

CCO TASK SUPPORT

Please be sure to check your SmartRIA CCO portal to keep up with your monthly Compliance tasks.
Please contact the following for:

- **Task Related Questions:**

Nancy Harry:	nharry@thecomplianceresource.com
Stacie Craddock:	scraddock@thecomplianceresource.com
Sara Sparks:	ssparks@thecomplianceresource.com
- **Login and Portal Requests:**

Sara Sparks:	ssparks@thecomplianceresource.com
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CCO TOOLS INCLUDED THIS MONTH:

- **Document updates** - Don't miss this Month's updates to many of the firm's disclosure documents!
- **New Marketing Rule** - Questions added to ADV Part 1
- **CCO Checklist** – Complete the attached CCO Checklist for the month of April 2022.

SPRING CLEANING ON FIRM DOCS!

This month we are pushing out several updates for numerous firm documents. For those updates that apply to your firm and please review and potentially amend with the provided sample language to follow.

- **PART 2A BROCHURE**

Does your firm engage the service of FeeX to manage held away discretionary accounts?

 - 1) Add or replace with the suggested Part 2A language provided below

- Or -

Does your firm manage held away discretionary accounts through a third party?

 - 1) Add or replace with the suggested Part 2A language provided below
- **PART 2B BROCHURE - FOR CFP® DESIGNATIONS**
 - 2) Amend IAR 2B brochures for all IARs holding an active CFP® designation
- **INVESTMENT ADVISORY AGREEMENT AMENDMENT & ASSIGNMENT LANGUAGE**
 - 3) Amend "Execution of Investment Account Transactions."
 - 4) Amend the "Execution Page of Agreement"
 - 5) Review Agreement for updated "Assignment/Negative Consent" (SEC Advisors Only)
 - 6) Review for "Amendment" language

FORM ADV 2A BROCHURE

Replace Part 2A - Item 4 - FeeX section:

Fee-X officially changed their name to Pontera. For firms that are engaged with FeeX, we recommend replacing your current FeeX section with the more general language below to avoid vendor specific language.

Participant Account Management (Discretionary)

We use a third-party platform to facilitate management of held away assets such as defined contribution plan participant accounts, with discretion. The platform allows us to avoid being considered to have custody of Client funds since we do not have direct access to Client log-in credentials to affect trades. We are not affiliated with the platform in any way and receive no compensation from them for using their platform. A link will be provided to the Client allowing them to connect an account(s) to the platform. Once Client account(s) is connected to the platform, Adviser will review the current account allocations. When deemed necessary, Adviser will rebalance the account considering client investment goals and risk tolerance, and any change in allocations will consider current economic and market trends. The goal is to improve account performance over time, minimize loss during difficult markets, and manage internal fees that harm account performance. Client account(s) will be reviewed at least quarterly, and allocation changes will be made as deemed necessary.

OR

FORM ADV 2A BROCHURE

Add the following section and suggested language below:

Firm utilizing a third-party vendor to manage held away accounts need to include the following language to their Part 2A – Item 4:

Participant Account Management (Discretionary)

We use a third-party platform to facilitate management of held away assets such as defined contribution plan participant accounts, with discretion. The platform allows us to avoid being considered to have custody of Client funds since we do not have direct access to Client log-in credentials to affect trades. We are not affiliated with the platform in any way and receive no compensation from them for using their platform. A link will be provided to the Client allowing them to connect an account(s) to the platform. Once Client account(s) is connected to the platform, Adviser will review the current account allocations. When deemed necessary, Adviser will rebalance the account considering client investment goals and risk tolerance, and any change in allocations will consider current economic and market trends. The goal is to improve account performance over time, minimize loss during difficult markets, and manage internal fees that harm account performance. Client account(s) will be reviewed at least quarterly, and allocation changes will be made as deemed necessary.

**** In both circumstances above, CRP will need to amend language and file an updated 2A Brochure on IARD. Please contact CRP regarding the name change, or update, in your firm's Form CRS, Part 2A brochure, and any agreements that reference Fee-X or need to include Participant Account Management language provided above.**

FORM ADV 2B BROCHURE

The individual IAR 2B allows individuals to list any professional designations and certifications they hold, but if they do so, they must provide a sufficient explanation of the minimum qualifications required for each designation and certification to allow clients to understand the value. As such, if a CFP® professional chooses to list the CFP® certification under Item 2, he or she must provide a sufficient explanation of the minimum qualifications required to obtain the CFP® certification to allow clients to understand the value of the CFP® certification. To assist CFP® professionals in featuring the marks in a compliant manner, CFP Board has provided template language below to use when listing the CFP® certification on the SEC Form ADV 2B. *The language provided below is intended to be used as written and should not be modified.*

Amend Item 2 - Educational Background and Business Experience language for IARs who hold an active CFP® designation:

