



COMPETENCY STATEMENTS

RANGES FOR
OPERATIONAL
ITEMS

Domain 1		Compliance Policies and Procedures	7 - 9 %
Subdomain A		Policy and Procedure Development	
1		Assist in developing a compliance program to ensure adherence to internal company policies, procedures, and processes and external laws, rules, and regulations.	
2		Assist in translating compliance requirements into written policies, procedures, and controls.	
Subdomain B		Policy and Procedure Monitoring and Maintenance	
1		Monitor the regulatory environment for new rules and regulations.	
2		Implement and update the firm's compliance program.	
3		Monitor for compliance with the firm's policies, procedures, and all applicable regulations.	
Domain 2		Compliance Program Management	12 - 14 %
1		Conduct ongoing program reviews to ensure compliance program is achieving its intended objectives.	
2		Assist in developing compliance management systems and operational procedures.	
3		Assist in developing and managing firm's compliance calendar.	
4		Assist in developing exception reports.	
5		Assist in responding to regulatory inquiries and oversee regulatory examinations.	
6		Evaluate and test new software that supports compliance activities.	
7		Meet with departments across the firm on compliance-related matters.	
8		Meet with supervisory personnel on compliance-related matters.	
9		Oversee registration / licensure of the firm and its personnel.	
10		Review internal controls.	
11		Participate in development and implementation of the annual compliance plan.	
Domain 3		Monitoring and Surveillance Systems	35 - 37 %
Subdomain A		Exception Reports	
1		Review exception reports.	
2		Investigate irregular activities and make recommendations as to the resolution / correction.	
3		Monitor conformance to firm's compliance program.	

Subdomain B	Portfolio Management / Sales Practices	
1	Assist in creation of standard investment management agreement to ensure securities regulation requirements.	
2	Confirm that activity in client portfolios is consistent with client investment guidelines and client-directed trade allocations.	
3	Confirm that client information and source of funds is properly documented.	
4	Review trading activity / customer accounts to assess suitability concerns.	
5	Review newly opened / closed accounts to verify conformance with the firm's policies, procedures, and applicable regulations.	
Subdomain C	Trading Practices	
1	Confirm that trading practices are consistent with the firm's policies.	
2	Confirm trading practices are consistent with best execution obligations.	
3	Identify and evaluate possible conflicts of interest.	
4	Review high risk trades.	
5	Review trades for adherence to trading limits and risk limits.	
6	Review trader's hedging activities.	
7	Review inventory for compliance with firm's aged inventory policy.	
8	Review transaction to ensure that only approved products are being sold / bought.	
9	Review mark-up on transactions.	
Subdomain D	Trade Allocations	
1	Evaluate proper allocation of investment opportunities among clients.	
2	Conduct review of "block trades/bunching" trading allocation to confirm that shares were properly allocated among clients.	
Subdomain E	Code of Ethics Oversight	
1	Ensure that required staff has disclosed all internal / external brokerage accounts.	
2	Conduct pre-clearance for personal trading activities, where required.	
3	Monitor personal trading for adherence to internal policies and external regulations.	
4	Monitor personal trading activities for evidence of market timing and insider trading or appearance of conflict.	
5	Review outside business activities according to firm's policy.	
6	Review gifts and gratuities – given and received.	

Subdomain F	Advertising, Marketing, and Corporate Communications	
1	Review, track, and maintain records related to advertising, sales literature, and other company documents for regulatory compliance.	
2	Review written correspondence for regulatory compliance and required principal approvals.	
3	Conduct surveillance of electronic correspondence; review for red flags; conduct management follow-up.	
4	Review disclosures to determine that materials are in compliance with relevant regulations and any identifiable standards.	
5	Monitor advertising and marketing disclosures for accuracy of performance and attribution claims.	
6	Review new advertising against regulations requiring filing with FINRA.	
7	Review and monitor non-cash compensation arrangements.	
8	Review referral fee arrangements.	
Subdomain G	Audits and Inspections	
1	Conduct internal department compliance audits.	
2	Conduct branch office inspections.	
3	Conduct AML audits.	
4	Participate in liaising between firm / staff and external regulatory auditors.	
5	Prepare written report of all audits and inspections.	
6	Document recommendations or areas needing remediation.	
7	Track and monitor items needing remediation to resolution.	
Subdomain H	Customer Complaints	
1	Track incoming, in-progress, and resolved customer complaints.	
2	Investigate customer allegations and inquiries and respond where appropriate.	
3	Correspond with the client and/or firm's legal counsel regarding resolution of a complaint.	
4	Ensure all complaints are reported accurately and timely under NASD 3070 and/or Form U4/U5.	
5	Evaluate potential risk to the firm associated with customer complaint in accordance with applicable regulations and guidelines.	
6	Document resolution of client complaints.	

