**A Simple Risk Matrix**

| **Count** | | **Topic** | | **Rule/**  **Policy/**  **Procedure** | **Risk/Exposure** | **Current Controls in Place to Mitigate Risk**  **(Reduction/**  **Addition to Points)** | | **Controls**  Yes = (2)  No = 3 | | **Previously**  **Identified**  **Issues**  Yes = 3  No = 1 | | **Probability**  **of**  **Issue**  High = 3  Medium = 2  Low = 1 | | **Potential**  **Impact**  High = 3  Medium = 2  Low = 1 | | **Risk Rating**  (E+F+G+H)  H= 9-12  M= 5-8  L= 1-4 | | **Target Review Cycle**  **=**  **H –Annually**  **M- 1 to 2 Year Cycle**  **L = 1 to 3 Year Cycle** |
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| 1 | | Advertising and Marketing Materials | | Section 206(4)-1 of the Advisors Act (AA).  SEC guidance on advertisements by investment advisers and funds  Rule 38a-1 procedures  SEC & FINRA Rules on fund advertising  GIPS requirements | 1. Failure to ensure accurate performance calculations/overstated performance.  2. Possible use of unapproved or stale marketing materials  3. Misrepresentation about firm and principals, services offered  4. Inaccurate, omitted, unclear, out of date disclosures  5. Overstating AUM  6. Unsubstantiated claims  7. Guarantees of profit/loss avoidance  8. Failure to be GIPS compliant  9. Failure to show effects of advisory fee compounded over years in gross of fee presentations  10. Inappropriate testimonials, partial client lists, and partial past recommendations. |  | |  | |  | |  | |  | |  | |  |
| 2 | | Affiliated Brokerage Transactions | | Rule 17e-1 of ICA  Rule 38a-1 Procedures | Failure to identify affiliate broker and not follow procedures relating to price and commission and reporting to fund board |  | |  | |  | |  | |  | |  | |  |
| 3 | | Affiliated Redemptions in-kind | | SEC no-action guidance  Rule 38a-1 Procedures | Permit redemption in-kind that would disadvantage remaining shareholders |  | |  | |  | |  | |  | |  | |  |
|  | |  | |  |  |  | |  | |  | |  | |  | |  | |  |
| 4 | | Purchases from Affiliated Underwriters | | Rule 10f-3 of ICA  Rule 38a-1 Procedures | 1. Failure to identify affiliated underwriters and to follow procedures relating to compliance with Rule 10f-3  2. The Funds purchase securities from an affiliated underwriter in contradiction of Rule 10f-3 and the procedures  3. Making a purchase from an affiliated underwriter that is not protected by Rule 10f-3 |  | |  | |  | |  | |  | |  | |  |
| 5 | | Anti-Money Laundering Program | | USA PATRIOT Act  Rule 0-11 of ICA  Customer Identification Program  Bank Secrecy Act  Rule 38a-1 Procedures | 1. Failure to comply with US Patriot Act.  2. If required, failure to adopt and implement an AML program that includes designating a AML Compliance officer, implementing customer identification procedures, reporting of suspicious activity, and preventing of money laundering activity.  3. Failure to monitor and appropriately file Currency Transaction Reports (CTRs) or Suspicious Activity Reports (SARs)  4. Failure to monitor Covered Primary Provider(s) for funds.  5. Failure to obtain annual audit. |  | |  | |  | |  | |  | |  | |  |
| 6 | | Asset Coverage | | Section 18 of the ICA  Rule 38a-1 of ICA | Failure to follow segregation procedures causing “leveraging” of the Funds. |  | |  | |  | |  | |  | |  | |  |
| 7 | | Books and Records, Retention and Disposal | | Section 204-2 of AA  Rule 206(4)-7 of AA  Section 31(a) and Rules 31a-1, 31a-2, 31a-3 of ICA  Rule 12b-1 of ICA  Rule 38a-1 of ICA | 1. Failure to create and keep required records in a true, accurate and current format for the required time periods and in a manner that secures them from unauthorized alteration or use and protects them from untimely destruction  2. Failure to include required information on Order memoranda (trade tickets)  3. Failure to keep records of initial deliver of ADV Part 2 to new clients and annually  4. Failure to maintain complete 31a-1(b)(9) records |  | |  | |  | |  | |  | |  | |  |
| 8 | | Remote Office Supervision | | Rule 206(4)-7 Procedures | Failure to supervise remote office activities/personnel, which could result in undetected violations of firm’s policies and procedures. |  | |  | |  | |  | |  | |  | |  |
