

AdvisorLaw®

Registered Investment Advisors

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Protecting Your Livelihood

Table of Contents

RIA Setup & Registration..... 3-4

RIA Ongoing Compliance..... 5-7

- Nexus Enterprise Platform..... 8-16
- CyberProtection Program..... 17-20

Private Equity Funds..... 21-22

- Formation..... 23
- Compliance..... 23

Audit Support Response..... 24-26

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RIA Setup & Registration

Launching your own RIA firm gives you the autonomy and flexibility to truly create the business value that you desire. Let's explore your independence.

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AdvisorLaw's compliance team leverages our extensive experience in the enforcement space to fully customize your RIA, in adherence to best practices. Our registration package takes your RIA firm from concept to fully-functioning business.

SEC & State Registration Services:

- articles of incorporation & entity registrations
- drafting & filings
  - ADV 1A/B D
  - ADV 2
  - ADV 3/CRS
  - IAPD/CRD registrations
  - U4/U5s
- compliance manuals or policy & procedure manuals
- privacy policies
- client advisory agreements
- investment advisory agreements
- code of ethics
- review of emails, business cards, stationary, marketing materials, & websites
- conflicts of interest, outside business activities, & other disclosures as needed
- cybersecurity policy
- business continuity plan
- AML procedures
- disclaimers or disclosures for websites & apps

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RIA Ongoing Compliance

All RIAs must demonstrate a culture of compliance to regulators, but few RIA owners have the time or expertise to manage the constantly changing regulations. How good is your compliance support team? AdvisorLaw provides integrated compliance and support for RIAs.

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AdvisorLaw's compliance team includes both securities attorneys and certified securities compliance professionals (CSCP). We stay ahead of SEC and state regulatory changes so you can focus on building your practice. If you have any questions — call us — our compliance services include a complimentary attorney consultation.

AdvisorLaw offers ongoing and compliance support for RIAs, including:

Policy & Procedure Reviews

Customized Calendar

Ongoing Reviews & Updates

Annual Filings

Our ongoing compliance provides a custom portal and calendar to make task management and reporting easy. Through advanced technology integration, we offer efficient **automation** and **full control.**

Ongoing Compliance Support

- updates to form ADV (all parts)
- review & update RIA documents including:
  - policies & procedures manual
  - privacy policies
  - investment advisory agreements
  - cybersecurity policies
  - code of ethics
  - business continuity plan
- marketing reviews (10 hours annually)
- support email & trade reviews
- review of conflicts of interests, outside business activities, & disclosures
- task reminders
- all required filings (U4, U5, & UF)
- year-round access to an attorney for questions
- quarterly & annual compliance program reviews

Enhanced Compliance Services

- email reviews
- trade monitoring & reviews
- collect annual attestations
- review personal transactions

Outsourced Chief Compliance Officer (CCO)

**Please contact us directly to learn more about our outsourced CCO options.*

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Nexus Enterprise Platform

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The growing complexity of RIA regulatory and compliance standards can be overwhelming.

AdvisorLaw's Nexus enterprise platform streamlines the compliance process.

Today's regulatory and compliance standards are constantly evolving — spurring many challenges for in-house RIA compliance in the management of workflows and business oversight. Frequently, these operational requirements take away from time that could be better spent generating revenue and cultivating client relationships.

Enter AdvisorLaw's Nexus.

Our Nexus technology offers a complete RIA support system in one, centralized platform for methodical and efficient management of the modern RIA.

► *Solving Everyday Problems*

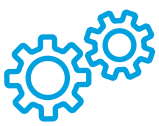
Compared to more expensive corporate software, our Nexus platform offers all necessary features, in one place, at a lower price. Your firm will work smarter, have better productivity, cut costs, and save time with AdvisorLaw's integrated, configurable solution — creating operational efficiency in nearly every aspect of your business.

► *Infrastructure For Command & Control*

The Nexus platform is a sophisticated tool that was built specifically for the financial-services industry by in-house programmers at a dually-licensed broker-dealer and RIA firm. With the benefit of that substantial experience and knowledge of the everyday regulatory problems facing financial-services businesses, Nexus offers RIAs a solution to satisfy daily operational requirements, while also incorporating the computing capacity required to increase value through real-time automation.

Our platform offers both granular control and management transparency while eliminating repetitive administrative and workflow duties. Nexus also provides your business with top-notch client confidentiality and data privacy, coupled with a strong cybersecurity defense.

Our Nexus platform software provides:



Nine-in-One Functionality — Typically found across 9, separate software programs, our platform's integrated capabilities deliver outstanding performance and maximum value.



