

## Updates and Changes to Your Firm's Policies and Procedures

Under Rule 206 (4) -7, Firms are required to have Compliance Policies and Procedures, adequately designed to help them meet their regulatory requirements. A Firm must implement the written policies and procedures tailored and reasonably designed to prevent violation of the Advisers Act by the Firm or any of its supervised persons. This Rule also requires federally registered investment advisors to conduct a review at least annually to determine the adequacy and effectiveness implementing of the investment advisor's written policies and procedures. This design and annual review should include updating, deleting, or adding policies as regulatory requirements change.

Throughout the year, CRP releases updates to our Base Compliance Manual to include updated language that has been revised due to changes or regulatory guidance on certain rules and regulations, language based on exam feedback, or language that is considered general best practice. For 2021, CRP is providing sample procedures updates regarding the following, if applicable to your firm:

- *Books and Records Retention Requirements*
- *Crypto-Asset Policy*
- *Use of Lead Generation firms*
- *Procedures around holding virtual meetings*
- *Source of Funds*
- *ESG ratings*

Most recently the attached Manual update contains new procedures around the DOL Rule and IRA Rollover Policy. CRP has provided 2 options for firms to customize a Policy to how their firm will comply with the DOL Rule **which will need attention for full compliance on December 20, 2021**. CRP will be providing more education on the upcoming DOL rule and implementation in the November 2022 ***This Month in Compliance***. Please make sure you read our additional follow-up commentary in a few weeks. This will be helpful in educating CCOs on the conditions and educating a firm's IARs on the new procedures.

Because all Manuals are customized to each Firm, references to certain Sections in your manual may vary. **As per Rule 206 (4)- 7 and the Base Compliance Manual indicates, a thorough review of your Manual should be done at least annually to revise/enhance the Firm's policies and procedures and add policies and procedures if they apply to your Firm. CRP will continue to send out updates throughout the year. CRP does require Firms to tailor and update their Manual as needed after the first initial review and customization.** If your Firm needs assistance on adding sections, our hourly rate of \$300 will apply. CRP does require Firms to tailor and update their Manual as needed after the first initial review and customization.

### Highlight from a SEC Risk Alert released on November 9, 2015:

*Staff Observed that compliance policies and procedures were not tailored to registrants' businesses or practices. Several of the compliance manuals that the staff reviewed were created using outsourced CCO-provided templates. However, some of these templates were not tailored to registrants' businesses and practices and, thus, the compliance manuals that had been adopted contained policies and procedures that were not appropriate or applicable to the registrants' businesses or practices.*

*Examples include:*

- *Critical areas were not identified, and thus certain compliance policies and procedures were not adopted,*
- *Policies were adopted but did not apply to the advisers' businesses and operations. This includes keeping in language because you may add a type of business in the future.*
- ***Critical control procedures were not performed or not performed as described. It is essential you do what you say you are going to do!***

### TO ASSIST WE HAVE INCLUDED INSTRUCTIONS FOR UPDATING THE TABLE OF CONTENTS IN WORD:

#### Create/Update a Table of Contents

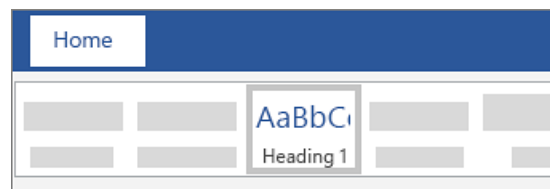
Word for Office 365 Word 2019 Word 2016 Word 2013 Word 2010 Word 2007

A Table of Contents in Word is based on the headings in your document.

Before you create your table of contents, **apply heading styles** - Heading 1, Heading 2, or Heading 3.

#### Add heading styles

For each heading that you want in the table of contents, select the heading text, go to **Home > Styles**, and then choose **Heading 1, 2, or 3**.



#### Create a Table of Contents

1. Put your cursor where you want to add the table of contents.
2. Go to References > Table of Contents, choose Automatic Table 1 or Automatic Table 2, or choose Custom Table of Contents to create your own style.
3. If you make changes to your document that affect the table of contents, update the table of contents by right-clicking the table of contents and choosing Update Field.

