

## 2024 NSCP National Conference Agenda

*(There are no pre-requisites for any of these sessions. The learning levels are indicated by the session titles)*

### SUNDAY, OCTOBER 27, 2024

**2:00 PM – 7:00 PM – REGISTRATION**

**5:00 PM – 6:30 PM – WELCOME RECEPTION (NSCP MEMBERS ONLY)**

### MONDAY, OCTOBER 28, 2024

**8:00 AM – 9:00 AM – BREAKFAST**

**9:00 AM – 10:00 AM – GENERAL SESSION – KEYNOTE (OPEN)**

**10:00 AM – 10:15 AM – SESSION 1**

**1a. ALL – Avoiding Greenwashing: Compliance Considerations for ESG Investments (Intermediate)**

The increased interest in investment products and services that include ESG considerations has prompted many investment firms to explore this space. Investing in this rapidly expanding area poses many important considerations for compliance departments, including navigating U.S. federal, state, local, and international regulations and reporting requirements, understanding client investment expectations, and more. This session will focus primarily on compliance for investment products and services that incorporate environmental factors into their strategy, and how to avoid "greenwashing" within them.

Learning Objectives:

- Understand U.S. (including SEC's ESG rulemaking proposal) and international laws and regulations (including the EU's rules) that firms should consider prior to launching a sustainability strategy.
- Explain both "greenwashing" and "greenhushing" can raise compliance risk and learn how to mitigate it using policies, procedures, and disclosures.
- Outline the considerations involved in joining climate industry groups including, but not limited to, the Net Zero Asset Managers and the Climate Action 100+.
- Discuss how various U.S. states have chosen to address climate investing, and how it can impact the way client investments are managed.

**1b. ALL LAB – Managing Conflicts of Interest and Employee Reporting Obligations (Intermediate)**

Many financial firms are struggling to determine the best way to handle conflicts of interest and employee reporting requirements. The regulators have refocused on these issues in their exams. In this session, attendees will learn effective ways to identify and track conflicts of interest and employee reporting. Participants will be challenged to share their experiences to help others. The following learning objectives will be met using case studies, examples, group discussions, and other application activities:

- Review Conflicts of Interest Policies and reporting requirements.

- Obtain strategies for assessing conflicts, documenting, eliminating, mitigating, and disclosing conflicts of interest.
- Discuss best practices for managing conflicts of interest and employee reporting.
- Interact with peers to learn how others manage conflicts and employee reporting requirements.

### **1c. BD LAB – Best Practices for Testing, Supervision, and Surveillance (Intermediate)**

Effective supervision, monitoring, and testing are critical to determine the reasonableness of a compliance program and require careful planning. Managing and deploying an effective program includes the ability to adapt as necessary to the changing regulatory environments. In this lab, participants will take a hands-on learning approach to designing and implementing an effective program considering the evolution of technology and available resources. The following learning objectives will be met using case studies, examples, group discussions, and other application activities:

- Scope and develop a supervision and surveillance plan, that is flexible, but addresses core supervisory elements.
- Understand the effectiveness of allocating resources based on a risk-based framework.
- Review different testing methodologies.
- Explore the criticalness of testing at the level of accountability and utilizing surveillance results, that may serve as an early warning of supervisory issues to inform priorities and remediation efforts.
- Discuss and ensure the ongoing effectiveness of testing, supervision, and surveillance practices.

### **1d. BD – Interaction with the FINRA MAP Group on Rule 1017 (OPEN)**

FINRA Rule 1017 specifies the events that require FINRA member firms to submit an application for continuing membership (CMA). Given the complexities surrounding the Rule and the CMA filing coupled with the MAP group CMA review process and approval times, it is imperative that broker-dealers timely navigate Rule 1017, the CMA filing and MAP group review process. Hear from industry practitioners and a FINRA MAP group representative who will provide an overview of Rule 1017 and related provisions, give valuable insight into drafting and filing the CMA and describe how to successfully interact with the MAP group. *This session is open to both regulators and members of the press.*

Learning Objectives:

- Understand FINRA Rule 1017, the transactions that trigger a CMA and the Role of the MAP group.
- Distinguish between a Materiality Consultation and CMA.
- Learn the information required to be included in the CMA.
- Receive insight into MAP group processes for evaluating proposed business activities.
- Discuss setting realistic expectations for receiving CMA approval from the MAP group.

### **1e. IA/PF – Regulatory Filings: Requirements, Pitfalls and Best Practices (Intermediate)**

This panel will discuss the various regulatory filing requirements for investment advisers and private funds. The session will highlight the necessary and timely filings that may be applicable, how best to monitor them, ensure adequate up-to-date policies and procedures, and review recent SEC Alerts.

Learning Objectives:

- Master the complexity of different filing types and the requirements for each.
- Enact a process for applying rules and procedural updates to filing practices.
- Assess recent SEC Alerts and enforcement actions related to late or no filings.
- Consider best practices and available technology for monitoring submission timeliness and accuracy.

### **1f. IA/IC/PF – Cybersecurity Risk Management (Intermediate)**

Cyberattacks continue to be disruptive and cause financial and reputational risk to firms across the financial services sector. Firms continue to see an increase in attempts account takeovers, ransomware or network intrusions, and related exposure of customer information attempts. Fraudulent financial activity

may compromise firms' ability to comply with a range of rules and regulations, including SEC rules as well as state rules. This session will review critical considerations to prepare your firm for a potential cybersecurity event, including the importance of incident response, operational resiliency and the supervisory controls needed to prevent data from being compromised.

Learning Objectives:

- Determine the infrastructure needed, including cyber insurance to support a firm's protection of customer and investor data.
- Create an incident response plan that involves compliance to address regulatory reporting obligations including federally required filings such as a SAR, state requirements, Reg S-P and potentially Reg SCI.
- Explore supervisory controls for designing, implementing, and testing cyber policies, or conducting tabletop exercises.
- Discuss Cyber related best practices for complying with regulatory obligations, including requirements as part of the SEC's anticipated Rule 206(4)-9.