Work Your Way Flexibility — Modular functionality is easily selected and can be configured both to solve your most urgent business needs and to operate in a manner reflective of your internal processes and procedures and your specific operational style.



Support for Growth Scalability — Nexus provides the ability to scale as you grow — whether within a single office or across multiple locations.

Portfolios & Compensation

Is your RIA seeking a simpler solution to ensure the timely completion of trade and billing-management duties?

AdvisorLaw's Nexus gives you the power to automate your recurring tasks.

► *Supporting RIAs' Foundational Needs*

With integrated and automated day-to-day operations to expedite processes, Nexus's built-in flexibility allows for custom-tailoring to your RIA's specific policies, monitoring and enforcing the application of those policies, and conducting the required testing. Its automation feature minimizes the number of tasks that your team is required to remember, with alerts that appear on time and bring the user to the place in the system where the task can be completed.

► *Control & Setup*

Nexus enables you to manage how trades and payment information are handled at every step — from data entry to payouts — with protocols based on your policies and procedures. Our platform facilitates collaboration between RIAs and their independent advisors, bringing more ease to the building and management of highly specialized investment portfolio strategies.

Nexus's holistic strategy improves productivity, lowers ongoing expenses, and offers precise, consistent monitoring and compliance capabilities — substantially increasing the efficiency of your trading and payment activities.

► *Commissions, Billing, & Trade*

	An optional, integrated fee-payment system with capabilities that include monitoring, licensing, creating and electronically filing W2s, state-licensing monitoring, and tax-document creation.
	Multi-source data feeds that can be expanded as necessary.
	Production of Forms 1099 (MISC/NEC/DIV) and accessible payroll statements for advisors.
	Identification of potential conflicts with your Form ADV.
	The ability to respect almost any payment arrangement.
	Customization of payment frequencies.
	Recognition of transactions requiring review and customizable alerts.
	Versatile setups for unified billing.
	Model management that enables the business to run its own advice program and model marketplace.
	Drift and rebalancing detection with alerts.
	Daily checks for reverse churning and high-cash-balance notifications.
	Notification of insufficient cash to cover advisory fees.

Compliance & Oversight

Do you find your staff taxed by the effort required to comprehend the intricate and dynamic regulatory requirements of your RIA?

AdvisorLaw's Nexus alleviates that burden by minimizing the time and energy needed to satisfy your obligations and execute them in a compliant manner.

► *Streamlining The Complicated Requirements For Compliance & Oversight*

Our Nexus platform offers management and compliance unmatched control over the user experience, Our team of attorneys and compliance analysts have full access to navigate the intricacies of the Nexus platform, while your RIA's advisors can be provided with a streamlined access and interface to simplify and facilitate their use of the platform.

Nexus provides detailed monitoring capabilities that offer reliability superior to the spreadsheet monitoring typically used in the industry. Our platform is powered by sophisticated, integrated, and customizable rule sets — to facilitate your everyday compliance needs. The resulting strategy is all-encompassing and exhaustive, with the ability to reduce the number of people required to manage your RIA's compliance.

Transparency & Responsibility

Our Nexus platform gives management the ability to more efficiently address tasks and responsibilities, assist advisors in upholding their fiduciary responsibilities, and focus on preserving SEC, State, DOL, and any other applicable regulatory-scheme compliance.

RIA Compliance

- enforcement tools
- AML capabilities (FinCen OFAC, KYC)
- surveillance exceptions & reporting
- audit reporting
- check, signature, & securities-blotter systems
- ADV adherence
- restricted-securities review capabilities
- various alerts:
  - reverse churning
  - high-cash balance
  - leveraged holding
  - misalignment
  - asset-concentration
  - exceeding max client fees

Supervision

- risk-based transaction review (Smart Blotter™)
- firm-defined transaction color coding
- extensive, firm-defined transaction review & assignment capabilities
- IAR & firm state registration checks on every transaction
- the ability to delegate certain CCO tasks

Reporting

- 150+ standard reports accessible to advisors
- configurable views with arbitrary column & group selections
- customized reports, upon your RIA's request
- connections to business intelligence reporting software, such as PowerBI

Workflows & Operations

Don't allow your business's future expansion to be hindered by inefficiencies resulting from the need to juggle information from so many different sources.

AdvisorLaw's Nexus platform lays the groundwork for productivity by centralizing and streamlining the process.

