

CCO Checklist

October 2021		Date Completed
<p>Review of Zero Balances- Obtain Zero Balance Report from custodian and identify all accounts with a zero balance. This information can confirm cancellation of management by client. <i>Semi-Annually</i></p>	<input type="checkbox"/>	
<p>Review of Inactive Accounts for Reverse Churning- What is your firm doing to justify the advisory fee if there are no trades on the account or active management? This task is for accounts that are still clients but have no trading activity for the last year or 2 and are being billed an advisory fee each quarter. If there is no active management, your firm should have a review process on those accounts to substantiate any compensation and it should be documented in their file. <i>Semi-Annually</i></p>	<input type="checkbox"/>	
<p>Tailor Annual Compliance Meeting Presentation- Invite all supervised persons to Firm's scheduled Annual Compliance meeting. Refer to the SAMPLE CRP 2021 PowerPoint presentation to further tailor to Firm. <i>Annually</i></p>	<input type="checkbox"/>	
<p>Annual Review of Organizational Documents-Review for completeness and accuracy; update organizational chart (**GENERALLY AN SEC REQUEST ITEM**) <i>Annually</i></p>	<input type="checkbox"/>	
<p>Quarterly Attestation Review including Quarterly Personal Securities Transaction Reports, Political Contributions -Refer to the CRP Compliance Questionnaire document. Review Political Contributions made by supervised persons from previous quarter to ensure compliance with Pay to Play Rule. It is to be completed by all Associated Persons each quarter. This is a required document and must be kept on file. <i>Quarterly</i></p>		
<p>Review of Terminated Accounts- Obtain a report that allows you to verify that amounts refunded to terminated client accounts are accurate and in accordance with your firm's procedures. <i>Quarterly</i></p>	<input type="checkbox"/>	
<p>Review Best Execution Report- Obtain Best Execution Report from Custodian. Review and document review in file. <i>Quarterly</i></p>		
<p>Review Billing Statements/Fee Calculations Report - Review billing statements/fee calculations report from custodian or billing program; take any necessary corrective action and document review; maintain in books and records. This can be done monthly or quarterly.</p>		
<p>Quarterly Compliance Meeting with Management- Review any compliance matters that have arisen since the last regular meeting. <i>Quarterly</i></p>		
<p>Trade Blotter Review - Download Blotter from Custodian and review for any irregular trading patterns, trade errors, trade discrepancies or large amounts of trading in one account. This can be done weekly or monthly.</p>	<input type="checkbox"/>	
<p>Review of Company Financials- The CCO should review the company's accounting records to confirm the company is in compliance with its home state's net capital requirements. If the firm is SEC registered, please make sure the company is solvent at all times. – <i>Monthly</i></p>	<input type="checkbox"/>	
<p>Correspondence and Email Review- Review staff correspondence, including email. -<i>Monthly</i></p>	<input type="checkbox"/>	

OCTOBER FOCUS: ANNUAL COMPLIANCE MEETING

Section from SEC's Final Rule on Code of Ethics - <https://www.sec.gov/rules/final/ia-2256.htm>

Under Rule 204A-1, an Adviser's Code of ethics must require the adviser to provide each supervised person with a copy of the code of ethics and any amendments. The code must also require each supervised person to acknowledge, in writing, their receipt of those copies. While some commenters opposed this requirement, most who addressed it were supportive. Some commenters went further and recommended that we mandate that advisers educate employees on the code of ethics. An investment adviser's procedures for informing its employees about its code of ethics are critical to obtaining good compliance and avoiding inadvertent code violations. **Although we do not believe it is necessary to require employee education as an element of codes of ethics, we expect most advisory firms will ensure that their employees have received adequate training on the principles and procedures of their codes. Many firms that have already implemented codes of ethics hold periodic orientation or training sessions with new and existing employees to remind them of their obligations under the code. Others may require employees to certify that they have read and understood the code of ethics and require annual recertification to re-read, understand, and comply with the code.** We are not mandating any of these procedures, but they are among the best practices for advisers.

Have you scheduled your firm's Annual Compliance Meeting? This month we provide a Base PowerPoint Compliance Meeting presentation to be further customized and tailored to your firm's process and procedures. An annual compliance meeting should be the cornerstone of every investment advisor's compliance program. To be effective, compliance policies and procedures require communication with and training of the advisor's personnel. The annual compliance meeting can serve this purpose. When the CCO does the annual review of the compliance program, the annual compliance meeting is your documentation of the firm's compliance program and supervised person training. Regulators continue to emphasize the need for investment advisors to develop a culture of compliance. Investment advisors must develop a way to ensure that all supervised persons understand their roles in helping the firm maintain a strong culture of compliance. Educating and communicating with all supervised persons is crucial to this process, and although not expressly required under the rule, an annual compliance meeting is an effective way for you to accomplish this instruction.