

## ANNUAL COMPLIANCE REVIEW

Under Rule 206(4)-7 in the Advisers Act, SEC-registered firms are required to adopt and implement written policies and procedures reasonably designed to prevent violation of the rules and regulations of the Advisers Act. And, it also requires investment advisers to review, no less frequently than annually, the adequacy of its compliance policies and the effectiveness of their implementation. Some states have the same requirement. If your state does not have this requirement, conducting the annual compliance review is a best practice. In order to assist you with this requirement, we have a *Sample Report*. **Note this is a template** and **NEEDS** to be tailored to properly evaluate the compliance program and procedures at your firm. Not all topics may apply or additional topics may need to be added to your own Annual Review. Both the CCO and Senior Management should be involved in the review.

In the review, the CCO or designee is determining if there have been any compliance matters over the Review Period where current policies and procedures needed further clarification or revision. Regular review of the effectiveness of your compliance program is an on-going process. We assist you each month with the CCO Score Card on the SmartRIA CCO portal and our two monthly educational pieces. The Annual Review should be documented in a manner that the SEC or other regulator can determine that the review was conducted. The firm should not hesitate to address, report, and remediate any compliance issues reported in the Review Period. Identifying issues, weaknesses or current polices that need new and improved procedures in the Manual will only improve the outcome of any exam.

Failure by the adviser to carry out this Annual Compliance Review and assessment in a thoughtful and efficient manner would be in violation of Rule 206(4)-7 and could possibly lead to enforcement action against the adviser and its principals. CRP does stress the importance of this review and recommends firms use this opportunity to address issues or weaknesses that may be adversely affecting your firm's business and operation.

Please contact CPR with any questions you may have regarding this requirement. See attached TEMPLATE - ANNUAL SAMPLE WORDING REPORT.



WISHING YOU ALL A HEALTHY THANKSGIVING!

# THIS MONTH'S RESOURCE: Annual Compliance Review, Annual Renewals

## ANNUAL RENEWAL BEGINS

Firms are required annually to renew their FINRA, other self-regulatory organization (SRO) and state/jurisdiction registrations through the Annual Renewal Program, which begins in the fourth quarter of each year. FINRA collects all applicable renewal fees on behalf of itself and participating regulators, which enables firms to submit their total renewal payment to FINRA instead of each regulator. Your firm must pay all applicable renewal fees assessed on its Preliminary Statement for the firm, branch offices and associated individuals to ensure continued eligibility to do business in the coming year. Beginning this year, renewal statements will only be accessible through E-Bill on Firm Gateway. Renewal reports will continue to be available through Web CRD/IARD for reconciliation purposes. CRP will access the renewal statement and provide your firm. We will also track the payments to ensure your firm meets the deadlines described below.

Firms can use their FINRA Renewal Accounts to pay their annual renewal fees. Beginning on the renewal payment deadlines, FINRA will transfer funds from a firm's Flex-Funding Account to its Renewal Account if the firm has sufficient funds to cover their total assessment I the Flex-Funding Account.

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| <b>November 16</b> | <p style="text-align: center;"><b><u>Retrieve Your Firm's Preliminary Statement</u></b></p> <p>Beginning November 16, 2020, firms can view, print and pay their Preliminary Statements by logging onto <a href="#">E-Bill</a>.</p>  |
| <b>December 14</b> | <p style="text-align: center;"><b><u>Pay Your Firm's Preliminary Statement</u></b></p> <p>Payment Deadline: December 14, 2020. Review the <a href="#">Renewal Program Payment Options</a> for detailed information. FINRA recommends using E-Bill to pay your Preliminary Statement. If you use other means, submit your payment with sufficient time to allow for mail delivery and/or payment processing to post to your Renewal Account by the deadline. FINRA-registered firms that do not have payment posted by the deadline may be assessed a Renewal Late Fee.</p>  |
| <b>December 26</b> | <p style="text-align: center;"><b><u>End of Year Filings and Payments Due Before 6 P.M. Eastern Time (ET)</u></b></p> <p>The deadline to submit filings and any late registration renewal payments in 2020 is 6 p.m., ET. Important Note: The on time renewal payment deadline was December 14; however, FINRA will continue to accept late renewal payments until 6 p.m. ET, December 26. After this date and time, any unpaid registration renewal fees will result in jurisdictions automatically terminating registrations for failing to renew and the inability to conduct business in these jurisdictions as of January 1, 2021.</p>   |
| <b>January 2</b>   | <p style="text-align: center;"><b><u>Retrieve Your Firm's Final Renewal Statement</u></b></p> <p>Beginning January 2, 2021, firms can review and pay Final Statements by logging onto <a href="#">E-Bill</a>. Firms can also retrieve their renewal reports through CRD/IARD. You should review the statement for accuracy and keep a copy of the renewal reports for your records. Historical statements are available through E-Bill. The <a href="#">2021 Renewal Program – Final Statement Regulatory Notice</a> provides detailed information.</p> <p>Individuals can also review their personal industry record in the <a href="#">Financial Professional Gateway (FinPro)</a>.</p> |
| <b>January 22</b>  | <p style="text-align: center;"><b><u>Reconcile or Pay Your Final Statement</u></b></p> <p>Report in writing to FINRA any discrepancies you find on your Final Statement. FINRA must receive this by January 22, 2021. This is also the deadline date for which FINRA must receive payment if there is a balance due on your firm's Final Statement.</p>   |