



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
LOS ANGELES REGIONAL OFFICE  
444 S. FLOWER STREET, SUITE 900  
LOS ANGELES, CA 90071

, 2019

Dear ]

The purpose of this letter is to inform you that the staff of the U.S. Securities and Exchange Commission (the "Commission") is conducting a limited scope examination of your firm pursuant to Section 204 of the Investment Advisers Act of 1940. This exam is being conducted as part of the Office of Compliance Inspections and Examination's ("OCIE") engagement with the population of investment advisers that are newly registered with the Commission. Given the geographical location of your main office, you are subject to regulatory oversight by the Commission's Los Angeles Regional Office. The purpose of the examination is to better understand your firm's business activities, provide you with some information about the Los Angeles Regional Office's examination program, and discuss the Adviser's documents that are to be provided to the staff as described below.

Below are links to the OCIE's web page and information for newly registered investment advisers.

<http://www.sec.gov/ocie>

<http://www.sec.gov/divisions/investment/advoverview.htm>

To facilitate our examination, we will be requesting a number of documents about your business to review. The Staff will review these documents along with the information filed by the Adviser through the Investment Adviser Registration Depository. Once we have had an opportunity to review the information, we will coordinate a telephonic interview with you, and other principals of the Adviser, to discuss the Adviser's business operations and compliance

program. During the interview, we will also provide you with information about the National Examination Program and the Los Angeles Regional Office.

### **Data Delivery:**

Unless a file format is specifically requested by the exam team, please provide all requested data electronically in the file format ordinarily used and maintained by your business (*i.e.*, “native format”). For example, if a requested spreadsheet is created by your business in Microsoft Excel, produce the file in Microsoft Excel format.

Please contact the exam team if you have any questions regarding file format or if the nature of your production requires additional data delivery guidance or technical specifications. If you are producing a Concordance load file, please ask exam staff for additional guidance.

The requested electronic data may be delivered through the following methods:

### **Secure and Preferred Methods:**

- **Accellion**. Accellion is OCIE’s preferred file transfer system. The use of Accellion should minimize the risk of inadvertently disclosing or compromising personally identifiable information (PII). Accellion may also be quicker and less expensive than other delivery methods. The SEC External Guide for Using Accellion can be found on sec.gov or by clicking [here](#).
- **Secure Email**. Secure Email (smail) encrypts emails and attachments sent to the SEC. For attachments under 15MBs, smail is a preferred and secure delivery method. To use smail, you must first register with Zixmail. The SEC External Guide for Using the E-mail Encryption Solution, which includes Zixmail registration instructions, can be found on sec.gov or by clicking [here](#).
- **Transport Layer Security**. If your business has created a Transport Layer Security (TLS) connection with the SEC, you may securely send the requested data via email.

### **Disfavored Methods:**

- **Unencrypted Email**. Sending documents through unencrypted email is not secure. There is a risk it may be intercepted and revealed to outside parties. Emailing password protected files reduces the risk, but remains inferior to TLS or smail.
- **Electronic Media**. Electronic media such as hard drives, compact disks, thumb drives and laptops are also a disfavored means of data delivery. There is a heightened risk that information on electronic media could be lost or stolen. Any produced electronic media should be encrypted. If your business chooses to provide documents on electronic media, please provide passwords separately either via email or in a separate cover letter from the electronic media. Please be advised that such electronic media may be retained, returned or destroyed.