| 9 | | Business Continuity Plan and Disaster Recovery | | Rule 206(4)-7 Procedures  Rule 38a-1 Procedures | Failure to develop and implement and periodically test a business continuity plan could result in harm to firm and its clients in event of an emergency that disrupts normal work operations. |  | |  | |  | |  | |  | |  | |  |
| 10 | | Calculation of Net Investment Income, Dividend and Distributions and Allocation of Expenses | | Rule 38a-1 Procedures | Failure to properly calculate dividends and distributions. |  | |  | |  | |  | |  | |  | |  |
| 11 | | Class Action Claims | | Rule 38a-1 Procedures  Rule 206(4)-7 Procedures | 1. Failure to keep abreast of and timely file class action claim forms timely.  2. Failure to distribute claim proceeds to appropriate parties. |  | |  | |  | |  | |  | |  | |  |
| 12 | | Client and  Shareholder Complaints | | Rule 206(4)-7 Procedures  FINRA Rules  Rule 38a-1 Procedures | 1. Failure to capture and address client complaints against the firm or its employees (may allege theft, misappropriation, etc).  2. Failure to address and report to FINRA, shareholder complaints.  3. Failure to prevent employees from intercepting and hiding/destroying complaints. |  | |  | |  | |  | |  | |  | |  |
| 13 | | Client/Shareholder Communication | | Rule 206(4)-7 Procedures  SEC and FINRA guidance on advertisements by investment advisers and funds  Rule 38a-1 procedures | 1. Employees may cherry pick performance in their communications; make false or misleading statements, etc.  2. The firm fails to properly review incoming and outgoing correspondences (supervision), including emails. |  | |  | |  | |  | |  | |  | |  |
| 14 | | Code of Ethics and Personal Securities Transactions | | Section 204A-1 of AA.  Investment adviser code of ethics  Rule 17j-1 of ICA | 1. Failure of employees to provide initial holdings, pre-clear trades, provide quarterly and annual holdings reports, and risk that they invest in IPOs or otherwise fail to comply with the Adviser’s Code of Ethics  2. Failure to ensure employees submit required reports  3. Failure to keep Code current and accurate records.  4. Employees inappropriately trade around client transactions or trade with inside information.  5. Employees engage in short-term trading activities. |  | |  | |  | |  | |  | |  | |  |
| 15 | | Compliance Programs and Procedures | | Rule 38a-1 Procedures  Rule 206(4)-7 Procedures | 1. Failure to adopt and implement written compliance policies and procedures, conduct and document annual review of the policies and procedures and designate a CCO.  2. Failure to adopt and implement Rule 38a-1 procedures and to have them board approved  3. Failure to design and enforce appropriate policies. |  | |  | |  | |  | |  | |  | |  |
| 16 | | Confidential Compliance Reporting Mechanism | | Rule 206(4)-7 Procedures | Failure to provide a method for employees to anonymously report suspected violations without retribution, such as a hot line, could delay discovery of compliance issues. |  | |  | |  | |  | |  | |  | |  |
| 17 | | Contracts and Agreements | | Section 205 of the AA.  Section 15 of the ICA. | 1. Failure to include provisions regarding no assignments w/out prior client consent, fee schedules (performance fee limitations), termination process, no hedge clauses, etc.  2. Failure to ensure annual fund agreement renewals in accordance with regulatory requirements and industry standards.  3. Failure to ensure agreements are complete signed and dated by all parties in a timely manner. |  | |  | |  | |  | |  | |  | |  |
| 18 | | Disclosure Controls | | Rule 30a-2 of ICA.  Section 906 of SOX.  Rule 38a-1 Procedures | Failure to enforce a quality control process that reasonably ensures accuracy and adequacy of disclosures in various fund reports including proxy statements, Form N-CRS, From N-Q and certifications under Rule 30a-2 and Section 906. |  | |  | |  | |  | |  | |  | |  |
| 19 | | Disclosure of Portfolio Holdings | | Fiduciary duties to clients.  Rule 10b-5 and insider trading laws.  Prospectus disclosures  206(4)-7 Procedures  Rule 38a-1 Procedures | 1. The firm or employees disclose portfolio holdings in contradiction of firm policies and procedures.  2. Failure to obtain confidentiality agreements for early disclosure. |  | |  | |  | |  | |  | |  | |  |