### **1g. IA/PF - Annual Review of Policies and Procedures (Basic)**

This panel will examine current trends and practices for conducting and maintaining effective and robust annual review programs in accordance with Rule 206(4)-7. The session will address best practices for constructive annual evaluation assessments and testing platforms for traditional and private funds advisers. It will also consider the risks in identifying and selecting testing topics, applying testing scenarios, handling deficiencies, issuing final reports, and updating the firm's risk structure.

Learning Objectives:

- Explore best practices for conducting an effective process and appropriate testing scenarios.
- Learn how to address prior annual review findings/remediation and any compliance issues during the review period.
- Discuss ways to draft a written report without creating regulatory liability and effectively communicate deficiencies to senior management.
- Gain insight into using the results of the annual review to update the firm's overall compliance risk framework.

### **11:15 AM – 11:30 AM – BREAK**

### **11:30 AM – 12:30 PM - SESSION 2**

#### **2a. ALL - Building your Compliance Team (Intermediate)**

Building and maintaining a compliance department that will uphold a culture of compliance is one of the most important strategic decisions a firm will make. Now, compliance roles are in high demand and there are many things that firms and compliance hiring managers should consider when they add to their team. This session will enlighten hiring managers on effective approaches to recruiting.

Learning Objectives:

- Share initial practices such as designing job postings, tapping into diverse recruiting channels, the use of a recruiter, and understanding common privacy and employment law considerations and regulations for recruiting.
- Discuss effective interviewing practices to acquire well-rounded talent and interview questions that can be scaled up or down, for junior to senior roles.
- Outline an on-boarding process designed for employee and company success, including conducting conflicts checks, new hire training for compliance professionals, and setting up ongoing supervisory controls and employee expectations.
- Provide guidance to team members on how they can set themselves up for success to advance in their careers.

## **2b. BD – Cybersecurity Risk Management (Intermediate)**

Cyberattacks continue to be disruptive and cause financial and reputational risk to firms across the financial services sector. Firms continue to see an increase in attempts account takeovers, ransomware or network intrusions, and related exposure of customer information attempts. Fraudulent financial activity may compromise firms' ability to comply with a range of rules and regulations, including, in some cases, FINRA and state rules, as well as SEC rules. This session will review critical considerations to prepare your firm for a potential cybersecurity event, including the importance of incident response, operational resiliency and the supervisory controls needed to prevent data from being compromised.

Learning Objectives:

- Determine the infrastructure needed, including cyber insurance to support a firm's protection of customer and investor data.
- Create an incident response plan that involves compliance to address regulatory reporting obligations including federally required filings such as a SAR, FINRA 4530, and state requirements.
- Explore supervisory controls for designing, implementing, and testing cyber policies, or conducting tabletop exercises.
- Discuss Cyber related best practices for complying with regulatory obligations, including requirements as part of the SEC's anticipated Rule 10, Reg SCI and Reg S-P.

## **2c. BD LAB – Preparing for BD Regulatory Examinations (Intermediate)**

This lab will highlight certain unique differences between State, FINRA, and SEC BD exams and identify best practices to prepare for and manage a BD regulatory exam from receipt of an exam request through the final exam report. Lab facilitators will discuss the importance of developing a rapport with the exam staff and provide perspectives on managing overlapping exams, dealing with unreasonable exam staff or requests, handling potential deficiencies, and addressing exam outcomes. Lab facilitators will also share ways to manage employee interviews during an exam. The following learning objectives will be met using case studies, examples, group discussions, and other hands-on activities:

- Explore ways to prepare for a BD regulatory exam by creating processes for tracking requests, establishing controls to accurately address requests, engaging in mock exams, and reviewing past exams, as well as recent exam priorities and enforcement actions.
- Share best practices for managing the exam both internally and with respect to the exam staff.
- Discuss how to respond to unreasonable requests, handle requests for employee interviews, proactively address potential deficiencies, and correct inaccurate responses.
- Understand how to address deficiencies in exam findings, as well as material deficiencies that may lead to an enforcement referral.

## **2d. BD/IA - Due Care and Investment Advice: Confluence of Duties of Care? (Advanced)**

The April 2023 Staff Bulletin on care obligations suggests that the SEC views such obligations on the part of a broker-dealer and on the part of an investment adviser, each providing personalized investment advice, to be similar, if not identical. The contours of the obligation to exercise due care have received less attention than the obligations with respect to loyalty. This session will explore the parameters of the obligation to exercise due care and its implications for advisers and broker-dealers alike.

- Explore the primary elements of the duty to exercise due care in the context of investment advice.
- Learn whether the level of care required differs by business model.
- Discuss the pros and cons of manual versus automated solutions.
- Analyze lessons from enforcement proceedings based on a failure to satisfy the duty of care.

## **2e. IA/IC/PF LAB – Preparing for SEC Regulatory Examinations (Intermediate)**

In this regulatory exam preparation lab, industry experts will share their insights on best practices for managing complex SEC exam requests, creating a rapport with exam teams, and preparing for on-site or virtual interviews from SEC examiners. The lab facilitators will provide their perspectives on understanding potential and actual expectations or deficiencies and communicating with enterprise senior management on exam outcomes. The following learning objectives will be met using case studies, examples, group discussions, and other hands-on activities:

- Explore ways to be prepared by engaging in mock or mini exams, reviewing recent exam priorities and enforcement actions and past firm regulatory exams.
- Discuss how to manage and respond to difficult or voluminous requests, what to do with potential errors or omissions in process or previous submissions and describe the most effective interview procedures.
- Consider ways to best position your firm in situations that may lead to deficiencies and/or referrals to enforcement and when to involve legal counsel and enterprise senior management.
- Review best practices for follow-up when the regulators reply with your exam comment letter and determine who should take the lead in the response.