Domain 4	Recordkeeping	9 - 11 %
1	Monitor to ensure accurate creation and retention of required records.	
2	Review required records, including electronic records.	
3	Document advertising / marketing reviews.	
4	Document exception report review and resolution.	
5	Maintain records of branch audits or other inspections, including recommendations, follow-up, and management responses.	
Domain 5	Enforcement	7 - 9 %
1	Identify appropriate disciplinary standard.	
2	Make recommendation on course of action within scope of authority.	
3	When necessary, recommend action of an informative, corrective, or disciplinary action.	
4	Conduct follow-up evaluation after corrective or disciplinary action.	
5	Maintain records of all disciplinary actions and steps taken.	
Domain 6	Training	4 - 6 %
Subdomain A	Compliance Education	
1	Monitor applicable Notices to Member/Information Memorandum/Regulatory Actions and communicate information to appropriate employees.	
2	Implement firm's compliance education and training programs.	
3	Educate departments across the company to assist them in their understanding of regulatory and legal obligations.	
4	Prepare updates for field staff, educating and informing appropriate personnel of regulatory updates and changes in internal policies and procedures.	
5	Answer questions from personnel on compliance policies, procedures and regulations.	
6	Maintain the compliance program resources database.	
Subdomain B	Continuing Education	
1	Monitor compliance with continuing education requirements for regulations and as determined by the firm.	
2	Conduct annual firm element needs analysis.	
3	Develop, implement, and track firm's element continuing education plan.	
4	Escalate issues related to non-compliance with firm's continuing education plan.	
5	Obtain outside provider or develop company-sponsored continuing education program for appropriate personnel.	

Domain 7	Reporting	6 - 8 %
1	Prepare reports and filings for regulatory agencies.	
2	Prepare and file required regulatory reports outlining actions taken in resolution of customer complaints.	
3	Prepare and file required reports on trading activity of supervised staff.	
4	Prepare reports for Board and/or Ethics and/or Audit Committee.	
5	Prepare incident logs.	
6	Assist in preparation of annual report on compliance program.	
7	Compile and analyze data for compliance reviews.	
Domain 8	Privacy and Confidentiality	1 - 3 %
1	Assist management in developing, documenting, and implementing a privacy policy.	
2	Advise on adopting appropriate technology, policies, and procedures to ensure data security.	
3	Monitor secure treatment of client records and information.	
4	Monitor firm's maintenance of client records to ensure they are secure from unauthorized alteration or use.	
Domain 9	USA PATRIOT and Bank Secrecy Acts	6 - 8 %
1	Develop and maintain the firm's Anti-Money Laundering Program, including policies and procedures.	
2	Monitor for red flags related to money laundering or suspicious activities; prepare and file Suspicious Activity Reports.	
3	Screen new and current customers against the OFAC and SDN lists.	
4	Respond to requests for information from FinCEN under USA PATRIOT Act Section 314a.	
5	Review requests for information sharing from other financial institutions.	
6	Review transactions as part of monitoring the firm's Customer Identification Program.	
7	Ensure that any foreign bank account has executed a certification.	
8	Conduct testing to ensure that Currency Transaction Reports (CTR, CMIR, and FBAR) were filed in accordance with the regulations.	
9	Develop and conduct training under the guidance of the AML Compliance Officer.	

Domain 10	Risk Management	3 - 5 %
1	Identify different types of risks impacting the firm.	
2	Identify and mitigate conflicts of interest.	
3	Assess the potential impact of risks.	
4	Assist in development of appropriate risk management systems and operational procedures.	
5	Conduct risk-based focused audits.	
6	Conduct internal reviews of problematic activities.	
Total Examination		100 %

Distribution of Operational Items	
Cognitive Level	Percentage Ranges
Recall	27 - 31 %
Application	44 - 48 %
Analysis	23 - 27 %