

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!