► *Improving Workflow & Procedures*

Our Nexus platform offers technological solutions for RIAs' end-to-end, use-case scenarios, as well as many of the issues related to managing the myriad individual items, data, and tasks that financial advisors must monitor and carry out each day. We've blended **9 different technologies** into a single, integrated package — to access all pertinent information, concurrently, with system-built adherence to your ADV.

► *Creating Synergy*

By coordinating communications, workflow management, compliance documentation, and books and records management, Nexus serves as a traffic director — laying the groundwork for productivity by determining how each user views and interacts with the data, while also establishing rules to assist departments' ability to work together and communicate with the greatest possible efficiency.

Project & Workflow Management

- unified, task-based system
- integrated, secure communications for operations & compliance related matters
- real-time statuses for requested & mandatory tasks
- storage of each complete task lifecycle to provide dependable information archiving & retrieval
- workflow ticket distribution, handling, & notification
- highly-configurable, compliance controls for:
  - task types
  - workgroups
  - business-rule steps
  - routing to multiple workgroups within compliance
  - internal, office-centric workflows for individual advisor offices
  - integration with document management systems & e-signature providers

Records Management & Books

- streamlined OFAC & CIP compliance with risk-alert submission
- distribution of official forms for download
- electronic forms for compliance questionnaires
- LaserApp integration for generating & saving forms
- 8 master reporting groups with 150+ real-time reports

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Cyber Protection Program



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On February 9, 2022, the SEC voted, 3:1, to propose rules expanding cybersecurity and risk-management requirements, including a mandate that RIAs implement a formal cybersecurity program.

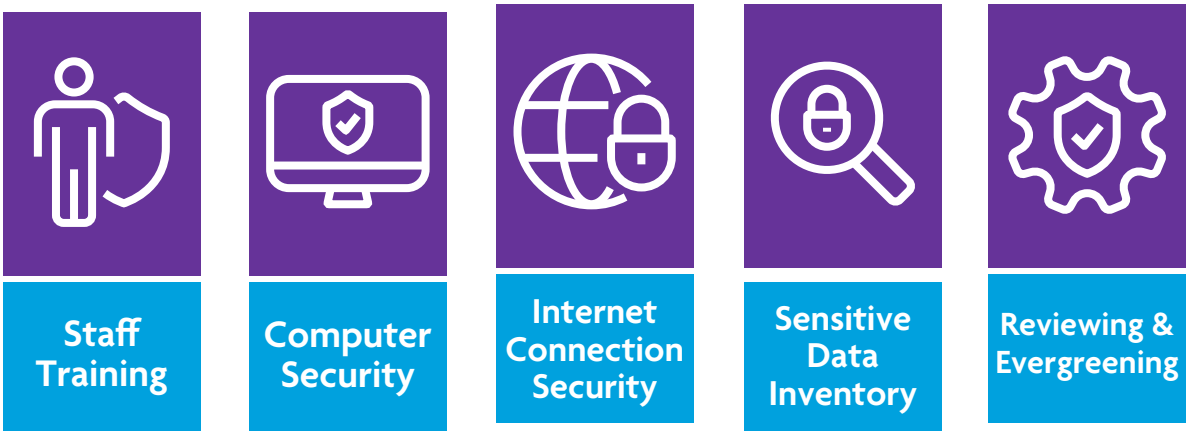
On May 3, 2022, the SEC announced that it will allocate an additional 20 positions to its Crypto Assets and Cyber Unit in the Division of Enforcement, bringing the total number of dedicated positions to 50.

With the inevitable tightening of RIAs' cybersecurity requirements, it's important to know what's needed and find a service that meets the needs of your business.

► Program Functions

Cybersecurity programs must be compliant with regulatory requirements. They also need to reflect the size of the business and the manner in which it conducts itself. Most important, a cybersecurity program must actually protect what needs to be protected — your business and your clients.

A well-designed cybersecurity program consists of five pillars:



About AdvisorLaw's CyberProtection

Our service was designed to ensure that your RIA has the appropriate protections in place, that you and your staff have a clear understanding of what's required, and that you can maintain adequate records to demonstrate your compliance in safeguarding the information entrusted to you.

Initial Comparison

We begin by conducting a comparison of your existing cybersecurity policies to your current technology and staffing footprint. While these should be aligned, we find that they often are not. Policies really are the blueprint for your cybersecurity program — any flaws in the blueprint get carried over to the program.



Staff Training — Training is a critical component of a comprehensive cybersecurity program. As the cybersecurity environment is continuously changing, we recommend a two-step approach.

Step One involves the targeted, electronic delivery of mini-training modules, every four-to-six weeks.

Step Two involves the distribution of periodic phishing emails. The emails consist of general phishing, spear phishing, and highly-targeted "whaling."