| 20 | | Emails and Instant Messaging | | SEC and FINRA guidance on advertisements by investment advisers and funds  Record Retention rules  206(4)-7 Procedures | 1. Failure to adopt and implement email policies and procedures including record retention.  2. Failure to centrally maintain emails and permit automatic deletion after specified periods.  3. Failure to have client correspondence reviewed and approved, if required. |  | |  | |  | |  | |  | |  | |  |
| 21 | | Employee Training and Supervision | | Rule 206(4)-7 Procedures  Rule 38a-1 Procedures | 1. Failure to provide adequate employee training for new employees and periodic/annual training programs for existing employees and documentation of the training program.  2. Failure to supervise employees. |  | |  | |  | |  | |  | |  | |  |
| 22 | | Entertainment, Travel, Lodging | | FINRA rules  ERISA Form LM-10  Rule 206(4)-7 Procedures | 1. Failure to prevent employees from being influenced in selecting broker-dealers to execute transactions or provide research for its clients or select service providers based on excessive entertainment and/or payment for inappropriate travel, lodging, dining and beverages.  2. Provide entertainment to government officials and fiduciary clients in excess of permissible guidelines. |  | |  | |  | |  | |  | |  | |  |
| 23 | | Fidelity Bond Coverage | | Rule 17g-1 of the ICA  Rule 38a-1 Procedures | Failure to maintain adequate fidelity bond coverage and file with SEC as required. |  | |  | |  | |  | |  | |  | |  |
| 24a | | Form ADV Disclosures | | Section 204-3 of IA  Form ADV  Written disclosure statements | Failure to disclose and keep current:  1. Affiliations with broker-dealers or other businesses  2. Actual & potential conflicts of interest, including the firm’s proprietary trading  3. Incentive-based compensation – performance fees  4. Material facts relating to financial issues, criminal offenses, and or disciplinary actions  5. Soft dollar practices  6. Portfolio management & trade allocation procedures  7. Proxy voting practices  8. Code of ethics practices  9. Solicitation/marketing arrangements  10. Fee structures & non-affiliated mutual fund fees  11. Proprietary trading practices  12. Lines of business such as managing mutual funds  14. Affiliated service providers without disclosing possible conflicts  14. Other business activities/locations  15. Cross trade practices  16. Correct AUM & # of clients  17. Material omissions |  | |  | |  | |  | |  | |  | |  |
| 24b | | Form ADV - Annual Amendment | | Section 204-1 of the AA  Amendments to application for registration | Failure to amend Form ADV annually (w/in 90 days of FYE) and more frequently, if required, due to material subsequent events. |  | |  | |  | |  | |  | |  | |  |
| 24c | | Client Directed Brokerage | | Section 204-3 of the AA  Written disclosure statements | 1. Failure to disclose that client directed brokerage may not result in best execution in ADV.  2. Failure to follow client instructions to use client’s brokers. |  | |  | |  | |  | |  | |  | |  |
| 25 | Form ADV – Brochure Delivery, Initial and Annual | | Section 204-3 of the AA  Written disclosure statements | | 1. Failure to provide Form ADV Part 2 initially (48 hours prior to entering into written or verbal agreement) and make an annual offering.  2. Failure to keep records of dates provided. | |  | |  | |  | |  | |  | |  |  |
| 26 | Fund Governance | | Corporate Governance  Section 15(c)  Procedures Rule 38a-1 Procedures | | 1. Failure to ensure that the Fund Board is comprised of at least 75% of non-interested persons and elected by shareholders, as required.  2. Failure to ensure that the Board follows Section 15(c) in order to annually renew IA and principal underwriter contacts  3. Failure of Board of their fiduciary duty. | |  | |  | |  | |  | |  | |  |  |
| 27 | Fund Supermarket | | Rule 38a-1 Procedures | | 1. Funds enter into shareholder servicing agreements with financial intermediaries and record keepers on terms that the Board has not found to be reasonable.  2. Board has not determined payments by funds and advisor are not distribution payments required to be paid under Rule 12b-1 and are reasonable in nature.  3. Disclosure is not provided to investors. | |  | |  | |  | |  | |  | |  |  |
