

IAA INVESTMENT ADVISER  
**COMPLIANCE  
CONFERENCE 2021**  
MARCH 3-5, 2021 / VIRTUAL CONFERENCE  
EFFECTIVE STRATEGIES & BEST PRACTICES

## Tips and Trends to Help Advisers Prepare for SEC Examinations




IAA INVESTMENT ADVISER  
**COMPLIANCE  
CONFERENCE 2021**

**EFFECTIVE STRATEGIES  
& BEST PRACTICES**

## Panelists

- **Kristin A. Snyder**, *Deputy Director, Co-National Associate Director and Associate Regional Director*, SEC Division of Examinations
- **Anil Abraham**, *Associate General Counsel, Managing Director – Legal*, Focus Financial Partners, LLC
- **Michelle L. Jacko**, *CSCP, Managing Partner and CEO*, Jacko Law Group, PC, and *Founder and CEO*, Core Compliance & Legal Services, Inc.
- **Mark Perlow**, *Partner*, Dechert LLP, Moderator

[www.investmentadviser.org](http://www.investmentadviser.org) 2




IAA INVESTMENT ADVISER  
COMPLIANCE  
CONFERENCE 2021

EFFECTIVE STRATEGIES  
& BEST PRACTICES

## The Impact of COVID-19

- How the Division of Examinations has responded
  - Remote work
  - Approach to examinations
- Risk Alert on COVID-19 Compliance Risks
  - Supervision of personnel
  - Fees, expenses and financial transactions
  - Business continuity planning
  - Protection of sensitive information

[www.investmentadviser.org](http://www.investmentadviser.org) 3



IAA INVESTMENT ADVISER  
COMPLIANCE  
CONFERENCE 2021

EFFECTIVE STRATEGIES  
& BEST PRACTICES

## Form CRS

- Risk Alert: Examinations that Focus on Compliance with Form CRS
- Focus areas include:
  - Filing and delivery mechanisms, policies and procedures
  - Content, for accuracy and completeness
  - Formatting, for following instructions
  - Updates, for timeliness
  - Recordkeeping

[www.investmentadviser.org](http://www.investmentadviser.org) 4



IAA INVESTMENT ADVISER  
COMPLIANCE  
CONFERENCE 2021


EFFECTIVE STRATEGIES  
& BEST PRACTICES

## Additional Focus Areas

- Regulation Best Interest/Fiduciary Interpretation
- Multiple offices/supervisory risks
- ESG
- Marketing rule/advertising
  - Lee/Crenshaw Statement:
    - The decisions underlying the rule “will likely place advertisements on the list of examination and enforcement priorities for years to come.”
    - Hypothetical performance, including “unjustifiable carve-outs” in response to unsolicited requests from retail investors, one-on-one communications with private fund investors.

[www.investmentadviser.org](http://www.investmentadviser.org)

5



IAA INVESTMENT ADVISER  
COMPLIANCE  
CONFERENCE 2021


EFFECTIVE STRATEGIES  
& BEST PRACTICES

## Focus on Private Funds

- Division Examination Priorities (2020)
  - Compliance risks, including MNPI, conflicts of interest
- Risk Alert Regarding Recent Focus Areas in PF Adviser Examinations
  - Conflicts of interest
    - Multiple clients/allocation, adviser financial relationships with clients, adviser interests in client investments, co-investments
  - Fees and expenses
    - Allocation, operating partners, monitoring fees, valuation
  - MNPI and code of ethics
    - Public company insiders, expert networks, “value added” investors

[www.investmentadviser.org](http://www.investmentadviser.org)

6



IAA INVESTMENT ADVISER  
**COMPLIANCE**  
CONFERENCE 2021

**EFFECTIVE STRATEGIES  
& BEST PRACTICES**

## LIBOR

- Risk Alert on Examination Initiative: LIBOR Transition Preparedness
- Exams will assess whether and how the registrant has evaluated the potential impact of the LIBOR transition along the following lines:
  - Exposure to LIBOR and mitigation efforts
  - Operational readiness for the LIBOR transition
  - Investor communications relating to the LIBOR transition
  - Potential conflicts of interest
  - Efforts to replace LIBOR

[www.investmentadviser.org](http://www.investmentadviser.org) 7

**EFFECTIVE STRATEGIES & BEST PRACTICES**



IAA INVESTMENT ADVISER  
**COMPLIANCE**  
CONFERENCE 2021

**MARCH 3-5, 2021  
VIRTUAL CONFERENCE**