## **2f. PF – Performance Presentations in Fund Marketing (Intermediate)**

The 2022 Marketing Rule changed the requirements for use of performance in marketing presentations, opening up the possible use of case studies but adding and sharpening expectations with respect to performance information. This session will examine in depth how those requirements are being interpreted and applied by regulators and the private fund community.

Learning objectives:

- Hear how peers are addressing ambiguities in the rule.
- Discuss potential issues associated with performance advertising including calculation of performance metrics and the implications of use of subscription lines.
- Understand approaches to fee and expense allocation in presenting extracted performance.
- Analyze the role of Compliance concerning performance advertising.
- Learn about potential pitfalls.

## **2g. BD/IA - Dual Registrants Talk Group (Small to Medium Firms)**

This interactive group discussion will offer participant the opportunity to discuss issues such as identifying conflicts of interest, outside business activities, gifts & entertainment, Reg BI, new regulations, Enforcement issues, social media, and remote supervision as they relate to Broker-Dealer and Investment Adviser compliance professionals of small to medium-size retail firms. Attendees are encouraged to share their experiences and learnings within this talk group. This session is not eligible for continuing education credits. Seating is limited. *This session is closed to both regulators and members of the press.*

## **2h. BD/IA - Dual Registrants Talk Group (Large Firms)**

This interactive group discussion will offer participant the opportunity to discuss issues such as identifying conflicts of interest, outside business activities, gifts & entertainment, Reg BI, new regulations, Enforcement issues, social media, and remote supervision as they relate to Broker-Dealer and Investment Adviser compliance professionals of small to large retail firms. Attendees are encouraged to share their experiences and learnings within this talk group. This session is not eligible for continuing education credits. Seating is limited. *This session is closed to both regulators and members of the press.*

**12:30 PM – 1:30 PM – LUNCH/ NSCP BUSINESS MEETING/ JH AWARD**

**1:30 PM – 1:45 PM - BREAK**

## **1:45 PM – 3:00 PM - SESSION 3**

### **3a. ALL – Ethical Practice Programs in Action (Intermediate)**

The panel will examine the intersection of the firm's Code of Ethics with the professional codes of ethics and conduct, such as the CFA Institute Code, the CFP Boards of Standards, and the ABA Code of Professional Responsibility. The panel will consider multiple professional behavioral situations and examine the "slippery slope" of situational ethics. This session will focus on firm-wide practices and how enriched interpersonal skills assist teams in pursuing and maintaining codes of conduct and higher ethical standards.

Learning Objectives:

- Examine various professional codes of conduct common to financial services professionals.
- Discuss the reputational and financial risks to the firm as well as sanctions and disciplinary actions that might result.
- Leverage available resources and tools to encourage positive ethical behavior.
- Develop and continually reinforce firm values and ethics through employee training.

### **3b. ALL - Supervision & Compliance of Off-Channel Communications (Intermediate)**

Off-channel communications are any internal or external communications which are not being monitored or retained by your firm. Common examples include text messages from personal cell phones, messaging apps such as WhatsApp and social media messages. Most firms have policies prohibiting off-channel communications, yet this remains an industry-wide issue. The regulators have had numerous enforcement actions for off-channel communications. This session will explore alternative paths to compliance and ways to help bridge this gap.

Learning Objectives:

- Reviewing recent regulatory guidance and enforcement actions.
- Discussing policies prohibiting off-channel communications: effectiveness, training, attestations and testing; in addition to obligations regarding record retention requirements.
- Discussing technological solutions, including the advantages/disadvantages and capturing off-channel communications.
- Navigating the privacy considerations for reviewing personal cell phones and electronic devices to verify no use of off-channel communication.

### **3c. ALL LAB – MNPI: Preventing Illegal “Insider Trading” (Intermediate)**

Attendees will learn from industry experts about regulatory requirements, historic and recent cases addressing novel issues related to Material Non-public Information (MNPI) and illegal “insider trading” and critical compliance, surveillance, and training practices.

Learning Objectives:

- Analyze insider trading cases to identify activities that are not always obvious, including the SEC's focus on shadow trading and misappropriation of MNPI.
- Evaluate the application of federal anti-fraud provisions to block trading, research, investment banking, meetings with management, expert networks and alternative forms of data gathering such as web scraping and political intelligence.
- Assess materiality in the context of market dynamics and trading volume.
- Assess procedures to identify and control the misuse of MNPI, including data analytics, and client use of Rule 10b5-1 plans.

### **3d. ALL – Responding to Regulatory Investigations and Inquiries (Advanced)**

When regulators discover matters of concern, a formal inquiry may be initiated to investigate the facts and circumstances, ascertain whether any rule violation has occurred, and if enforcement proceedings or other actions are warranted. Compliance or legal personnel may be asked to respond to determine the scope and severity. Commonly this is seen by FINRA in the form of 8210 letters and by the SEC in the form of an inquiry. In this session, the panel will discuss best practices for how to respond to a regulatory investigation. Using case studies, the panel will explore practical tips for managing the process.

Learning Objectives:

- Identify the origin and nature of the inquiry.
- Know which questions you should ask the examinations, enforcement, or IM counsel at the commencement of the investigation.
- Learn how to request a copy of the formal order and why it is important.
- Internally investigating areas of concern to ascertain compliance risks.
- Know how to respond to 8210 letters and formal inquiries and when to engage counsel.
- Hear best practices for risk mitigation if a problem is detected (self-reporting, OTR preparations, responding to subpoena requests and designing remedial action plans to address identified issues).

