

# **ADVISER**

## **Sample Compliance Review 20XX**

### **Contents:**

- **Review of each Policy set forth by the Compliance Department**
- **Updates and changes to any policies**
- **Meeting minutes for each committee**
- **Summary of Compliance Program for 20XX to be submitted and approved by ADVISER shareholders**

**(Note full Policies and Procedures are found in the ADVISER Policies and Procedures Manual)**

## **ADVISER Compliance Review**

**Name of reviewer** \_\_\_\_\_

**Date of Review**\_\_\_\_\_

**Policy Reviewed: Email Policy, Email Review**

**Review Frequency: On-going, Annually**

The email of all employees is captured and reviewed on a regular basis by the Compliance department. Employees must adhere to the firm's "Communication Policy" when sending/forwarding/responding to client or prospective client emails. The CCO will notify the employee and President when any suspicious business activity is communicated through email.

Firm policy allows employees to use social media (Facebook, Twitter, You Tube) for personal use only. Employees may not use any personal social media for advertising or marketing ADVISER or its services.

**Updates or changes to policy:**

## **ADVISER Compliance Review**

**Name of reviewer** \_\_\_\_\_

**Date of Review**\_\_\_\_\_

**Policy Reviewed: Best Execution**

**Review Frequency: Bi-Annually**

The Best Execution committee meets and reviews trading at Custodian (and any other brokerage firm) at least annually to ensure that trades are completed in a fair and timely manner.

Report from Best Execution Committee Meeting: (complete here or attach to sheet)

**Updates or changes to policy:**

## **ADVISER Compliance Review**

**Name of reviewer** \_\_\_\_\_

**Date of Review**\_\_\_\_\_

**Policy Reviewed: Proxy Voting Policy**

**Review Frequency: Annually**

ADVISER does not normally vote proxies on behalf of clients. All proxy materials received on behalf of a client account are to be sent directly to the client or a designated representative of the client, who is responsible for voting the proxy. Adviser personnel may answer client questions regarding proxy-voting matters in an effort to assist the client in determining how to vote the proxy. However, the final decision of how to vote the proxy rests with the client.

**Updates or changes to policy:**

## **ADVISER Compliance Review**

**Name of reviewer** \_\_\_\_\_

**Date of Review**\_\_\_\_\_

**Policy Reviewed: Personal Trading Policy**

**Review Frequency: Annually**

The client's interest must come first. To this end, ADVISER has established guidelines concerning its employees' securities activities. When the purchase of a security is under active consideration for clients' accounts, no employee may purchase that security until after those client's purchases have been completed. Further, in the event of a sale, all client sales must be completed before any employee sales may be entered. No employee may place an order for his or her account which is contrary to the recommendation or, for a discretionary accounts, a transaction. Specifically, no employee may sell for a security, which is subject to a buy recommendation or transaction, or buy a security which is subject to a sell recommendation or transaction. All employee transactions must be placed after all client transactions have been executed. All employees' securities transactions are reviewed on a daily basis to assure compliance with these guidelines. This review shall be conducted by a Registered Principal other than the employee for whose account the transaction was effected. Employee accounts may participate in block trades that include clients' accounts- all accounts would receive the same average price for the transaction.

**Updates or changes to policy:**

## **ADVISER Compliance Review**

**Name of reviewer** \_\_\_\_\_

**Date of Review**\_\_\_\_\_

**Policy Reviewed: Trading and Brokerage Policy**

**Review Frequency: Bi-Annually**

ADVISER recommends Custodian to act as custodian/broker for all its investment advisory clients. Custodian is a member of FINRA, SIPC and NFA, and is an independent SEC-registered broker-dealer, unaffiliated with ADVISER. They provide services to independent investment advisors such as custody of securities, trade execution, clearance and settlement of transactions.

As a result of our participation in Custodian 's institutional services advisor program, ADVISER will receive certain economic benefits and services related to the referral of clients to Custodian .

Receipt of these benefits and services will in no way diminish ADVISER's obligation to act in the best interest of its clients at all times, including making sound and appropriate investment recommendations, and ensuring best execution of trades for client accounts.

Investment Advisory clients are not subject to transaction fees or commission charges beyond those described in the firm's ADV Part 2 and Advisory Contract with each client.

The Compliance officer or designee of ADVISER will conduct periodic reviews of its relationship with Custodian to ensure they are continuing to provide high-value service to our clients and remain competitive with other service providers.

ADVISER maintains discretionary authority over investment advisory accounts in accordance with the terms of the management agreement to select the type, issuer and amount of securities bought and sold on behalf of the client. In all cases, such discretion is exercised in a manner consistent with the clients' stated investment objectives and risk tolerance.

The firm retains some non-discretionary clients for whom a transaction fee (commission) is charged. Commission rates and service charges shall be fair and reasonable. The Compliance Officer shall conduct periodic reviews of commissions and service charges on securities transactions for reasonableness.