| 28 | Gifts and Gratuities | | FINRA rules  ERISA Form LM-10  Rule 206(4)-7 Procedures | | Firm and employees exceed limits on gift giving and receiving. | |  | |  | |  | |  | |  | |  |  |
| 29 | Identification of Affiliates | | Sections 10(f), 17(a), 17(e), 12(d) of the ICA.  Rule 38a-1 Procedures. | | Failure to follow procedures to identify affiliates. | |  | |  | |  | |  | |  | |  |  |
| 30 | Insider Trading on Confidential Material Non-Public Information | | [Section 204A](http://www.sec.gov/cgi-bin/goodbye.cgi?www4.law.cornell.edu/uscode/html/uscode15/usc_sec_15_00000080---b004a.html) of the AA  Rule 10b5-1 of 34 Act | | Failure to adopt policies and procedures designed to prevent and detect employees’ (and immediate family members’) insider trading activity or to provide training to employees, and/or permitting the trading on behalf of clients or the firm when in possession of material non-public information or preventing employees from passing along insider information to others. | |  | |  | |  | |  | |  | |  |  |
| 31 | iShares | | Section 12(d)(1) of the ICA  Rule 38a-1 Procedures | | 1. Permit the Funds to invest in iShares w/out waiving fees equal to any comp received  2. Fail to monitor to prevent gaining control of iShares.  3. Prevent taking into consideration factors that may influence investing in iShares.  4. Failure to prevent funds from exceeding 3% threshold. | |  | |  | |  | |  | |  | |  |  |
| 32 | Late-Day Trading (After market close) | | Prospectus disclosure  Rule 38a-1 Procedures | | 1. Failure to adopt policies and procedures in order to prevent and/or detect late-day trades of the Funds.  2. Failure to prevent late-day trading. | |  | |  | |  | |  | |  | |  |  |
| 33 | Licensing, Registration and Notice Filings | | SEC  FINRA  CFTC/NFA  State Laws & Rules  Foreign Jurisdictions  Rule 206(4)-7 Procedures  Rule 38a-1 Procedures | | 1. Failure to maintain SEC Registrations  2. Failure to register IA reps or BD Reps as and where required.  3. Failure to make notice filings for the Funds. | |  | |  | |  | |  | |  | |  |  |
| 34 | Market Timing and Excessive Trading | | Rule 22c-2 of ICA  Rule 38a-1 Procedures  Rule 206(4)-7 Procedures | | 1. Failure to adopt policies and procedures in order to prevent and/or detect market timing/excessive trading of the Funds.  2. Failure to detect omnibus accounts from abusive fund trading activities.  3. Failure to enforce procedures. | |  | |  | |  | |  | |  | |  |  |
| 35 | Media Contacts | | Rule 206(4)-7 Procedures | | Unauthorized employees may make contacts with or make false or misleading statements to the media regarding business activity or other matters. | |  | |  | |  | |  | |  | |  |  |
| 36 | Outside Business Activities | | FINRA Rules | | Failure to receive approval to engage in outside employment and business activity by employees and officers. | |  | |  | |  | |  | |  | |  |  |
| 37 | Political Contributions | | Rule 206(4)-5 of AA  Rule 206(4)-7 Procedures | | 1. Firm or employees may make prohibited cash or in-kind political contributions to campaigns that may be prohibited by pay-to-play rules, resulting in prohibition on collecting fees for 2 years.  2. New hires may have made prohibited political contributions before joining firm. | |  | |  | |  | |  | |  | |  |  |
| 38 | Charitable Contributions | | Rule 206(4)-7 Procedures | | Firm or employees may make charitable contributions to persons that may be prohibited from accepting due to relationship w/Firm or in an attempt to influence outcome of investment manager selection process. | |  | | 3 | | 1 | | 1 | | 2 | | M | Review = 1 to 2 year cycle |
| 39 | Prospectus and SAI Disclosure | | Form N-1A  Rule 10b-5 | | Failure to ensure that prospectus and SAI contain current and accurate information disclosures and comply with all applicable SEC and FINRA disclosure requirements. | |  | |  | |  | |  | |  | |  |  |
| 40 | Portfolio Management - Trade Error Correction | | Rule 206(4)-7 Procedures  Rule 38a-1 Procedures | | 1. Failure to properly identify and correct trade and NAV errors.  2. Failure to monitor trading activity to detect and correct trade and NAV errors. | |  | |  | |  | |  | |  | |  |  |