### **3e. IA - Custody: Traps for the Unwary (Basic)**

The current Custody rule was adopted in 2010, and since then, there has been important staff guidance, concerning standing letters of authorization in 2017. Nevertheless, the application of the rule involves significant traps for the way. This session will focus on current staff guidance and real-life examples based on results from SEC examinations. Emphasis will be placed on actions that the Compliance function might undertake to confirm compliance with custody requirements as part of its annual review and otherwise.

Learning Objectives:

- Discuss measures to determine compliance with staff guidance regarding letters of authorization.
- Consider steps to avoid inadvertent custody due to the terms of the custodial agreement.
- Analyze custody issues that may arise from securities that transact other than “delivery versus payment.”
- Learn about the implications of an adviser’s fiduciary duties in the context of custodial arrangements.
- Hear about custodial arrangements for crypto assets, loans, privately offered securities, and other assets for which a traditional custodian may not be available.

### **3f. IA LAB - Compliance Testing and Surveillance for Advisers (Intermediate)**

Rule 206(4)-7 requires advisers to periodically monitor and test policies and procedures to assess the adequacy and effectiveness of their compliance program. Effective monitoring and testing require careful planning, effective deployment, and the ability to adapt to various circumstances. In this lab, participants will take a hands-on learning approach to designing and implementing an effective testing and surveillance program.

Learning Objectives:

- Develop a compliance control framework of testing, monitoring, and surveillance; understanding when to test, what to test, who should test, and how to test.
- Design appropriate tests on specific risk areas, and discuss nuanced approaches to testing for areas designated as a priority by the SEC Division of Examinations, including marketing practices, oversight of third-party providers, and reporting on Form PF.
- Determine the strengths and weaknesses of various testing methods in an interactive group setting.
- Share best practices for using the results in annual reviews, training, and follow-up.

### **3g. ALL - Emerging Leaders Talk Group**

In this talk group, attendees who are newer (10 years or less) or returning to the financial services compliance profession will participate in an open discussion and share their own challenges on a variety of compliance and leadership topics, including, but not limited to navigating the ever-evolving regulatory landscape, building relationships, advocating for yourself, exploring integration of technology and continuous learning and professional development. Attendees are encouraged to ask questions, share their own thoughts, experiences, and learnings within this facilitated talk group. This session is not eligible for continuing education credits. Seating is limited. *This session is closed to both regulators and members of the press.*

### **3h. BD - Institutional Firms Talk Group**

This interactive group discussion will focus on issues such as: managing the pace of regulatory change; best execution standards; identifying conflicts of interest; marketing to institutional accounts; gifts & entertainment with respect to institutional accounts; regulatory priorities; and remote supervision of sales and trading professionals, as such discussion topics relate to institutional broker-dealer compliance professionals. Attendees are encouraged to share their experiences and practices within this talk group. This session is not eligible for continuing education credits. Seating is limited. *This session is closed to both regulators and members of the press.*

### **3:00 PM – 3:15 PM - BREAK**

### **3:15 PM – 4:30 PM - SESSION 4**

#### **4a. ALL – U.S. Public Pension Plan, Foundation, and Endowment Clients (Intermediate)**

Public pension plans, foundations, and endowments in the United States oversee trillions of dollars in assets, and to achieve their investment goals many utilize external investment managers, private fund GPs, and broker/dealers. Doing business with these types of clients are not for the faint of heart, and can include navigating complex government contracting requirements, adherence to transparency laws, customized reporting requirements, bespoke investment and trading policies, and attention to specialized taxation rules. This session will outline what firms should expect when soliciting business from these institutional investors, including:

- Describe what pension funds, endowments, and foundations are and how they differ from one another in structure and regulatory oversight.
- Explain the current best practices that public pension funds, endowments, and foundations use for their initial due diligence of potential investment managers, private fund GPs, and broker/dealers.
- Highlight the fee negotiation, procurement/contracting practices, lobbying, and state & local ESG considerations when dealing with public pension funds, endowments, or foundations (and the interplay of these regulatory requirements with new and upcoming SEC rules).
- Outline common client expectations pension funds, endowments, and foundations have for the duration of the investment relationship and how Compliance, legal, and risk departments can ensure they are met.

#### **4b. ALL LAB - Integrating Compliance During M&A Transition (Intermediate)**

Many financial companies today are joining forces to become industry powerhouses, or sellers are phasing out of the industry and looking for a good home for their clients. Regardless of the type of acquisition, a successful merger depends on compliance, operations, teams, systems, and cultural integration. In this lab, attendees will learn effective ways to structure due diligence, track post-merger integration, determine compliance's role in the process, and celebrate success upon completion. The following learning objectives will be met using case studies, examples, group discussions, and other application activities:



- Discuss considerations before the integration.
- Analyze predecessor performance, books, and records.
- Learn what defines the successful transition of two companies.
- Develop comprehensive post integration checklists to assist in each phase of the project.
- Learn how to set clear expectations for Compliance without disrupting the deal.

#### **4c. BD - Remote Supervision Pilot program and Residential Supervisory Locations**

In a confluence of regulatory events, FINRA's Pilot program for Remote Supervision has become effective at roughly the same time that Covid Relief under Notice 20-08 terminated. Without the Covid Relief, firms must now report the employment locations of their employees. Adding to this cauldron is the new Residential Supervisory Location (RSL) designation for those locations supervising other representatives and for functions that used to require an OSJs registration. What does this mean for firms?

Learning Objectives:

- Learn which firms and locations are eligible to participate in the Pilot and what the consequences are if they do not.
- Hear a discussion of what firms are doing based on limited regulatory guidance on what is a "location" and how that relates to hybrid, work from home employees, and RSLs.
- Review how to perform the risk assessment of each location and what factors to include in that assessment.
- Consider the requirements for quarterly reporting, especially regarding the need to report "substantial" findings.