**Updates or changes to policy:**

## **ADVISER Compliance Review**

**Name of reviewer** \_\_\_\_\_

**Date of Review**\_\_\_\_\_

**Policy Reviewed: Business Continuity Plan**

**Review Frequency: Annually**

Our firm's policy is to respond to a Significant Business Disruption (SBD) by safeguarding employees' lives and firm property, making a financial and operational assessment, quickly recovering and resuming operations, protecting all of the firm's books and records, and allowing our customers to transact business. In the event that we determine we are unable to continue our business, we will assure customers prompt access to their funds and securities.

**Updates or changes to policy:**



## **ADVISER Compliance Review**

**Name of reviewer** \_\_\_\_\_

**Date of Review**\_\_\_\_\_

**Policy Reviewed: Email/Social Media Policy**

**Review Frequency: Annually**

The email of all employees is captured and reviewed on a regular basis by the Compliance department. Employees must adhere to the following “Communication Policy” when sending/forwarding/responding to client or prospective client emails. The CCO will notify the employee and President when any suspicious business activity is communicated through email.

Firm policy allows employees to use social media (Facebook, Twitter, You Tube) for personal use only. Employees may not use any personal social media for advertising or marketing ADVISER or its services.

Use of social media for the purpose of advertising for marketing requires prior approval by the CCO and is subject to the following communications policies:

**Updates or changes to policy:**

## **ADVISER Compliance Review**

**Name of reviewer** \_\_\_\_\_

**Date of Review**\_\_\_\_\_

**Policy Reviewed: Record Keeping Requirements**

**Review Frequency: Annually**

ADVISER will keep the following records regarding this Code of Ethics and Personal Trading Policy, electronically or on paper:

- A. Historic copies of this Code of Ethics and Personal Trading Policy;
- B. Historic listings of all employees subject to this Code of Ethics and Personal Trading Policy;
- C. Employees' written acknowledgements of receipt of the Code of Ethics and Personal Trading Policy;
- D. Violations of the Code of Ethics and Personal Trading Policy, and records of action taken as a result of the violations;
- E. All personal transaction reports made by employees and/or copies of brokerage confirmations and statements.

**Updates or changes to policy:**

## **ADVISER Compliance Review**

**Name of reviewer** \_\_\_\_\_

**Date of Review**\_\_\_\_\_

**Policy Reviewed: Insider Trading Policy**

**Review Frequency: Annually**

No officer, director, employee or associated person of ADVISER shall act on any material non-public information, inside information, tip, rumor or hint, which may come into his/her possession. In the event that any person suspects that inside information may be circulating, (s)he shall immediately bring it to the attention of his/her supervisor or the President. Under no circumstances is anyone to continue, spread, pass on or acknowledge any such rumor. Employees are to remain particularly alert to information provided by accountant and/or attorneys who may be in a position to have access to such information.

**Updates or changes to policy:**

## **ADVISER Compliance Review**

**Name of reviewer** \_\_\_\_\_

**Date of Review**\_\_\_\_\_

**Policy Reviewed: Communication Policy/Advertising and Sales Literature**

**Review Frequency: Annually**

Employees should use discretion in communicating information, particularly performance information, to outside parties. This policy applies to all communications used with existing or prospective clients, including information available in electronic form such as on a web site.

### **General Client or Prospect Communications Policies**

- A. We will endeavor to ensure all client communications are presented fairly to clients in a balanced manner and are not misleading. In addition, we will endeavor to disclose all material facts to our clients.
- B. When necessary, we will use appropriate disclosure language in connection with client or prospect communications, as directed by the CCO or President.
- C. All written complaints received by employees should immediately be forwarded to the CCO.

**Updates or changes to policy:**

## **ADVISER Compliance Review**

**Name of reviewer** \_\_\_\_\_

**Date of Review**\_\_\_\_\_

**Policy Reviewed: Portfolio Management**

**Review Frequency: Annually, On-going**

See recent firm created descriptions of Portfolio Management. Review to see that posted information coincides: Website, ADV, Compliance Manual, printed materials, etc.

**Updates or changes to policy:**

## **ADVISER Compliance Review**

**Name of reviewer** \_\_\_\_\_

**Date of Review** \_\_\_\_\_

**Policy Reviewed: Code of Ethics**

**Review Frequency: Annually**

Code of Ethics consists of the following core principles:

- (1) The interests of clients will be placed ahead of the firm's or any employee's own investment interests.
- (2) Employees are expected to conduct their personal securities transactions in accordance with the Personal Trading Policy and will strive to avoid any actual *or perceived* conflict of interest with the client. Employees with questions regarding the appearance of a conflict with a client should consult with the CCO before taking action that may result in an actual conflict.
- (3) Employees will not take inappropriate advantage of their position with the firm.
- (4) Employees are expected to act in the best interest of each of our clients.
- (5) Employees are expected to comply with state and federal securities laws. Strict adherence to this policy manual will assist the employee in complying with this important requirement.

**Updates or changes to policy:**

## **ADVISER Compliance Review**

**Name of reviewer** \_\_\_\_\_

**Date of Review**\_\_\_\_\_

**Policy Reviewed: Brokerage Policy: Custodial Relationships/Soft Dollar Policy**

**Review Frequency: Annually**

### **Soft Dollar Policy**

ADVISER does not participate in any soft dollar arrangements.

