

RETIREMENT ACCOUNTS

SALES PRACTICES and SUITABILITY

New York Regional Office
CCO Outreach
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DISCUSSION POINTS

- Coordinated Exams
- Marketing Materials and Sales Practices
- Roll Overs
- Suitability Assessment

DISCUSSION POINTS cont'd

- Disclosures
- Conflicts/Compensation and Revenue Sharing
- Compliance Supervision

IA-BD EXAMINATION COORDINATION

- Identify potential entities for coordinated exams
 - Factors include, but are not limited to: risk assessment; time since last exam; business model; and TCRs.
- Investment Adviser operating out of BD Branch Office
- Dual Registrants
- Registered Investment Adviser with affiliated BD

Marketing and Sales Practices

- How are firms soliciting clients/customers?
 - Advertising, One on One Meetings
 - Investor Education
- How do you learn that a plan participant will be separating or has separated from employment?
- Marketing materials
 - Model or hypothetical Performance Returns
 - Fee and expense comparisons
 - Referral Arrangements

ROLL OVERS

- Roll over of assets from employer-sponsored pension plans to IRAs
- Are transfers out of a plan voluntary (e.g., client/customer-initiated) versus mandatory?
- Types of analysis performed in recommending an account type, e.g., brokerage or advisory account, type of brokerage or advisory account?
- Types of advisory accounts recommended, e.g., wrap fee program, managed account, other discretionary account, non-discretionary account

Suitability Assessments

- Plan Service Providers and IRA Rollover Account Providers
- Initial and Ongoing Due Diligence
- Investment options, e.g., structured products, REITs, variable annuities, mutual funds, target date funds, ETFs.
- Investments that are not classified as securities, e.g., real estate, oil and gas leases.

DISCLOSURES

- How are Disclosures Provided?
 - Orally, Electronically, Delivered by mail
- Timing of Disclosures?
 - Before initiating an IRA rollover, Concurrently with initiating an IRA rollover, After initiating an IRA rollover
- How are firm's responding to questions from plan participants and other clients/investors regarding opening an IRA or rolling over plan assets into an IRA?

Compensation and Revenue Sharing

- Does the sponsor/provider receive any compensation based on investment referrals?
- Product-specific fees and expenses
- Revenue sharing and Disclosures
- Loads, 12b-1 fees and other revenue
- ERISA Fiduciaries
 - Prohibited Transaction Restrictions

COMPLIANCE SUPERVISION

- Training provided to employees
- Supervision of employees providing investor education or making recommendations
- Written compliance and supervisory procedures related to employees, RRs or IARs providing investor education or making recommendations to clients and/or customers