#### **4d. BD LAB – Modernizing Records Management: One Year Later (Advanced)**

The SEC amended Rule 17a-4 on October 12, 2022, to modify the requirements regarding the maintenance and preservation of electronic records. Regulatory findings continue to drive significant penalties and firms can expect exam focus on books and records in the coming year. This session provides compliance and legal professionals guidance on testing firm processes, procedures and systems relating to records creation, retention, and supervision. The following learning objectives will be met using case studies, examples, group discussions, and other hands-on activities:

- Discuss best practices for meeting the Audit Trail Alternative requirements; learn how other firms are evaluating, supervising, and documenting the Audit Trail Alternative now that the practices have been in place for one year.
- Analyze the pros and cons of on-premises electronic record storage vs cloud storage – including data privacy and security and how to assess vendors' contracts to understand if partners can comply with recordkeeping requirements.
- Manage examination production, "legal holds," enforcement matters, and destruction of records and information – when and how it should be done.
- Consider best ways to vet and oversee third-party records systems, including trading platforms, email, and digital engagement platform supervision providers.
- Discuss best practices for testing, including vendors' capabilities to fulfill regulatory obligations.

#### **4e. IA – The Marketing Rule in Year 2: More Lessons Learned (Intermediate)**

The SEC's Marketing Rule was a significant change that required nearly every adviser, including private fund managers, to re-think their compliance approach to marketing and solicitation. This session will dive deeper into developments resulting from SEC exams, SEC FAQ, and industry responses since the rule's implementation and their implications for Compliance. *This session is closed to both regulators and members of the press.*

Learning Objectives:

- Learn what the regulatory staff has been saying about compliance with the rule and their focus during regulatory exams.
- Consider the ongoing challenges with social media usage and influencers.
- Assess the implications for performance presentations.
- Gain insight into issues associated with endorsements and testimonials.

#### **4f. PF - Marketing and Sales of Private Fund Interests (Intermediate)**

Private Fund interests are generally marketed and sold in the United States in reliance on exemptions from Securities Act registration under Rule 506(b) or 506(c). The availability of these exemptions depends on compliance with limitation on, among other things, the manner of offering. In addition, the marketing of fund interests is generally subject to the requirements of the Marketing Rule. Private Fund managers that use a registered broker-dealer as a placement agent also need to consider the intersection with FINRA's. The use of internal and external marketers may raise questions about broker-dealer registration. This program assumes familiarity Regulation D, the SEC's Marketing Rule, and broker-dealer registration requirements and will focus on challenging aspects of those provisions, best practices with respect to related policies and procedures, and common pitfalls. Use of performance in marketing of fund interests is considered in a separate program.

##### **Learning Objectives**

- Explore challenges in continuous offerings under Rule 506(b), in determining when an offering has "commenced" for purposes of a "substantive pre-existing relationship" and best practices concerning use of a data room.
- Learn market practice with respect to verification of investor accreditation in offerings relying on Rule 506(c).
- Analyze market practices with respect to selling agreements and monitoring based on the Marketing Rule's provisions concerning "endorsements."
- Consider ways to navigate transaction-based compensation, and compensation issues related to internal and external marketers, including broker-dealers.

#### **4g. ALL – Off-Channel Communications Talk Group (Small to Medium Firms)**

This interactive group discussion will focus on issues related to off-channel communications for small to medium-size firms. This moderated discussion will focus on best practices and approaches firms have taken related to off-channel communications. It may look at the pain points firms are having in addressing this issue and how tools and technology may be able to help. Attendees are encouraged to share their experiences and learnings within this talk group. Seating is limited. This session is not eligible for continuing education credits. *This session is closed to both regulators and members of the press.*

#### **4h. ALL – Off-Channel Communications Talk Group (Large Firms)**

This interactive group discussion will focus on issues related to off-channel communications for large-size firms. This moderated discussion will focus on best practices and approaches firms have taken related to off-channel communications. It may look at the pain points firms are having in addressing this issue and how tools and technology may be able to help. Attendees are encouraged to share their experiences and learnings within this talk group. This session is not eligible for continuing education credits. Seating is limited. *This session is closed to both regulators and members of the press.*

#### **4:30 PM – 6:00 PM – NETWORKING RECEPTION**

# TUESDAY, OCTOBER 29, 2024

## **7:30 AM – 9:00 AM - BREAKFAST**

### **9:00 AM – 10:00 AM - GENERAL SESSION – Regulatory Enforcement Priorities (OPEN)**

Enforcement staff from both FINRA and the SEC will discuss current priorities and recent enforcement proceedings relating to broker-dealers, investment advisers, investment companies, and private funds. The regulatory panelists will provide insight into the following areas of enforcement: off-channel communications, artificial intelligence, cybersecurity, Risk Alert topics and sweep exams leading to enforcement actions, and self-reporting. *\*This panel is open to both regulators and members of the press.*

## **10:00 AM – 10:15 AM BREAK**

## **10:15 AM – 11:15 AM SESSION 5**

### **5a. ALL – Artificial intelligence on the Rise (Intermediate)**

Compliance officers stand at the confluence of far-reaching and fast-moving developments regarding Artificial Intelligence (AI). Firms increasingly are making use of AI tools, whether directly or through third-party vendors and service providers, to improve efficiency, customer service, data analytics, supervision and other critical business services and functions. The business uses of AI will continue to grow, as the scope, functionality and cost of these tools keeps on improving. Compliance professionals also are considering how AI can benefit them. This session will help compliance officers identify and address the compliance issues, risks and opportunities raised through these developments:

Learning Objectives:

- Review the evolution of AI and the various types of AI tools, strategies and use cases currently in the marketplace and under development.
- Offer insights into the likely and most productive uses of AI by broker-dealers and investment advisors.
- Identify the added risks of AI when used by third-party vendors, service providers and data sources.
- Explore how the compliance program can constructively leverage AI for compliance testing and other duties and activities.