| 41 | Conflict of Interest - Portfolio Management - Brokerage Selection, Best Execution – | | Section 206 of the AA  Rule 206(4)-7 procedures | | Failure to prevent employees from directing portfolio transactions to broker-dealer firms due to family or personal relationships with employees of the broker/dealers. | |  | |  | |  | |  | |  | |  |  |
| 42 | Portfolio Management - Cross Trading | | Section 206(3)-2 of the AA.  Rule 17a-7 of the ICA  Agency cross transactions for advisory clients.  Rule 206(4)-7 Procedures.  Rule 38a-1 Procedures. | | 1. Failure to comply with the provisions in order to effect cross transactions amongst client accounts  2. Failure to identify cross trades and follow procedures designed to ensure compliance with rules. | |  | |  | |  | |  | |  | |  |  |
| 43 | Portfolio Management – Investment Objectives Compliance | | Rule 206(4)-7 Procedures. | | 1. Failure to maintain consistency of portfolios with clients’ investment objectives/restrictions (high cash positions, restricted securities, IPOs, etc.).  2. Failure to monitor investments | |  | |  | |  | |  | |  | |  |  |
| 44 | Portfolio Management - Trade Allocation | | Rule 206(4)-7 Procedures. | | 1. Failure to fairly allocate investment opportunities (IPOs, etc.) among clients.  2. Failure to fairly allocate aggregated trades (and costs) among clients. | |  | |  | |  | |  | |  | |  |  |
| 45 | Portfolio Management -Brokerage Selection and Best Execution. | | Section 206 of the AA.  Compliance procedures and practices.  Rule 38a-1 Procedures. | | 1. Firm fails to seek to ensure that it is obtaining the best execution for client transactions by periodically evaluating the overall performance of broker-dealers.  2. Failure to prevent firm/employees from directing trades to brokers for reasons not based on obtaining best execution. | |  | |  | |  | |  | |  | |  |  |
| 46 | Portfolio Management -Directed Brokerage of Portfolio Transactions | | Rule 12b-1(h) of the ICA.  Rule 38a-1 Procedures | | The firm or employees enter into arrangements or take into account promotional or selling activity of the firm’s mutual funds in order to direct portfolio trades to BDs based on such fund promotion and sales. | |  | |  | |  | |  | |  | |  |  |
| 47 | Portfolio Management -Transactions and Investments in Affiliates | | Section 206(3)-2 of the AA.  Rule 10b-18 of the1934 Act. | | Failure to identify affiliates and/or cause clients to invest/sell securities of affiliates. | |  | |  | |  | |  | |  | |  |  |
| 48 | Pricing, Valuation, Liquidity and Evaluation of Pricing Services | | Rule 206(4)-7 Procedures.  Rule 38a-1 Procedures. | | 1. Failure to follow pricing and fair valuation procedures in order to fairly and accurately value client holdings.  2. Failure to recognize and review prices of securities that have gone stale. | |  | |  | |  | |  | |  | |  |  |
| 49 | Privacy Policy | | Privacy Act (Regulation S-P)  Section 206(4)-7 Procedures.  Rule 38a-1 Procedures.  Rule 260.238(m) of CA Code of Regs.  MA Laws | | 1. Failure to provide initial and annual privacy notices, to provide training and restrict employee access and safeguard non-public personal client information.  2. Failure to provide required notices should a privacy breach occurs. | |  | |  | |  | |  | |  | |  |  |
| 50 | Proxy Voting | | Section 206(4)-6 of the AA. | | Failure to adopt and follow proxy voting policies and procedures and to describe and offer them, along with voting information to clients. | |  | |  | |  | |  | |  | |  |  |
| 51 | Risk Assessment | | Rule 206(4)-7 Procedures. | | Failure to conduct a risk assessment may be viewed as a deficiency in the development of the firm’s compliance program. | |  | |  | |  | |  | |  | |  |  |
| 52 | Rule 12b-1 | | Rule 12b-1 of the ICA.  Rule 38a-1 Procedures. | | 1. Failure to follow 12b-1 rules and have fund board annually approve distribution plan.  2. Failure to provide quarterly reports to the fund board.  3. Failure to maintain required records. | |  | |  | |  | |  | |  | |  |  |
| 53 | Safeguarding Client Funds and Securities | | Rule 206(4)-2 of the AA.  Section 17(f) of ICA and related rules.  Rule 38a-1 Procedures. | | 1. Failure to safeguard client assets from conversion or inappropriate use by the Firm or its personnel or to gain or maintain custody of client funds or securities without following 206(4)-2 procedures including failure to segregate duties or properly supervise; make direct debit of fees from custodial account without client authorization.  2. Failure of Funds’ TA to adopt and implement procedures to prevent unauthorized transactions in client accounts (theft, etc.). | |  | |  | |  | |  | |  | |  |  |
