

Investment Advisor Consulting

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Foreside helps clients grow with regulatory confidence.

The Brief:

A Registered Investment Advisor and its CCO approached Foreside for compliance support. The firm had had successful growth for over five years, but the CCO was also a Portfolio Manager and the firm was looking for added support for their compliance program.

The Approach:

After being hired, Foreside thoroughly examined the firm's existing compliance program, including its policies and procedures, risk assessment, client agreements, Form ADV, and website. Foreside found that the policies and procedures, the backbone of a firm's compliance program, were simply a modified version of boilerplate policies, and many of the policies adopted by the firm were not applicable to the firm's business. In addition, Foreside found that the firm's employees, including its CCO, were not aware of some of the requirements written into the firm's compliance manual. Therefore, not only did the firm not have evidence of compliance with those policies, employees were simply not following them. Foreside further found that some policies were inadequate to meet regulatory requirements based on the firm's business model. Foreside also found deficiencies in the firm's client agreements, ADV disclosures, and advertising. Foreside assisted the firm with amending the entirety of its compliance program, related documents and disclosures so that the program not only met regulatory requirements but was customized to the firm's own business model.

The Result:

Surprisingly, within weeks of the client restructuring its compliance program, the SEC called to conduct an onsite examination of the firm. Foreside assisted the client throughout the examination process, advising the firm on each item requested by the SEC, and providing guidance on how to respond to requests and supplemental inquiries. Although the examination covered the time period when the firm's compliance program was governed by its original compliance manual, which was found to be inadequate and deficient by the SEC, the exam resulted in no deficiencies due to the client's recent restructuring of the firm's compliance program. As a result of the client partnering with Foreside for compliance support, they not only experienced a clean regulatory exam, the firm's compliance program was significantly strengthened. The client and Foreside continue to enjoy a strong relationship today, which includes monthly consulting calls and quarterly training on compliance matters delivered by Foreside to the client's staff.

All situations are evaluated independently, and results may differ. It is important to note these case studies are not testimonials, but examples of strategies that have been deployed to assist our clients. These examples may not be representative of your experience with Foreside and do not guarantee that you will experience the same or similar results.

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