### **5b. ALL – Confronting Ethical Erosion (Intermediate)**

What happens when the actions of an individual do not align with the organization's values or regulatory standards of conduct? What happens when that individual is a member of or supported by senior management? In this session, panelists will explore factors that may contribute to ethical erosion. This session will focus on the role of the compliance department in evaluating different methods of detecting unethical behavior and discuss best practices to confront and counteract ethical lapses.

Learning Objectives:

- Define ethical erosion based on organizational values and regulatory standards of conduct, and in the context of the firm's culture.
- Learn how to identify red flags leading to ethical erosion at all levels of the organization.
- Discuss methods of confronting, resolving, and documenting ethical erosion.
- Explore methods for preventing ethical erosion including training techniques and case studies (example Madoff).

### **5c. ALL LAB - Presenting a Successful Compliance Program - for Small to Mid-size Firms (Intermediate)**

Learn how to guide compliance into an important integral part of the business structure and positively reinforce its significance with senior management, employees, and prospective investors/clients. This session will cover how to communicate the role and importance of a robust compliance program to various constituencies, including asking for sufficient resources for the program.

Learning Objectives:

- Develop effective interpersonal communications and build credibility. Demonstrate faith in and knowledge of your position.
- Strengthen internal customer service and learn how to influence even without authority. Create a program that is workable yet easy to understand.
- Learn how to be adaptable and somewhat malleable, yet firm when needed. Realize that a change in management, department structure as well as mergers and acquisitions could mean a change in your approach and emphasis in certain areas.
- Understand that you represent assets and learn how to best communicate the benefits to the firm and clients, including presenting budgets, cost analysis, and intrinsic value to management as necessary.

### **5d. BD – Current State of Trading and Trade Reporting (Intermediate)**

From introducing broker-dealers to clearing broker-dealers, all are subject to various trade reporting requirements (e.g., CAT, TRACE, RTRS, 13F, etc.). These requirements can vary based on a variety of factors (e.g., transactions, security, volume, etc.) and are subject to specific timing requirements. This panel will review the different trade reporting requirements, provide an overview of pending changes, areas of regulatory concern, and more.

Learning Objectives:

- Review the nuances of the different trade reporting requirements and pending updates to these requirements.
- Share practices to help ensure that a broker-dealer is meeting its reporting obligations.
- Discuss common reporting issues that firms have reported.
- Understand areas of enforcement focus with respect to trading and trade reporting obligations.

### **5e. BD LAB – Creating Compliant Marketing Materials and Digital Communications (Basic)**

This lab will focus on the techniques for reviewers to understand the nuances when conducting marketing material reviews. Attendees will discuss case studies highlighting common pitfalls, share best practices, and gain insight on overcoming these potential pitfalls. The following learning objectives will be met using case studies, examples, group discussions, and other hands-on activities:

- Discuss FINRA's Communications with the Public rule, including filing requirements, internal approval and supervision, and content standards and its application to social media.
- Learn how to effectively collaborate with marketing and business units to review sales and marketing materials for compliance with firm and regulatory requirements.
- Examine enforcement actions and regulatory focus on the developing world of digital marketing.
- Explore the value of creating a disclosure database to assist with reviews and track FINRA comments, firm business, and other matters affecting marketing.

### **5f. IA/PF - Anti-Money Laundering: Understanding Financial Crimes (Intermediate)**

Understanding the landscape for financial crimes and what is on the horizon is paramount to creating an effective AML program. Participants will become acquainted with the various aspects of Financial Crimes and how they overlap with AML detection and reporting requirements. Panelists will discuss key considerations in creating and managing a risk-based program that is effective in uncovering potential

issues. This session will also explore the ever-changing regulatory landscape, including proposed rules requiring investment advisers to adopt similar programs required by other financial institutions.

Learning Objectives:

- Become acquainted with how financial crimes evolve as bad actors become more brazen and sophisticated.
- Explore and improve red flag detection skills.
- Learn to identify patterns of financial crimes and how or when to report them.
- Review the regulatory environment, including FinCEN's proposed expansion of the BSA rule to include investment advisers.

#### **5g. IC – Investment Company Regulation: Current Issues (Intermediate)**

This session will provide an overview of current and recently adopted rule proposals impacting the investment company industry, as well as the business environment in which such vehicles operate. Panelists will discuss the evolving roles and responsibilities of Fund CCOs and investment company compliance professionals. This session will provide practical guidance on preparation and implementation to comply with new rules, share best practices, and lessons learned.

Learning Objectives:

- Review the compliance requirements of new rules and discuss recently proposed rules.
- Discuss recent enforcement actions related to anti-money laundering and AI washing and the impact of those cases on funds.
- Discuss exam priorities such as due diligence of service providers, fund fees and expenses, and valuation.
- Learn about the shifting nature of the industry from open-ended mutual funds to interval funds and ETFs, as well as some of the regulatory differences of those investment products.

#### **5h. BD - Remote Auditing and Supervision Talk Group**

In a facilitated discussion, attendees will engage in discussion on topics such as eligibility criteria for remote inspection, audit pre-work and supervisory best practices (review of data, reports, communications), inspection process, technology options, frequency, and evidence of supervision and how to close-out/escalation protocols. Attendees are encouraged to share their experiences and learnings within this talk group. This session is not eligible for continuing education credits. Seating is limited.