### **Brokerage Policy**

The Compliance officer or designee of ADVISER will conduct periodic reviews of its relationship with Custodian to ensure they are continuing to provide high-value service to our clients and remain competitive with other service providers.

**Updates or changes to policy:**

## **ADVISER Compliance Review**

**Name of reviewer** \_\_\_\_\_

**Date of Review** \_\_\_\_\_

**Policy Reviewed: Custody Policy**

**Review Frequency: Annually**

It is Adviser's intention to only have custody over client assets to the extent we request the client's custodian to deduct advisory fees directly from client accounts. The following procedures are designed to help ensure Adviser does not inadvertently obtain further custody (other than by the deduction of advisory fees noted above) over client assets:

- A. We will obtain prior written authorization from the client before deducting fees directly from the client's account;
- B. We will not hold client securities in Adviser's name or in bearer form;
- C. We will not require clients to prepay greater than \$500 in fees 6 months or more in advance;
- D. Proceeds from the redemption of client securities may not be directed to Adviser.
- E. We may not have signatory power over a client's checking or custodial account;
- F. An employee may not serve as trustee over a client's discretionary account, unless the client is an immediate family member of the employee.

### **Qualified Custodians**

- A. All client assets will be held by a qualified custodian, which may include a broker- dealer, bank or foreign financial institution.
- B. We will not route original custodial statements to our clients on behalf of a custodian. The custodian will deliver client account statements directly to the client.
- C. We are responsible, within reason, to ensure clients receive custodial statements directly from the custodian on, at a minimum, a quarterly basis. To meet this responsibility, we



will receive duplicate copies of our clients' custodial statements.

- D. Custodial accounts will be opened by a client. Adviser personnel may assist the client in preparing paperwork for a new custodial account, but the client is required to authorize any new custodial account.

**Updates or changes to policy:**

## **ADVISER Compliance Review**

**Name of reviewer** \_\_\_\_\_

**Date of Review** \_\_\_\_\_

**Policy Reviewed: Privacy Policy**

**Review Frequency: Annually**

### **Privacy Policy**

ADVISER shall respect the privacy of all clients. ADVISER will disclose nonpublic personal information about customers to the broker dealer or insurance carrier in order to process the securities and insurance business. ADVISER will not disclose any personal information about customers to anyone else, except as permitted by law. In addition, ADVISER requires that all service providers with access to client's personal information agree to maintain the privacy of that information.

ADVISER restricts access to personal and account information to those employees who need to know that information in order to provide products or services. Should a client decide to close his account(s) or become an inactive customer, ADVISER will continue to adhere to the privacy policies and practices as described above.

Clients may designate a contact individual which whom the firm can discuss their accounts in the event the client becomes incapacitated due to illness or injury. This individual cannot make investment decisions for the client without appointment of power of attorney. If a living trust is in effect, the firm will discuss the account with the person named as first successor trustee, as it is assumed the client deems this individual responsible and trustworthy.

Additionally, the client must grant permission, either verbally or in writing, for representatives to discuss the client's account with their attorney or accountant or another client designated third party.

Each client upon entering into a relationship with ADVISER will receive our Privacy Policy statement. Below, is a sample Privacy Policy

Notification, which is sent annually to each client of ADVISER with his or her fourth quarter mailing.

**(See Privacy Policy attachment)**

**Updates or changes to policy:**

## **ADVISER Compliance Review**

**Name of reviewer** \_\_\_\_\_

**Date of Review** \_\_\_\_\_

**Policy Reviewed: Client Disclosures Policy**

**Review Frequency: Annually**

The Advisors Act requires ADVISER to provide a written disclosure, known as a disclosure “brochure”, to prospective and existing clients.

### Initial Delivery

The brochure must be furnished to a client or prospective client at the same time of entering the contract, provided the client may terminate the contract without penalty within five business days after entering into the contract.

### Annual Offer

We will offer to deliver on at least an annual basis within 120 days of our fiscal year end, without charge, a copy of our updated brochure upon written request from a client. The annual offer will include a summary of material changes to our ADV Part 2A. We will record the date the request was received and we will send the brochure in response to a client request within seven days of receipt of the request.

### Record Keeping

We will record the date upon which our brochure was distributed to clients or prospective clients. We will retain this record for a minimum of seven years.

We will disclose to our clients any financial condition that is reasonably likely to impair ADVISER’s ability to meet our contractual commitments to our clients.

We will disclose to our clients any legal or disciplinary event that may be material for a client to evaluate our integrity or ability to meet

contractual commitments for a period of ten years from the time of the event. A listing of legal or disciplinary actions required to be disclosed may be found in Rule 206(4)-4 of the Advisors Act, a copy of which is maintained by the CCO or may be found at <http://www.sec.gov/info/advisers.shtml> .

We will deliver regular privacy notices, as addressed in our “Privacy Policy”.

**Updates or changes to policy:**