## **Information Request List:**

Information is requested for the period from \_\_\_\_\_ **through** \_\_\_\_\_, **2019 (the “Examination Period”)** unless otherwise noted. Please provide the requested information by

1. **Org Chart.** A copy of the Adviser’s organization chart showing ownership percentages of the Adviser and control persons, and a schedule or chart of all affiliated entities. Include all entities that are commonly controlled by, or under common control with, the Adviser.
2. **Current Employee List.** A list (preferably in Excel or ASCII delimited format) of current employees, partners, officers and/or directors of the Adviser, including:
  - a. name;
  - b. job title; and
  - c. office location.
3. **Former Employee List.** A list of all of Adviser’s employees, partners, officers and/or directors who resigned or were terminated since Adviser registered with the SEC.
4. **Litigation, Arbitration, Administrative Proceedings.** Any threatened, pending, adjudicated, or settled litigation, arbitration, or administrative proceeding involving the Adviser or any “supervised person” (if the matter relates to the supervised person’s association with the Adviser or a securities-related matter) including a description of the allegations, the status, and a brief description of any “out of court” or informal settlement. Note that “supervised person” is any partner, officer, director (or other person occupying a similar status or performing similar functions), or employee of an investment adviser, or other person who provides investment advice on behalf of the investment adviser and is subject to the supervision and control of the investment adviser (defined in Section 202(a)(25) of the Advisers Act). If none, please provide a written statement to that effect.
5. **Client List.** A spreadsheet (preferably in Excel or ASCII delimited format) of current advisory clients, indicating those that are wrap clients, including:
  - a. the name, account number, and current balance for each account of the client, as of \_\_\_\_\_, 2019;
  - b. whether the client is a related person, affiliated person, or a proprietary account;
  - c. the type of account (e.g., individual, defined benefit retirement plan, registered fund, or unregistered fund);
  - d. whether the account is a wrap account;
  - e. the account custodian and location;
  - f. whether or not the Adviser has discretionary authority;
  - g. whether the Adviser, an officer, an employee, or an affiliate acts as trustee, co-trustee, or successor trustee or has full power of attorney for the account;
  - h. whether the Adviser or related persons are deemed to have custody of, possession of or access to the client’s assets;
  - i. the account’s investment strategy (e.g., global equity, high-yield, aggressive growth, long-short, or statistical arbitrage); and

- j. the name of the account portfolio manager(s).
6. **List of Other Clients.** Names of any financial planning, pension consulting, or other advisory clients not named above.
  7. **Compliance Policies.** Compliance policies and procedures and the Adviser's code of ethics that were in effect during the Examination Period.
  8. **Advisory Agreements.** All forms of client advisory contracts or agreements that were in effect during the Examination Period.
  9. **Securities Holdings.** A spreadsheet (preferably in Excel or ASCII delimited format) listing the names of securities held in all client portfolios (aggregate position totals for all instruments) as of \_\_\_\_\_, 2019. For each security, include:
    - a. security name;
    - b. CUSIP (or other identifier);
    - c. name of each client holding an interest;
    - d. client account number;
    - e. number of shares or principal and/or notional amount held owned by each client;
    - f. aggregate number of shares or principal and/or notional amount held;
    - g. cost basis;
    - h. whether the position is fair valued; and
    - i. total market value of the position.
  10. **Financials.** The Adviser's balance sheet, trial balance, general ledger, and income statement as of the most current year to date.
  11. **Advertisements.** All advertisements used to inform or solicit clients/investors for the Examination Period. If information on services and investments is available on the internet, such as websites and blogs, make all versions available as either printouts or electronic archives.
  12. **Registration Basis.** Documentation supporting the Adviser's basis for registration with the Commission.
  13. **Brochures.** All versions of Part 2B of Form ADV or "Brochure Supplement" utilized during the Examination Period and any disclosure document used in conjunction with or in lieu of Part 2B.
  14. **Trade Blotter.** A blotter (preferably in Excel or CSV) for the Examination Period that lists transactions (including orders, cancellations, executions, expirations, errors, re-bills, reallocations) in securities and other financial instruments (including privately offered funds) for: current and former clients; proprietary and/or trading accounts and access persons. Please provide the information in Excel as indicated in Exhibit 1.