CERTIFIED FINANCIAL PLANNER™ - *I am certified for financial planning services in the United States by Certified Financial Planner Board of Standards, Inc. ("CFP Board"). Therefore, I may refer to myself as a CERTIFIED FINANCIAL PLANNER™ professional or a CFP® professional, and I may use these and CFP Board's other certification marks (the "CFP Board Certification Marks"). The CFP® certification is voluntary. No federal or state law or regulation requires financial planners to hold the CFP® certification. You may find more information about the CFP® certification at www.cfp.net. CFP® professionals have met CFP Board's high standards for education, examination, experience, and ethics. To become a CFP® professional, an individual must fulfill the following requirements:*

- **Education** – *Earn a bachelor's degree or higher from an accredited college or university and complete CFP Board-approved coursework at a college or university through a CFP Board Registered Program. The coursework covers the financial planning subject areas CFP Board has determined are necessary for the competent and professional delivery of financial planning services, as well as a comprehensive financial plan development capstone course. A candidate may satisfy some of the coursework requirement through other qualifying credentials.*
- **Examination** – *Pass the comprehensive CFP® Certification Examination. The examination is designed to assess an individual's ability to integrate and apply a broad base of financial planning knowledge in the context of real-life financial planning situations.*
- **Experience** – *Complete 6,000 hours of professional experience related to the personal financial planning process, or 4,000 hours of apprenticeship experience that meets additional requirements.*
- **Ethics** – *Satisfy the Fitness Standards for Candidates for CFP® Certification and Former CFP® Professionals Seeking Reinstatement and agree to be bound by CFP Board's Code of Ethics and Standards of Conduct ("Code and Standards"), which sets forth the ethical and practice standards for CFP® professionals.*

Individuals who become certified must complete the following ongoing education and ethics requirements to remain certified and maintain the right to continue to use the CFP Board Certification Marks:

- **Ethics** – *Commit to complying with CFP Board's Code and Standards. This includes a commitment to CFP Board, as part of the certification, to act as a fiduciary, and therefore, act in the best interests of the client, at all times when providing financial advice and financial planning. CFP Board may sanction a CFP® professional who does not abide by this commitment, but CFP Board does not guarantee a CFP® professional's services. A client who seeks a similar commitment should obtain a written engagement that includes a fiduciary obligation to the client.*
- **Continuing Education** – *Complete 30 hours of continuing education every two years to maintain competence, demonstrate specified levels of knowledge, skills, and abilities, and keep up with developments in financial planning. Two of the hours must address the Code and Standards*

INVESTMENT ADVISORY AGREEMENT LANGUAGE

UPDATE 1: Each firm's Section numbers vary by Agreement. Please navigate to your section of the Agreement titled: "Execution of Investment Account Transaction" and update with language provided below.

Execution of Investment Account Transactions.

Adviser will enter orders for securities transactions and arrange for execution of securities transactions for the Account with the Account's Custodian. Advisor places trades for our Clients' accounts subject to its duty to seek best execution and its other fiduciary duties. The Account Custodian's execution quality may be different than other custodians. Such transactions directed through this custodian will be non-commissionable to Adviser. Adviser shall not be liable for any act or omission of any Custodian. Transactions for each client account generally will be affected independently unless Adviser decides to purchase or sell the same securities for several clients at approximately the same time. Adviser may (but is not obligated to) combine or "batch" such orders to obtain best execution or to allocate equitably among Adviser's client's differences in prices that might have been obtained had such orders been placed independently.

UPDATE 2: Replace or revise the Execution Page of Investment Advisory Agreement. Refer to attached SAMPLE for language and/or formatting.

DISCRETIONARY INVESTMENT MANAGEMENT AGREEMENT ACCEPTED							
<p>Client and Adviser have executed this Discretionary Investment Management Agreement on the Effective Date on this Agreement. By signing below, each party acknowledges that it has received and agrees to be bound by and fulfill the obligations set forth in this Agreement. This Agreement is effective upon the signature of all the undersigned parties.</p>							
<p>Firm Disclosure Acknowledgement: Client acknowledges receipt of required Disclosure Documents outlined in Item 25: (a) Adviser's Form CRS, (b) Form ADV, Part 2A [and WRAP Brochure] (c) Form ADV, Part 2B and (d) Adviser's Notice of Privacy Policy.</p> <p>I agree to opt-in to my information being shared as outlined in the [FULL NAME OF FIRM] Privacy Policy. I understand that if I have any questions or concerns about the written disclosures, it is my responsibility to discuss this with my financial professional.</p>							
<table border="1"> <tr> <td>Client Initials</td> <td>Client Initials</td> </tr> </table>		Client Initials	Client Initials				
Client Initials	Client Initials						
<p>Electronic Consent: Refer to #24 above.</p>							
<table border="1"> <tr> <td colspan="2"> <input type="checkbox"/> No, I DO NOT consent to electronic delivery. </td> </tr> <tr> <td colspan="2"> <input type="checkbox"/> Yes, I consent to electronic delivery. </td> </tr> <tr> <td>Email Address</td> <td>Client Initials</td> </tr> </table>		<input type="checkbox"/> No, I DO NOT consent to electronic delivery.		<input type="checkbox"/> Yes, I consent to electronic delivery.		Email Address	Client Initials
<input type="checkbox"/> No, I DO NOT consent to electronic delivery.							
<input type="checkbox"/> Yes, I consent to electronic delivery.							
Email Address	Client Initials						
ACCEPTED:							
<p>Client and Adviser have executed this Discretionary Investment Management Agreement on the Effective Date on this Agreement. By signing below, each party acknowledges that it has received and agrees to be bound by and fulfill the obligations set forth in this Agreement.</p>							
Account Holder's Printed Name ("Client"):	Account Holder's Signature ("Client"):						
Joint Account Holder's Printed Name ("Client"):	Joint Account Holder's Signature ("Client"):						
	Effective Date:						
BY: [FULL NAME OF FIRM]							
Firm Representative Signature:	CCD Signature:						

