



CONSTELLATION

ADVISERS, LLC

Regulatory Notice: 19-03

The U.S. Securities and Exchange Commission ("SEC") has released its annual report outlining the Office of Compliance Inspections and Examinations ("OCIE") 2019 National Exam Priorities, which are organized around six themes:

- Retail Investors
- Compliance and risks in critical marketing infrastructure
- Financial Industry Regulatory Authority ("FINRA") and Municipal Securities Rulemaking Board ("MSRB")
- Cybersecurity
- Anti-Money Laundering ("AML") programs
- Digital Assets (cryptocurrencies, coins and tokens)

Below is a summary of OCIE's priorities for 2019. OCIE continues to focus on critical market infrastructure as well as Main Street investors. Please do not consider this list as the only areas OCIE is testing this coming year. To view the full release, click [here](#).

In addition, the SEC is likely to continue examining never before examined Investment Advisers with an emphasis on those that have been registered three or more years.

2019 OCIE NATIONAL EXAMINATION PRIORITIES

Retail Investors, Including Seniors and those Saving for Retirement

- Disclosure and calculation of fees, expenses, and other charges investors pay, the supervision of representatives selling products and services to

investors, including senior investors and those saving for retirement, broker-dealers entrusted with customer assets, and portfolio management and trading.

- Policies and procedures addressing the use of affiliated service providers and products, securities-backed non-purpose loans and lines of credit, and borrowing funds from clients.

Compliance and Risks in Critical Market Infrastructure

- Entities that provide critical services to the functioning of the capital markets and will include clearing agencies, national securities exchanges, and transfer agents among others.

FINRA and MSRB

- Quality of FINRA's examinations of broker-dealers and municipal advisors.
- OCIE will also focus on the effectiveness of FINRA and MSRB's operations, internal policies, procedures and controls.

Cybersecurity

- Governance and risk assessment, access rights and controls, data loss prevention, vendor management, training, and incident response.
- OCIE will also emphasize cybersecurity practices at advisers with multiple branch offices.

AML

- Whether entities are appropriately adapting their AML programs to address their obligations, including customer due diligence requirements and whether entities are taking reasonable steps to understand the nature and purpose of customer relationships and properly addressing risks.
- The reviews will also assess whether the entities are filing timely, complete, and accurate Suspicious Activity Reports ("SARs"), when required; and conducting robust and timely independent testing of their own AML programs.

Digital Assets (cryptocurrencies, coins and tokens)

- Portfolio management of digital assets, trading, safety of client assets, pricing, and compliance and internal controls related to the offering of these types of assets.

TAKE ACTION!

Clients Should:

- Examine their advisory activities to confirm they have appropriate policies and procedures in place to address the items identified above.
- Verify that their policies and procedures are functioning properly.
- Confirm that they are maintaining the appropriate books and records to substantiate their compliance with regulatory requirements.
- Consider undergoing a mock exam to test the compliance program and have the opportunity to correct any deficiencies before undergoing an SEC exam.

**Contact a member of Constellation's compliance team for
assistance with any regulatory and compliance needs.**

Constellation Advisers | 1212 Avenue of the Americas, 6th Floor, New York, NY 10036

[Unsubscribe {recipient's email}](#).

[Update Profile](#) | [About Constant Contact](#)

Sent by webmail@constellationadvisers.com