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# OCIE Unveils Plan to Examine Never-Before-Examined Advisers

## Investment Management Update

Date: March 10, 2014

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### *Are You Ready for Your SEC Audit?*

The SEC [announced on February 20, 2014](#) that its Office of Compliance Inspections and Examinations (OCIE) is launching an initiative to conduct examinations of a significant percentage of investment advisers who have never been examined, focusing on those who have been registered with the SEC for three or more years. OCIE has indicated that examining these advisers is a priority in 2014.

The sweeping regulatory changes instituted under Dodd-Frank have had a significant impact on investment advisers of all types, especially those who manage private investment funds such as hedge funds. Many who were previously exempt from registration under the Investment Advisers Act of 1940 are now required to register with the SEC. Additionally, many are now subject to increased reporting requirements.

OCIE has stepped up its efforts to examine investment advisers' compliance policies and procedures. These examinations are often conducted with very little notice. If your compliance program is found to be lacking, you may face action by the SEC's Enforcement Division. If OCIE comes knocking on your door, will you be able to demonstrate that your compliance program is in order?

Our Investment Adviser Compliance Team will analyze your compliance program and assist you in addressing any weaknesses that may prevent you from meeting your regulatory obligations. We tailor our evaluation to meet your specific needs, whether your compliance efforts need a complete overhaul or just a few minor adjustments. We can provide any or all of the following services as necessary:

- **Perform a risk assessment.** We will provide you with an assessment of the operational and regulatory risks confronting your organization.
- **Conduct staff interviews.** We will interview key personnel to gain a complete understanding of your operations and to corroborate the findings of the risk assessment.
- **Review Form ADV.** We will use information compiled during the risk assessment and staff interviews to confirm that disclosure provided in Form ADV is consistent with your operations.
- **Review written compliance policies and procedures.** We will review your compliance policies and procedures to ensure they are reasonably designed to meet the risks identified in the risk assessment and verify that written policies and procedures are consistent with your actual operational practices.
- **Perform an annual review.** We will conduct a comprehensive annual evaluation of your compliance program to determine whether it is reasonably designed to satisfy regulatory requirements and address your operational and regulatory risks. We will provide a written report of our findings.
- **Conduct a mock regulatory examination.** We will perform a mock examination based on current enforcement trends and other relevant issues so you are adequately prepared to respond to an SEC examination.
- **Assist in preparing for examination.** We will assist you in preparing for an SEC examination, advising you on the production, organization and delivery of requested materials prior to the arrival of the SEC, as well providing advice and document review during the on-site portion of the examination.

- **Assist with completion of Forms PF and 13H.** We will assist you in implementing programs to ensure that appropriate information is captured and provide guidance on completing each form.

To provide you with maximum value, we will work with you to determine a fee that best meets your budgetary requirements.

Preparation is key in protecting your business and avoiding potentially devastating consequences. Discover and correct any deficiencies in your organization's compliance program now – before you become the target of an SEC examination.

### **FOR MORE INFORMATION**

For more information about our compliance services or to schedule a complimentary presentation on what to expect during an SEC examination, please contact:

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