*This session is closed to both regulators and members of the press.*

#### **5i. IA - Institutional Firms Talk Group**

This interactive group discussion will focus on issues such as: identifying conflicts of interest; regulatory priorities; remote supervision; cybersecurity compliance; performance verification and dispersion; product applicability; policies and procedures controls; and marketing exam readiness, as they relate to Investment Adviser compliance professionals of institutional firms. Attendees are encouraged to share their experiences and learnings within this talk group. This session is not eligible for continuing education credits. Seating is limited. *This session is closed to both regulators and members of the press.*

**11:15 AM – 11:30 AM - BREAK**

**11:30 AM – 12:30 PM - SESSION 6**

#### **6a. ALL - Risk Identification: The Foundation of a Great Risk Management Program (Basic)**

Identifying enterprise risks is a fundamental step for any comprehensive risk management program and is crucial for anticipating and mitigating potential challenges that could impact your firm. By proactively identifying risks, firms can develop effective strategies to manage and minimize their impact, enhance

resilience and safeguard against potential disruptions. Developing a risk framework can be a daunting task, but breaking down each component is crucial to success. In this session, participants will learn the first steps to creating a risk management program by understanding the various risk categories and how to identify risks associated with their firm's business model.

Learning Objectives:

- Explore the various categories of risk such as Operational, Financial, Compliance, Reputational, among others.
- Evaluate how these risks can impact the firm's business and operations.
- Learn methods to identify risks and ways to uncover hidden risks.
- Understand where risk identification fits within a risk management framework.

### **6b. ALL - Diversity, Equity, and Inclusion: Advancing the Initiative in 2024 and Beyond (Intermediate)**

In the last decade, diversity, equity, and inclusion have been widely discussed in organizations across America. For some, these beliefs have been embraced and embedded in company culture, policies, and practices. For many others, however, the push toward a more diverse, inclusive, and equitable workplace has not resulted in the same organizational gains - for a variety of reasons. In this session, panelists will discuss ways compliance professionals can continue to champion DEI initiatives within their firms, particularly when appetite for them may be waning within the organization or among its employees.

Learning Objectives:

- Discuss red flags that might indicate appetite for DEI initiatives may be waning, how that translates to low morale and talent retention - both of which can affect a firm's culture of compliance.
- Explain how diverse, equitable, and inclusive policies can be adapted for hybrid, remote, and on-site workforces.
- Describe productive ways employees can hold their firm's leadership accountable if their DEI words and practices are not aligning.
- Review DEI "success stories" in firms where the embrace of diverse, equitable, and inclusive policies & practices resulted in a positive change to the organization.

### **6c. ALL LAB - Regulatory Change Management (Intermediate)**

Regardless of your firm size, Advisers face challenges when confronted with a new regulatory rule. From the adoption of new policies to the implementation of new internal procedures, regulatory change management refers to the process through which organizations monitor, assess, and adapt to changes in regulations that impact their operations. During this interactive lab, hear from compliance experts and your peers on processes to help organizations navigate the dynamic regulatory environment and mitigate risks associated with regulatory change management. Attendees will be seated in working groups according to their firm's size. The following learning objectives will be met using case studies, examples, group discussions, and other application activities:

- Hear how firms stay abreast of evolving regulations from the varying regulatory bodies.
- Discuss how firms evaluate the impact on the business and delegate owners within the change management process.
- Share best practices for building and implementing a regulatory change management program.
- Discuss lessons learned from those who prepared to apply past regulatory changes based on proposed rules.

### **6d. BD/IA LAB – Protecting Senior/Vulnerable Investors (Intermediate)**

Senior investors continue to be one of the largest client segments serviced by financial professionals. Over the past several years there has been significant regulatory focus on how financial firms are both implementing senior and vulnerable investor protections and the unique challenges for aging clients, including financial exploitation, diminished capacity, and savings for retirement. Compliance and

supervision play important roles in addressing these issues. This session will use case studies to explore ways to detect and respond to “red flags”, (such as clients depleting retirement savings), training programs for employees, and practical tips for when to terminate a client.

Learning Objectives:

- Learn about the Senior Safe Act, Financial Exploitation Prevention Act of 2023, and other applicable regulations.
- Detect warning signs of financial exploitation, diminished capacity, and senior investor abuse.
- Share resources and best practices for policies, training, documenting, and remediating issues.
- Discuss Trends, Scams and Schemes Impacting vulnerable investors.

#### **6e. BD - Recommending Alternative or Complex Products (Intermediate)**

Alternative or complex products remain a regulatory focus as they may contain complicated features that could affect investment returns and they may present apparent or actual conflicts of interest. This session for Broker-dealers will review the reasonable elements of an effective compliance program for complex products. The panelists will illustrate various types of complex products (e.g. bitcoin ETFs, annuities, non-traded REITs), address sales practice policies such as concentration limits, point-of-sale disclosures, compensation, and other potential conflicts, and review appropriate types of training. Finally, there will be a discussion of best practices for the surveillance and monitoring the sale of complex products.

Learning Objectives:

- Learn to classify and identify various alternative and complex products.
- Review firm obligations for product due diligence.
- Discover how to comply with the Reg-BI care obligation when recommending alternative or complex products.
- Discuss best practices for surveillance and monitoring of alternative and complex products.

#### **6f. IA - Recommending Alternative or Complex Products (Intermediate)**

Alternative or complex products remain a regulatory focus as they may contain complicated features that could affect investment returns and, potentially, present apparent or actual conflicts of interest. This session for Investment Advisers will review the reasonable elements of an effective compliance program for complex products. The panel will illustrate different types of complex products (e.g. bitcoin ETFs, annuities, non-traded REITs), and address product due diligence, conflicts of interest, disclosures (ADV 2A and point-of-sale disclosures) and sales practices (concentration limits). Finally, there will be a discussion of best practices for surveillance and monitoring the sale of complex products.

Learning Objectives:

- Learn to classify and identify various alternative and complex products.
- Understand best practices for due diligence, disclosures, and sales practices.
- Discover how to comply with the fiduciary duty of care.
- Discuss best practices for surveillance and monitoring of alternative and complex products.

