Compliance Checklist for State Registered Investment Advisers (California Only)

**BROCHURE RULE**
Annually, if you made material changes to your Form ADV Part 2A brochure since the last annual update, you must deliver the brochure (or deliver a summary of material changes and an offer of the brochure) to all clients.

Documentation you are required to keep: (1) a copy of each brochure and brochure supplement, (2) any summary of material changes that is not contained in the brochure, and (3) a record of the dates that each brochure and brochure supplement, each amendment or revision thereto, and each summary of material changes not contained in a brochure was given to any client or to any prospective client who subsequently becomes a client.

**PERSONAL SECURITIES TRANSACTIONS**
Every investment advisory representative of your firm must report all personal securities transactions made during a calendar quarter within 10 days of the quarter end. These records must be maintained at the firm and provided to the DOC at the time of examination.

**CUSTODY AND CLIENT BILLING**
You must comply with the custody provisions. If you directly debit investment management fees from your client’s accounts and otherwise do not have custody, take the following steps to avoid custody:

1. Obtain written authorization from your clients permitting you to be paid directly for their accounts held by the custodian or trustee.
2. Send a copy of your invoice to the custodian or trustee at the same time you send a copy to the client; or send only the amount of the fee to the custodian and send a billing statement to your client detailing the fee and how it was calculated and showing the following statement: “It is the client’s responsibility to verify the accuracy of the fee calculation; the custodian will not determine whether the fee is properly calculated”.
3. Make sure your custodian sends quarterly statements to your clients showing all disbursements for the custodian account, including the amount of the advisory fees.

**FINANCIAL FILING REQUIREMENTS**
Advisers must comply with applicable minimum financial requirements at all times. If you are subject to the minimum financial requirements, you must file within 90 days of your fiscal year-end a Statement of Financial Condition prepared according to GAAP. If you do not have custody and only take a LPOA to execute client transactions or only have discretionary authority, the financial statements need not be audited. You must accompany the Statement of Financial Condition with the required worksheet and a Verification Form.
STATE REGISTRATION & REGISTRATION OF INVESTMENT ADVISER REPRESENTATIVES (incl. Solicitors)
Renew your firm’s registration and the registration of your investment adviser representatives with each state as appropriate through the IARD system according to the posted calendar. Remember to start this process and fund your IARD renewal account early. Preliminary Renewal Statements will be available the first weekend of November.

ANNUAL UPDATING AMENDMENT
Update your ADV Part 1 on the IARD system within 90 days of your firm’s fiscal year-end. Also review and update, as necessary, your ADV Part 2 at this time. If changes are made, file on the IARD system with the amendment to ADV Part 1.

GRAHAM-LEACH-BLILEY ACT & FTC REGULATION
The Federal Trade Commission (FTC) has enforcement authority of the Graham-Leach-Bliley Act, a federal law, over all “financial institutions” that are not otherwise subject to the enforcement authority of another federal regulator under the G-L-B Act. This includes investment advisers not required to register with the SEC. The requirements are: (1) You must have written privacy policies and procedures. (2) You must deliver an initial description of your privacy policy to your clients before or at the time that they sign your management agreement. (3) You must annually deliver your privacy policy to your clients.

BOOKS & RECORDS
Review that you are complying with the State requirements for maintaining books and records. You must keep 5 years of records, of which the two most recent years must be kept in your main office, and the preceding years can be stored at a designated place off site.

For assistance in complying with the above rules and regulations, please contact:

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