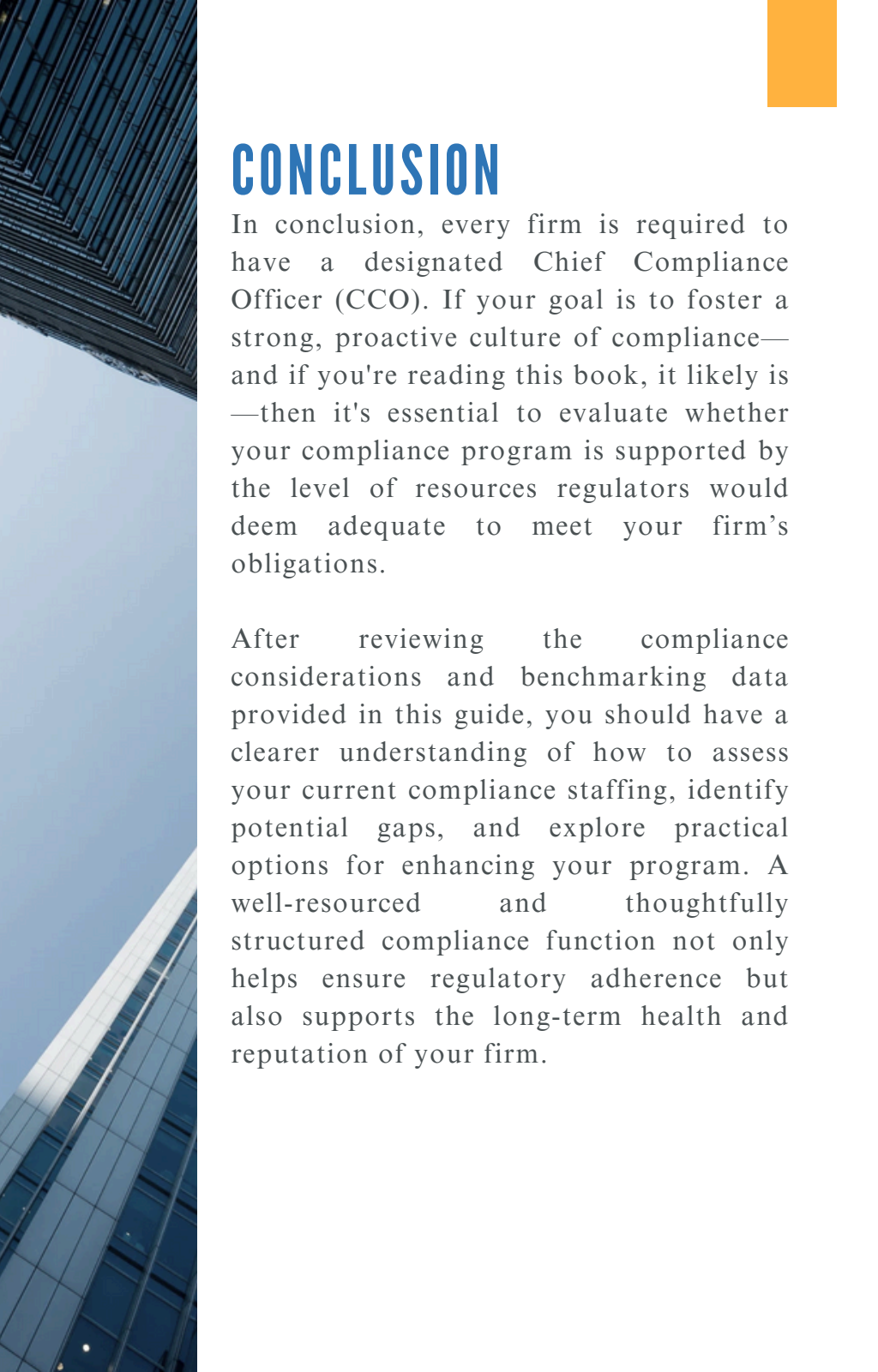
If the Chief Compliance Officer (CCO) is handling responsibilities outside of compliance—such as administrative or operational tasks—the firm may want to consider hiring an Administrative Assistant or Operations Associate. This approach can free up the CCO's time for compliance-specific duties and may prove more cost-effective than hiring additional compliance personnel. Keep in mind that experienced compliance professionals typically command higher salaries, making role optimization a practical first step.

Hire a Dedicated Compliance Employee

Bringing on a part-time or full-time compliance officer or associate is another option. This individual would focus solely on compliance responsibilities, which can improve oversight and reduce risk, particularly as the firm grows in complexity or regulatory exposure.

Engage Compliance Consultants

Compliance consultants offer a flexible and often cost-effective alternative to in-house staffing. Firms can tailor the scope of work based on specific needs—whether it's ongoing support or project-based assistance. This model can provide access to experienced professionals without the commitment of a full-time hire.



CONCLUSION

In conclusion, every firm is required to have a designated Chief Compliance Officer (CCO). If your goal is to foster a strong, proactive culture of compliance—and if you're reading this book, it likely is—then it's essential to evaluate whether your compliance program is supported by the level of resources regulators would deem adequate to meet your firm's obligations.

After reviewing the compliance considerations and benchmarking data provided in this guide, you should have a clearer understanding of how to assess your current compliance staffing, identify potential gaps, and explore practical options for enhancing your program. A well-resourced and thoughtfully structured compliance function not only helps ensure regulatory adherence but also supports the long-term health and reputation of your firm.

CONTACT

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