SEC Exam Priorities for 2015

Office of Compliance Inspections and Examinations ("OCIE") Identifies Priorities for Investment Adviser Examinations

The SEC has released its examination priorities list for 2015, outlining the agency's plans to focus exam resources on the protection of retail investors and retirement savings, market-wide risks, use of analytics, and other initiatives. Certain priority areas are highlighted below. Additional details are in the SEC's release.

Takeaways:

- Review your policies surrounding account and fee selection, reverse churning, sales practices for retirement accounts and rollovers, and recommendations of complex products, as they feature prominently in the exam risks identified.
- In addition to the areas noted above, dual RIA/BD registrants should consider testing their practices with respect to AML reporting and excessive trading.
- The SEC will be looking for non-compliant branch offices and recidivist representatives. Implement appropriate supervision and controls to monitor remote offices and individuals with a track record of misconduct.
- For complex and structured products, particularly when recommended to retail investors or investors saving for retirement, be prepared to evidence a higher level of due diligence and disclosure.
- Advisers to fixed income or "alternative" mutual funds will face scrutiny regarding their investment practices, including liquidity. The SEC also plans to review fund complexes that have not been examined.

You can find the full release here: http://www.sec.gov/about/offices/ocie/national-examination-program-priorities-2015.pdf

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