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EVENTS & WEBINARS

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IA Compliance: Master Emerging Challenges

Sept. 16, 2019 | Philadelphia, PA

UPCOMING WEBINARS

Conquering Current Compliance Challenges

Sept. 11, 2019 | 2:00 - 2:30 PM EST

RECORDED WEBINARS

Conquering Current Compliance Challenges

Recorded: August 14, 2019

HANDBOOKS

Private Equity Enforcement Lessons Learned: Compliance Guidance for the PE Business Model

Includes: Best Practices, Key Regulatory Issues and Compliance Tips

The SEC Examinations Priorities Handbook (2019 Edition)

Includes: Best Practices, Document Request Letters and OCIE Risk Alerts

The Adviser's Guide to SEC Advertising and Marketing Rules

Includes: 23 Best Practices, 5 Peer-tested tools and 15 No Action Letters

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More evidence SEC edging closer to issuing new advertising rule

Published on: 9/5/2019 Content area: Investment Adviser

Comments?

It's expected that the promised revision to the Advisers Act's nearly 60-year-old [advertising rule](#) will address social media. That insight came out of a recent meeting between CCOs and top OCIE staff in San Francisco.

The Aug. 21 meeting included OCIE Director **Pete Driscoll**, his deputy **Kristin Snyder** and San Francisco Regional Office Director **Erin Schneider**, according to sources in attendance. The officials revealed they are visiting all 11 regional offices.

Besides mentioning the Division of Investment Management's work toward proposing a modern advertising rule, the officials noted IM is nearing release of guidance on valuation and anti-money laundering ([IA Watch](#), Oct. 4, 2018). OCIE, too, is laboring to release new risk alerts. Staff talked about one on [cross and principal trades](#), which came out Sept. 4 (see [related story](#)). They also spoke of a second you can expect soon on cybersecurity. The latter alert could include guidance for protecting client data when replacing hardware.

You also can anticipate the **SEC** will release FAQs tied to [Reg BI](#) ahead of the rule's implementation next year, the staff revealed.

Looking overseas

OCIE also is monitoring the impact of the GDPR on IAs. At least 1,000 RIAs that do business in the EU have been affected by the European regulation. A solution to the issue of registering foreign advisers continues to elude regulators but the SEC and EU regulators are trying to find one, OCIE staff said ([IA Watch](#), May 2, 2019).

Another issue being watched by OCIE is Brexit and its ramifications on RIAs. ESG and the pressure on RIAs to reduce their fees also capture the agency's attention, staff noted ([IA Watch](#), Aug. 15, 2019).

The staff also promised to continue to conduct at least "light touch" exams of newly registered firms. Factors that could spike a firm's risk profile include custody, having a disciplinary history, a firm's size and whether it advises mutual or private funds, sources report the OCIE staffers said.

Hot topics for advisers to private equity or hedge funds include conflicts, controls around the use of material, non-public information, fees and disclosures, valuation and side-by-side management.

Examining filings

Examiners will give firms time to comply with the new [liquidity risk management rule](#) ([IA Watch](#), Aug. 29, 2019). While there are no targeted exams currently planned, OCIE will be reviewing Form N-PORT filings for any signs of outliers or anomalies and judging if they can be explained by developments such as mergers, they said.

Expect that examiners will inquire about the age of a client when scrutinizing suitability and be able to point to documentation supporting your investment choices, sources report.

Another area to be cautious about coming out of the meeting is the use of celebrities in advertisements. OCIE staff discouraged their use because the ad could be seen as a prohibited testimonial.

The information contained herein was current as of the publication date.

Indexed by: Advertising/Marketing | SEC Examinations | Examinations |

Did you find what you were looking for?

Yes No

