

Compliance Outsourcing Recognized in Form ADV



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In a recent amendment to the SEC's Form ADV and the Investment Advisers Act, financial advisers are now required to report the name and IRS Employer Identification Number (if appropriate) of anyone outside their firm who is "providing chief compliance officer services."

HERE IS THE ENTRY FROM PAGE 19:

Item 1.J. of Form ADV currently requires each adviser to provide the name and contact information for the adviser's chief compliance officer. We propose to amend Item 1.J. to require an adviser to report whether its chief compliance officer is compensated or employed by any person other than the adviser (or a related person of the adviser) for providing chief compliance officer services, and, if so, to report the name and IRS Employer Identification Number (if any) of that other person. Our examination staff has observed a wide spectrum of both quality and effectiveness of outsourced chief compliance officers and firms. Identifying information for these third-party service providers, like others on Form ADV³², would allow us to identify all advisers relying on a particular service provider and could be used to improve our ability to assess potential risks.

SOURCE:

SECURITIES AND EXCHANGE COMMISSION

17 CFR Parts 275 and 279

Release No. IA-4091; File No. S7-09-15

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AMENDMENTS TO FORM ADV AND INVESTMENT ADVISERS ACT RULES

[Click Here for Source](#)

FOOTNOTE FROM SOURCE:

³² For example, advisers provide the names and addresses of independent public accountants that perform audits or surprise examinations and that prepare internal control reports on Form ADV, Part 1A, Schedule D, Section 9.C.