



ADVISORS

Welcome to the annual edition of our newsletter.

- Our goal is to provide firms with relevant information.
- Some clients will also receive a quarterly newsletter that may include:
 - Updates on industry trends & rules
 - Ask Cory or FAQs
 - Updates/Summary of Services provided
 - Calendar of upcoming events and/or deadlines

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Inside this issue:

Overview	1
Industry Updates	2
Five Common Advisors Pitfalls	2
Regulatory Agencies	3
Frequently Asked Questions	4
Survey	4
Calendar	4

Maintaining a well-tuned engine requires regular oil changes every 3000-5000 miles. Periodic firm reviews, in alignment with an oil change, are a prudent course of action to exercise when evaluating your firm's core areas of investments, compliance, IT & Security, and Operations. The amount of time reviewing each area may depend on the size (or scale) of the practice. The review process is not a special formula, but rather a series of rules and best practices used to mitigate risk. To remove ambiguity in this process, we would encourage advisors to conduct the following:

Recommendations	Benefits or Best Practice
1. Follow established procedures	It is important to have procedures that are customized to your firm's needs.
2. Make periodic updates	It is important to discuss firm updates/changes and monitor them.
3. Keep required records	All records should follow state, SEC, or FINRA requirements and be backed up electronically.

Roberson Consults Group Services

We've streamlined our packages into a three-tier system to service boutique advisory firms. Each package is customizable. *Quarterly newsletter is included.

Tier	Complete Firm Review	Review Compliance Documents	Annual Updates filed
Tier 1-Comprehensive*	X	X	X
Tier 2-On-Going*		X	X
Tier 3-Basic			X

About Us

Roberson Consults Group is a consulting firm that provides compliance, operations, and business development services for boutique investment advisory firms.

Contact: Visit us online or contact Cory Roberson (Cory@robersonconsults.com) to discuss your possible needs.

Investment Advisor Industry Updates

Tired of using a separate password for the IARD and E-pay (billing) systems?

Effective March 18, 2013, all electronic Payment can be made via E-Bill. E-Bill allows entitled users to view and add funds to the FINRA Flex-Funding Account (currently known as the CRD/IARD Daily Account) through the IARD Firm Gateway.

Please Note: Effective June 17, 2013 the E-Pay system will be replaced by E-Bill in the web CRD/IARD system

For more information: <http://www.finra.org/Industry/Compliance/Registration/CRD/Epay/>

Five Common Advisor Pitfalls

Below is a list of common deficiencies based on our experience:

Procedures	Common Pitfalls	Impact to business/risk
Books & Records:	Incomplete accounting records Incomplete client files Posting testimonials and/or recommendations on website or social media	Recordkeeping
ADV Part I/II	Not filing ADV amendments Not delivering material changes to clients Brochures missing information No plain-english brochure	Not tracking material changes and regulatory requirements.
Procedures Manual:	Incomplete No procedures	Lack of written guidelines for tracking and monitoring business processes.
IT & Security	No electronic backups and/or business continuity plan No email retention/encryption	Risk in safeguarding client information.
Clients in New State Check	No check of registration requirements for out of state clients (if any)	Risk in operating in a state where registration or notice filing is required.

Who makes the rules? Which agency applies?

Have you ever wondered: “Which regulatory agency applies?”

This question is dilemma among many newly-registered advisors and industry veterans.

EXAMPLE: a fee-only financial advisor with \$50 million in AUM, would typically fall under a state-securities agency. Some private fund exemptions apply (e.g. 3c-1, 7 funds). Most registered investment advisors fall under SEC and/or state oversight. FINRA comes into play for broker-dealers/registered representatives. All firms use FINRA’s web CRD/IARD system.

Breakdown

Levels:

Advisor Level	Advisory firms. SEC (advisors act) and/or State rules apply
Fund level	Advisors who manage/sub-advise funds. SEC (company act) and/or State rules apply
Securities Level	Firms that transact in certain securities. SEC (securities act) and/or FINRA rules apply
Rep Level	All advisors. State (IAR) and/or FINRA (RR) rules apply

Regulatory Agencies

SEC	Regulatory agency for most firms with \$90 million or more in AUM (advisor level). IAR Reps at SEC-registered firms must register with the state (see state de-minimus rules).
State Securities Authorities	Regulatory agency for most firms below \$90 million in AUM and/or firms that meet certain exemptions from SEC registration (advisor level). IAR reps must register with the state. Some rules are specific to that particular state (e.g. prepayment of fees, de-minimus, and financials).
Secretary of State/Commissioner	Regulates the business entity (LLC, C-Corp, S-Corp) component of the firm. Regulates insurance licenses.
FINRA/NASD/CFTC/Other SRO’s/Independent Accounting Firm	Applies to firms that: (1) operate as a broker-dealer or are registered representatives of a broker-dealer that receive commissions, (2) dealing with financial transactions/currency, or (3) other investment activities.

Frequently asked Questions (Q & A)

Ask Cory

How do you know what is required?

By experience; researching rules, and contacting examiners. Rules can change and previous experience is not always sufficient. If we are unsure of an answer, we go straight to the SEC, State, or other agencies. Procedures may require additional clarification or changes.

Haven't updated my records in a while, What do I need?

Contact us at: cory@roberonconsults.com if you need assistance.

Survey

We believe that everyone (including ourselves) should adapt and improve our processes to better address advisors needs.

We'd like you to add comments or topics for future newsletters (web survey).

Online survey link: <http://www.surveymonkey.com/s/5V585WR>

Calendar: Q1/Q2 At a glance

4/1/13	<i>Have you made your ADV amendment?</i> ADV amendment is required for most firms' within 90-days of its fiscal year-end*.
6/17/13	E-bill replaces E-pay on web IARD/CRD

Contact me if you need assistance.



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