

# Investment Advisers and Dual Registration

George DeAngelis, Assistant Regional Director  
Jennifer Grumbrecht, Assistant Regional Director  
Dawn Blankenship, Assistant Regional Director  
Jennifer Klein, Exam Manager  
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# Discussion Points

- Coordinated Exams
- Addressing Conflicts of Interest inherent in the business model
- Common Exam Findings

# Dual Registrant Population (NYRO)

- 2,500 total RIAs in NYRO
- 110 dual registrants
- 670 RIAs with affiliated BDs
- 75 RIAs with registered representatives of a BD

# Coordination

- Periodic meetings with management on the IA and BD sides here in the NYRO
- Identify potential targets for coordinated exams
- Factors: staff experience; timing; time since last exam; TCRs; and overlap of business

# Joint Request List & Disposition

- Usually, joint requests for dual registrants
- Attempt to avoid duplication
- Challenges:
  - client lists (customers vs clients);
  - trade blotters;
  - and complaints
- Generally, separate deficiency letters sent to IA and BD

# Conflicts of Interest

- Suitability Assessment
- Disclosures
- Principal Trades
- Cross Trades
- Agency Cross Trades
- Affiliated Products
- Compensation and Revenue Sharing

# Examples of Risk Areas Reviewed

- Wrap Fee Accounts
- Information Barriers
  - Proprietary Research
- Marketing and Sales Practices
- Trading Practices
  - Trade Error Resolution Processes
- Allocation of Investment Opportunities
- Reliability of Data and Surveillance



# Common Exam Findings

- Compliance Program & Supervision
- Suitability
- Best Price and Execution
- Safeguarding Client Assets