Complete the ADV Re: Custody

Custody of client funds is a focus of regulators. Having “custody” can arise from various arrangements depending on your firm’s business practice. The kind of custody your firm may have is reported on your ADV as “Yes” if you view it through the SEC IAPD website and is viewable through the Central Registration Depository (CRD/IARD).

Fee deduction from client accounts is a form of custody. However, if you follow the requirements under Wisconsin’s DFI 5.035(1)(f), you will not be required to list as “Yes” if “No,” as ADV1B Item 2(I) as “Yes.” There are subparts of custody. If this is the case for your firm, you should answer ADV1A Item 9(A) as “Yes” and ADV1B Item 2(I) as “Yes.” There are subparts of custody. If this is the case for your firm, you should answer ADV1A Item 9(A) as “Yes” and ADV1B Item 2(I) as “Yes.”

Note that the interpretation of the administrative code is incomplete for all forms of custody and paraphrased for this article. You can find a complete listing of the Wisconsin Administrative code for advisers at http://docs.legis.wisconsin.gov/code/admin_code/dfi_sec/5.pdf

Footnote 1

Footnote 2

Dos Staff Updates

After thirty years with the Division of Securities, examiner Nancy Jackson retired at the end of the year. We wish Nancy well as she enjoys her well-deserved retirement! In February, we welcomed a new examiner to our examiner team. Charles looks forward to meeting our registered investment advisers and assisting them with their regulatory compliance.

Future Newsletter and Event Topics

If there are questions or topics that you would like to see us address in future newsletters, events or other communications to the investment adviser community, please feel free to send an email to: Deborah.Fabritz@dfi.wisconsin.gov

ANNUAL AMENDMENT TO FORM ADV

Annual amendments for investment advisers are handled through the UIOD. Investment advisers are required to perform an annual updating amendment to Form ADV within 90 days of the end of the adviser’s fiscal year that most firms, that will be on March 31st.

When you submit your annual updating amendment, you must update your record to respond to all items, including corresponding sections of Schedules A, B, C, and D.

You can submit your summary of material changes either in the brochure (cover page or the page immediately thereafter), or as an exhibit to your brochure. The ADV Part 2 amendment should include, at a minimum, an update to the number of clients and assets under management. Failure to update Form ADV creates a disclosure violation.

Additional information can be found on the website at: http://www.dfi.wisconsin.gov/securities/information/about_adv.html

FACEBOOK

Earlier this year, the Wisconsin Department of Financial Institutions (DFI) launched its profile on the popular social media site FaceBook.

The new DFI FaceBook page provides information about investor education, financial literacy, fraud and scam warnings, and other timely news from DFI.

For instance, recently, DFI posted a Scam Alert to the FaceBook Profitable Sunrise, a recent scheme that poses a threat to consumers about investor education resource for them. Also be sure to “like” our page to see future content in your Facebook newsfeed.

The new DFI Facebook page provides information about investor education, financial literacy, fraud and scam warnings, and other timely news from DFI.

For instance, recently, DFI posted a Scam Alert to the FaceBook Profitable Sunrise, a recent scheme that poses a threat to consumers about investor education resource for them. Also be sure to “like” our page to see future content in your Facebook newsfeed.

The new DFI Facebook page provides information about investor education, financial literacy, fraud and scam warnings, and other timely news from DFI.

For instance, recently, DFI posted a Scam Alert to the FaceBook Profitable Sunrise, a recent scheme that poses a threat to consumers about investor education resource for them. Also be sure to “like” our page to see future content in your Facebook newsfeed.