



2024 / Investment Adviser
Compliance Conference
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EFFECTIVE STRATEGIES & BEST PRACTICES

IAA

Ethics for Advisers: Compliance with Fiduciary Standards – Part 2

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IAA 2024 / Investment Adviser
Compliance Conference **EFFECTIVE STRATEGIES
& BEST PRACTICES**

Panel Agenda

- Protection of material nonpublic information (MNPI) and prevention of insider trading
- Whistleblower considerations
- Best practices

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Insider Trading

- General
 - What is it?
 - What is MNPI?
 - What regulations apply?
- Developments
 - Shadow Trading
 - Disclosure of Transaction Information
 - Work From Home
 - Examinations Risk Alert

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MNPI Considerations

Best Practices:

- Robust policies that are tailored to your business
- Easy to understand and easy to remember
- Give Examples
- Training
 - Initial
 - Annual

Additional Strategies:

- Barriers
- Restricted Lists
- Testing and Surveillance

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Hypothetical

ABC Securities, an affiliate of our firm in a different information barrier, contacted one of our Portfolio Managers (PM) on a no-names basis to see if our firm had an interest in participating in a refinancing opportunity. ABC Securities knew from Bloomberg that the firm is an existing lender.

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Hypothetical

As a compliance professional, you learn that one of your PMs has inadvertently disclosed non-public information to select investors.

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Whistleblower Considerations

- SEC Whistleblower Program
- Internal reporting / responding to reports
- Enforcement developments
- Rule 21F-17 considerations – confidentiality provisions
 - Separation / employment agreements
 - Code of conduct

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Whistleblower Considerations

Best Practices

- Reporting process
- Response process
- Anti-retaliation / protection of confidentiality
- Communication
- Review agreements with confidentiality provisions

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Hypothetical

- Refer back to the earlier scenario regarding the distribution of MNPI.
- A new junior member of the PM team stops a member of the Compliance Department in the hall and mentions that he thinks a senior PM has been sharing MNPI with investors. As a junior member, the reporting individual is concerned about hurting his standing on the team by reporting the senior individual to Compliance.

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Hypothetical

As Chief Compliance Officer, the initial report in our fact pattern was presented to you and you delegated the matter to your deputy to investigate. Your deputy quickly responds that the matter will be investigated. However, after several weeks, you still have not received an update about how the deputy's investigation is going.

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