Review 3 & 4: Review for updated Assignment language and/or Amendment language on current Agreement as communicated in previous TMIC. Refer to below SAMPLE for language and/or formatting.

Assignment.

Neither Client nor Adviser may assign this Agreement within the meaning of the Advisers Act and/or any applicable state securities law without the express prior written consent of the other party. Should there be a change of control of the Firm, the successor firm will notify Client in writing within a reasonable time after such change and continue to provide the services previously provided to the Client by the Firm. If the Client continues to accept the services provided by the successor without written objection during the thirty (30) days after receipt of the written notice from the successor, the successor may assume that Client has consented to the assignment and the successor will become the adviser to Client under the terms and conditions of this Agreement. Client acknowledges that transactions that do not result in a change of actual control or management of Adviser shall not be considered an assignment pursuant to Rule 202(a)(1)-1 of the Advisers Act and/or any applicable state securities law.

Amendment.

Except as otherwise provided in this Agreement, the Adviser has the right to amend this Agreement by modifying or rescinding any of its existing provisions or by adding new provisions, provided Adviser notifies Client of the amendment at least thirty (30) days before the change takes effect. This Agreement may be amended by Client only with the written consent of the Adviser.

NEW MARKETING QUESTIONS ON PART 1

New questions appeared on the ADV Part 1 just in time for firms to make note of the new updates during their Annual Amendment updates!

Should they be answered, or should they be left blank?

These new questions require a YES or NO on whether you engage in performance advertising testimonials, hypothetical ads, and the like! IF you complete those questions, the SEC likely will assume you are fully complying with the new rule! Staff uses Part 1 data to prepare for examinations of investment advisers. Firms WILL be expected to answer these questions AFTER November 4 – most likely when amending the ADV during the first quarter of Q1 2023. The new ad rule does not affect any updates to Part 2A brochure or Firm CRS.

For firms who answered “NO”

If your firm answered “No” to the Part 1 Marketing Activities questions below, and your marketing platform stays the same, you will not need to do anything more on your marketing disclosures until we update the Policies and Procedures to comply with the new rule.

For firms who answered “YES”

If your firm answered “Yes” to the Part 1 Marketing Activities questions below, please hold off answering the Part 1 Marketing Activities disclosure questions until next year’s Annual Amendment when your firm has updated Policies and Procedures and Marketing Rule tools.

L. Marketing Activities	Yes	No
(1) Do any of your <i>advertisements</i> include:		
(a) Performance results?	<input type="radio"/>	<input type="radio"/>
(b) A reference to specific investment advice provided by you (as that phrase is used in rule 206(4)-1(a)(5))?	<input type="radio"/>	<input type="radio"/>
(c) <i>Testimonials</i> (other than those that satisfy rule 206(4)-1(b)(4)(ii))?	<input type="radio"/>	<input type="radio"/>
(d) <i>Endorsements</i> (other than those that satisfy rule 206(4)-1(b)(4)(ii))?	<input type="radio"/>	<input type="radio"/>
(e) <i>Third-party ratings</i> ?	<input type="radio"/>	<input type="radio"/>
(2) If you answer "yes" to L(1)(c), (d), or (e) above, do you pay or otherwise provide cash or non-cash compensation, directly or indirectly, in connection with the use of <i>testimonials</i> , <i>endorsements</i> , or <i>third-party ratings</i> ?	<input type="radio"/>	<input type="radio"/>
(3) Do any of your <i>advertisements</i> include <i>hypothetical performance</i> ?	<input type="radio"/>	<input type="radio"/>
(4) Do any of your <i>advertisements</i> include <i>predecessor performance</i> ?	<input type="radio"/>	<input type="radio"/>