Computer Security — We monitor your systems' security health on a daily basis. This includes determining if security patches are available, ensuring that your anti-virus software is up-to-date, and the reporting on the status of your disk encryption.



Internet Connection Security — Knowing what the world sees from your front door to the internet is important. Our Public IP Monitoring scans your static IP address daily to detect configuration changes. We recommend a static IP address, but if you have a dynamic IP address, we will coordinate with you to perform periodic scans.



Up-to-Date Inventory of Sensitive Data — Knowing where sensitive information is stored and who has access to it is a critical part of managing risk. Our inventory will allow you to easily track how information is backed up, how it's being secured, what third parties are being utilized, and which of your staff members have access.



Processes for Reviewing & Evergreening — The cybersecurity landscape is constantly evolving. Your security program must be able to adapt to this. We constantly monitor the threat landscape and, if needed, work with you to modify your policies and procedures. We also meet with you on an annual basis to review your cybersecurity program, discuss how well it performed, and determine potential areas for improvement.

AdvisorLaw®

Private Fund Formation & Compliance

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From pre-launch through ongoing compliance, our extensive experience in exempt fund formation and compliance provides peace of mind for general partners and fund sponsors, as well as private fund advisers.

We can assist with the formation and compliance for **Private Equity Funds** and **Hedge Funds.**

Private Equity Funds

Private equity funds tend to focus on **long-term** investment possibilities in privately-held or closely-held companies that take time to sell or bring public.

Hedge Funds

Hedge funds pool money from investors and invest it, hoping to make a profit. In the U.S., hedge funds are most often organized as limited partnerships (usually in Delaware). Typically, a limited liability company or corporation will act as the manager or general partner of a limited partnership.

Private Fund & Digital Currency Fund Formation

Our experienced team will guide you through the formation process, step by step. We will prepare the following documents as necessary and required by applicable Rules, Regulations, and Laws

- subscription agreements
- private placement memorandums or other offering circulars
- operating agreements
- corporate articles of incorporation & bylaws
- limited liability partnership agreements
- prepare & file Form D
- third-party service agreements:
  - investment management
  - independent contractors
  - administrators
  - auditors
  - custodians
  - & more...

Private Fund Compliance Consulting

Private funds may require certain filings under the Securities Act of 1933 and state securities laws, including the Form D or limited offering exemption filings. Private fund investment managers may also have to file for registration under the Investment Advisers Act of 1940 and state securities laws, and they may have to register or file an exemption under the Commodity Exchange Act.

Investment professionals who manage private funds are also subject to certain federal and state rules that should be documented in a policy manual and updated on a minimum of an annual basis. AdvisorLaw can review the following for continued compliance:

- subscription agreements
- private placement memorandums
- quarterly reports
- new investor profiles
- file Form D

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Audit Response Support



Audits are a normal part of doing business.

Regulators will typically conduct audits of new firms 4-8 months after they've been successfully registered. A risk assessment is then performed and an audit return schedule is determined. Some states require a new assessment every 3-5 years. But if the SEC determines that a firm is low-risk, a new audit may not be conducted for up to 10 years.

Regulatory Investigation Defense

All financial industry enforcement investigations start with a simple inquiry and can end in disclosures, suspensions, fines, and even a bar from the financial services industry.

Due to the stakes involved, it is vitally important to respond promptly, consistently, and with a high degree of precision. An advisor should be represented by counsel at every point in the process.

There are two levels of SEC investigations. The first is an informal investigation, called a Matter Under Inquiry ("MUI"). The second is a formal investigation which grants SEC staff the ability to issue subpoenas and administer oaths.

Most SEC investigations are triggered by one or more of the following:

- unregistered securities offerings
- failure to supervise
- accounting deficiencies
- broker-dealer sales practices
- insider trading
- misleading or fraudulent disclosures

Wells Notice

Receiving a Wells Notice means that Enforcement intends to bring a formal claim against you. A list of alleged violations will be compiled, and Enforcement will begin building its case.

SEC Enforcement Actions

The consequences of SEC investigations can range from small sanctions, to large fines, to asset freezes. They can even be as severe as referrals of criminal matters to the United States Attorney's Office and a permanent bar from the industry altogether.

AdvisorLaw Defense

It is absolutely imperative to realize that each step of the process positions Enforcement to build the strongest case possible. There is no point in your career when AdvisorLaw protecting your livelihood is more valuable than when you are subject to an investigation by FINRA, the SEC, the state, or a licensing entity, such as the CFP Board.

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Let's Connect!

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