| 54 | Sarbanes-Oxley Code of Ethics  Regulatory Filings and Disclosures | | Sarbanes-Oxley Act  Rule 38a-1 Procedures | | 1. Failure to prevent conflict of interest and personal benefit of covered officers, personal business transactions, outside employment/activities, corporate opportunities, etc.  2. Failure to ensures full, fair, accurate, timely disclosure by covered officers. | |  | |  | |  | |  | |  | |  |  |
| 55 | Section 13 Reporting | | Section 13 of the 1934 Act.  Rule 206(4)-7 Procedures. | | 1. Failure to timely and properly file required reports.  2. Failure to ensure reports are accurate. | |  | |  | |  | |  | |  | |  |  |
| 56 | Securities Lending | | Rule 17f-2 of the ICA  Rule 38a-1 Procedures. | | 1. Funds exceed the maximum permitted loan percentages.  2. Failure to ensure proper collateralization.  3 Failure of lending agent to properly assess the financial condition of borrowers. | |  | |  | |  | |  | |  | |  |  |
| 57 | Service Providers | | Rule 206(4)-7 Procedures  Rule 38a-1 Procedures | | 1. Failure to monitor the performance of service providers, including physical inspections, operational and compliance programs.  2. Failure to disclose the receipt of any benefit or compensation for using service providers.  3. Failure to prevent the firm or any employees from receiving gifts/business entertainment, travel, lodging that may influence the use of specific service providers. | |  | |  | |  | |  | |  | |  |  |
| 58 | Shareholder Notification Procedures of Change in Investment Policy | | Rule 35d-1of ICA.  Rule 38a-1 Procedures | | 1. Failure to provide at least 60 days prior notice to shareholders of a change in a fund’s 80% investment policy  2. Failure to follow shareholder notification process. | |  | |  | |  | |  | |  | |  |  |
| 59 | Soft Dollar Practices | | Section 28(e) of the 1934 Act.  Section 206 of the AA. | | 1. Selection of brokers based on soft-dollar arrangements without regard to best execution.  2. Mixed-use items not appropriately allocated.  3. Research and/or sources of research outside of safe harbor.  4. Inappropriate use of research obtained with soft dollars. | |  | |  | |  | |  | |  | |  |  |
| 60 | Solicitors | | Section 206(4)-3 of the AA.  Payments for client solicitations | | 1. Failure to provide disclosure as required and follow conditions of Solicitation Rule.  2. Failure to disclose all payments/reimbursements to solicitors.  3. Failure to disclose in ADV. | |  | |  | |  | |  | |  | |  |  |
| 61 | Sub-Administrator Oversight | | Rule 38a-1 Procedures | | Failure to supervise/oversee activities of the funds’ sub-administrator. | |  | |  | |  | |  | |  | |  |  |
| 62 | Sub-Advisor Oversight | | Rule 206(4)-4 Procedures  Rule 38a-1 Procedures. | | Failure to supervise/oversee sub advisor activities. | |  | |  | |  | |  | |  | |  |  |
| 63 | Payments to third parties – rev share, shareholder servicing, sub-TA, etc. | | Rule 38a-1 Procedures  FINRA | | 1. Failure to disclose compensation to/from other parties in prospectuses.  2. Failure to disclose payments to fund board.  3. Failure to identify and manage actual or potential conflicts. | |  | |  | |  | |  | |  | |  |  |
| 64 | Transfer Agent Oversight | | Rule 38a-1 Procedures | | Failure to supervise/oversee TA activities | |  | |  | |  | |  | |  | |  |  |
| 65 | Wrap Programs | | Rule 206(4)-7 Procedures | | 1. Failure to disclose programs and how trading of securities is handled and fees charged.  2. Failure to follow trading procedures. | |  | |  | |  | |  | |  | |  |  |
| 66 | Identity Theft Prevention Program | | FACT Act & FCRA | | 1. Failure to ensure that covered primary providers have implemented reasonable procedures to detect “red flags” in order to prevent and mitigate identity theft. | |  | |  | |  | |  | |  | |  |  |
| 67 | CPO / CTA Registration Exemption | | CFTC Rules 4.5 and 4.14. | | 1. Failure to qualify for registration exemption by causing clients to invest in commodities beyond de minimus limits.  2. Failure to file annual notices of exemptions. | |  | |  | |  | |  | |  | |  |  |