Your cooperation is greatly appreciated. If you have any questions, please contact

Sincerely,

Enclosures:

Examination Information Brochure (SEC Form 2389)  
Supplemental Information (SEC Forms 1661 and 2866)

## EXHIBIT 1

### Securities Trading Blotter/Purchase and Sales Journal – List of Required Fields

In conjunction with the scheduled examination, the staff requests records for all purchases and sales of securities for the fund. Please provide this record in Excel. This record should include the fields of information listed below.

**Please provide separate worksheets for: (i) equities (Note: ETF/ETN trades should be included with equities); (ii) fixed income; (iii) cash or cash equivalents, maturities, calls, pay-downs, expirations, or reinvestments of mutual fund dividends or capital gains distributions; (iv) mutual funds; and (v) options, futures, swaps and other derivatives.**

Please provide all trading activities in Excel or csv format, ending in .csv, using the fields and formatting conventions below.

#### 1. Account ID

Data Type: Text

The unique identifier for the account (e.g., JKH324JLK234, 23498236, RSmith).

#### 2. Account Description

Data Type: Text

A short description of the account (e.g., Robert X. Smith Retirement Account).

#### 3. Trade Date

Data Type: Date (ISO Standard 8601)

The standard internet date/time formats in yyyy-mm-dd (e.g., 2012-04-15)

#### 4. Trade Time

Data Type: Time

Time in 24-hour format to the highest precision available as HH:MM:SS.000 (e.g., 22:56:14.267).

#### 5. Settlement Date

Data Type: Date (ISO Standard 8601)

The standard internet date/time formats in yyyy-mm-dd (e.g., 2012-04-15).

#### 6. Trade Direction

Data Type: Text

Abbreviation codes for trade directions (e.g., “BL” for Buy Long, “CS” for Cover Short, “SL” for Sell Long, “SS” for Sell Short, “SPLT” for Split, “EXP” for Expiry). Please provide another attachment to explain the abbreviation codes.

#### 7. Trading Venue

Data Type: Text (ISO 10383 MIC)

Trading venue of where the trade occurred (e.g., BATS, NYSE, OTC).

#### 8. Quantity

Data Type: Integer

Trade quantity (e.g., 1000)

#### 9. Price

Data Type: Float

The price at which the trade was executed, without commas (e.g., 99.75). It is recommended not to provide any adjusted price, such as split/reverse split adjusted price (see item 10), and any non-trading related activities, such as corporate events.

10. Adjustment Factor

Data Type: Float

This field is related to item 9. If it's an equity instrument, please provide split adjustment factor. If it's a fixed income instrument, please provide amortization factor if applied. Otherwise, put default value of 1.

11. Notional

Data Type: Float

The total notional amount paid for the transactions.

12. Contract Size/Multiplier

Data Type: Float

The effective multiplier to derive the correct notional using the following formula:

Notional = Price x Quantity x Multiplier (e.g., the value for Equity = 1, Fixed Income = 0.01, Option = 100, and Future = contract size).

13. Currency

Data Type: Text (ISO 4217)

The currency in which the price is denominated, according to the ISO 4217 standard (e.g., USD).

14. Commission

Data Type: Float

This is the commission, if any, associated with the trade.

15. Fee

Data Type: Float

This is the fee, if any, associated with the trade.

16. Net Amount

Data Type: Float

Total amount paid for the trade, including fees and commissions.

17. Executing Broker

Data Type: Text

The name of the broker associated with the trade (e.g., JPMS).

18. Trader

Data Type: Text

The name of the Adviser's personnel associated with the trade.

19. Symbol

Data Type: Text

The exchange's symbol for the instrument traded (e.g., MSFT or GLD).

20. Symbol Description

Data Type: Text

The description of the security (e.g., Microsoft, Inc. or SPRD Gold Trust (ETF)).

21. CUSIP

Data Type: Text

The CUSIP of the instrument traded (e.g., 1234567A), if applicable.

22. Instrument Type

Data Type: Text

The type of the instrument (e.g., Equity, Fixed Income, Option, Future, Warrant).