

APRIL COMPLIANCE TASKS

Please be sure to check your SmartRIA CCO portal to keep up with your monthly Compliance tasks.

CCO Checklist Attached – Finding it hard to login and document your monthly tasks and review oversight on SmartRIA? We have a solution – refer to the attached checklist, print out, and work through them on the task reminders. Be sure to retain in your “Testing” Compliance Files. **If you are not using the SmartRIA portal, please let us know!**

CARES ACT UPDATE FOR RIAs

We are all aware of the recent news and the \$2.2 trillion coronavirus stimulus package that appears to include something for just about everyone. We are in no way experts on the CARES Act but have received numerous calls and emails about the regulatory ramifications of taking an SBA Loan or taking advantage of the Paycheck Protection Program. Specific details are still being worked out on SBA loans through the massive Coronavirus Aid, Relief and Economic Security Act. The SBA/Treasury posted guidance today and can be found at <https://www.sba.gov/funding-programs/loans/paycheck-protection-program-ppp>.

The second part of the CARES Act about small-business support involves access to SBA loans equal to 2.5 times a business’ monthly payroll expense, which is part of the stimulus package’s Payment Protection Plan. Those loans, which cap any individual’s monthly income at \$8,333, or \$100,000 per year, also include government support on the monthly loan payments for up to one year, after which the loans are potentially forgivable if specific guidelines are followed. Please contact your local banker for specifics and details.

The third consideration is how regulators will react regarding the stimulus package, any ramifications on the Form ADV or the firm’s balance sheet. On April 2nd, the SEC is holding an Ad Hoc meeting of the Small Business Capital Formation Advisory Committee meeting in response to COVID-19 challenges faced by small businesses. During the meeting, members will share observations from their areas of the marketplace and discuss how the Committee and the Commission can help small businesses address their short-term capital needs. Conclusions from the Ad Hoc meeting will then be presented to the SEC Commissioners. We hope to see some guidance shortly from the SEC and FINRA in the coming days. Of course, we can then provide more insight and some direction for small firms and potential assistance during these challenging times.

Currently, we believe from the ADV instructions that advisory firms accepting an Paycheck Protection Program, a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll, would need to disclose receipt of the Paycheck Protection Program under Item 18 of the Part 2A Brochure – “Financial Information”. For State Advisers whose states require a minimum net capital requirement, please consider the effects on your balance sheet. Like everything in the world now, this situation is very fluid and with no guidance yet from the SEC, this disclosure could change.

THIS MONTH IN COMPLIANCE CARES ACT UPDATE FOR RIAs

In the meantime – we hope your families and employees are staying healthy and adapting to what we hope are very short term challenges in today’s unique environment.

Links for FAQ and Response from FINRA/SEC/STATES

- <https://www.sec.gov/sec-coronavirus-covid-19-response>
- <https://www.finra.org/rules-guidance/key-topics/covid-19/faq>
- <https://www.nasaa.org/industry-resources/covid-19-updates/>

REG BI – is it still on target for June 30 implementation?

Our Firm is hearing of some “rumors” of a possible delay of the implementation of Rule BI (Form CRS). Of course- the SEC has not published any updates to date regarding this but note CRP is watching closely and will alert firms of any updates.