

Are you ready for SEC's Modernized Marketing Rule?

The Securities and Exchange Commission's (SEC) Modernized Marketing Rule introduces a host of new requirements – and opportunities – for registered investment advisers (RIAs). However, many advisers have found their existing marketing/advertising programs are far from ready to comply. Asking yourself a few questions can help you understand where your business is and where you may have compliance gaps to address.

Have we thoroughly reviewed the SEC's Modernized Marketing Rule, and do we fully understand our obligations under the rule?

The rule is complex, robust and nuanced, creating special considerations, disclosures, and other compliance obligations that will impact different businesses in different ways.

Do our financial professionals understand the definition of an advertisement? Have we provided training on the new rule?

The new definition of an advertisement is one of the key provisions in the rule. It's important that your team understands the impact of this change and other new standards. Consider training to help your team get up to speed on the SEC rule and understand their obligations going forward.

Have we identified what our marketing efforts look like today and where we may want to go in the future?

RIAs have an opportunity to leverage the new rule to expand their marketing and communications programs to advertise performance and utilize testimonials and endorsements to attract investors, and much more. Consider what this means for your marketing strategy.

Do we have a well-defined marketing review process and supervisory framework?

You need to be aware of all current marketing materials and communications so you can understand which specific disclosure obligations and content standards apply to your business. You must have written supervisory procedures that cover obligations under the rule and that establish content standards, review processes, supervisory obligations, books and records obligations, and other related requirements.

Have we identified any changes we need to make to comply with the new rule, and do we have a plan for implementing those changes?

Compare your current marketing programs and processes to the requirements outlined in the SEC rule. Identify any gaps that may prevent you from satisfying all of your obligations and any enhancements that need to be made to close these gaps.

If you answered “no” or “not sure” to any of the questions above, consider engaging a qualified risk advisory professional with investment industry experience who can help your firm comply with the SEC Modernized Marketing Rule and other regulatory requirements. Kaufman Rossin’s risk advisory services team offers a turn-key solution to help registered investment advisers by providing complete assistance with building the framework to help you comply with the rule, as well as ongoing compliance support. Contact us to learn more.