#### **6g. PF - Private Fund Investor Quarterly Reporting Requirements (Intermediate)**

In response to the new Private Fund rule, this session will explore challenges raised by quarterly statement requirements for Private Funds, including mandated forms of performance information and the tension with requirements for performance advertising under the Marketing Rule.

- Understand the new categories of Liquid and Illiquid Funds, including essential factors defining an Illiquid Fund.
- Identify the various types of fees and expenses that must be disclosed; calculation methodologies to report accruals of performance fees, and contingency funds and other accounting issues related to fees and expenses.

- Consider the disclosure necessary to make required investor reports complete and not misleading.
- Learn tips on testing for completeness and accuracy.
- Discuss commonalities and differences between presenting performance in a quarterly investor report and in an “advertisement” subject to the Marketing Rule and when a quarterly report may also be deemed an “advertisement” under the Marketing Rule.

#### **6h. ALL - Very Small Firm Issues Talk Group**

This interactive group will discuss issues such as: separation of oversight, testing, and other functional duties; wearing multiple hats; identifying and addressing conflicts of interest; cybersecurity compliance; ability to handle the workload vs. regulatory priorities and implementation of new regulations; product suitability; and exam preparedness, as they relate to Investment Adviser compliance professionals of very small firms. Attendees are encouraged to share their experiences and learnings within this talk group. This session is not eligible for continuing education credits. Seating is limited. *This session is closed to both regulators and members of the press.*

#### **6i. ALL - Pension Funds, Foundations and Endowments Talk Group**

This interactive group discussion is relevant to compliance professionals at pension funds, foundations, and endowments. Attendees are encouraged to exchange compliance best practices, experiences, and issues relevant to these types of institutional investors. This session is not eligible for continuing education credits. Seating is limited. *This session is closed to both regulators and members of the press.*

### **12:30 PM – 1:35 PM – LUNCH WITH GUEST SPEAKER**

### **1:35 PM – 1:50 PM - BREAK**

### **1:50 PM – 3:05 PM - SESSION 7**

#### **7a. ALL – Evolving Privacy Regulations (Intermediate)**

This session will provide an overview of key developments in data privacy laws and regulations that impact the financial services industry. The panel will discuss how these regulations intersect with other related regulations such as recordkeeping and social media guidelines and the importance of maintaining robust policies, procedures, and controls.

Learning Objectives:

- Discuss key developments in privacy laws and regulations from the past year.
- Consider requirements of privacy laws and regulations, including GDPR and state regulatory considerations, and how these rules might impact firms.
- Examine best practices related to handling data subject requests.
- Discuss typical policies, procedures, and internal controls designed to comply with privacy regulations.

#### **7b. ALL LAB – Breaking the Stress Cycle to Achieve Balance and Maximum Effectiveness (Basic)**

Stress and anxiety can limit the effectiveness of compliance professionals and can lead to burnout. Reclaim your sanity, energy, and life balance by learning techniques to decrease stress and anxiety while increasing creativity and focusing on problem-solving.

Learning Objectives:

- Learn to recognize your emotions.
- Understand the causes and impacts of stress.
- Apply effective techniques to decrease stress.
- Receive practical tools to spark creativity and improve problem-solving.



### **7c. ALL LAB - Follow the Money: Financial Forensics (Intermediate)**

The SEC continues to focus on revenue sharing, fee disclosure and expense sharing arrangements that may present material disclosure errors and conflicts of interest. In this lab, attendees will work through complex financial analytics and case studies utilizing forensic analysis and testing to identify potential violations. This lab will be especially helpful to compliance personnel of investment advisers and broker-dealers with a multitude of financial arrangements, products, and clients. Participants will gain a better understanding of what to look for in contracts and financial statements and tools to enhance their surveillance and testing programs.

Learning Objectives:

- Analyze all firm revenue sources, expense sharing arrangements, discounts and credits that may require disclosures.
- Compare various fee schedules (fixed fee, performance fee, client specific calculations, most favored nation clauses, etc.) to identify those that deviate from industry standards.
- Analyze and compare third party payments for undisclosed compensation arrangements.
- Review bank records, vendor invoices, clearing and custodial statements to identify undisclosed credits, discounts, or revenue shares.

### **7d. BD/IA – Effective Supervisory Programs for Smaller Firms (Intermediate)**

Regulatory expectations over supervision have evolved over the last few years. Critical components in determining the reasonableness of a firm’s supervisory structure are very important and vary tremendously across firms. Managing and deploying an effective program includes the ability to adapt as necessary to the changing regulatory environments. This session will look at how to design and implement an effective supervision program in smaller firms considering the evolution of technology and available resources.

Learning Objectives:

- Learn how to develop a supervision and surveillance plan, that is flexible, but addresses core supervisory elements, including how to measure the effectiveness of your Supervision practices.
- Establish a disciplinary framework which outlines escalation of supervisory issues/risks.
- Understand the effectiveness of allocating resources based on a risk-based framework.
- Leverage technology as a tool to help supervise and utilize surveillance results to understand early warnings of supervisory issues to inform priorities and remediation efforts.
- Understand new rules such as Residential Supervisory Locations (“RSL”) and how these affect your supervisory structure.

### **7e. BD/IA – Effective Supervisory Programs for Larger Firms (Intermediate)**

Regulatory expectations over supervision have evolved over the last few years. Critical components in determining the reasonableness of a firm’s supervisory structure are very important and vary tremendously across firms. Managing and deploying an effective program includes the ability to adapt as necessary to the changing regulatory environments. This session will look at how to design and implement an effective supervision program in larger firms considering the evolution of technology and available resources.

Learning Objectives:

- Learn how to develop a supervision and surveillance plan, that is flexible, but addresses core supervisory elements, including how to measure the effectiveness of your Supervision practices.
- Establish a disciplinary framework which outlines escalation of supervisory issues/risks.
- Understand the effectiveness of allocating resources based on a risk-based framework.
- Leverage technology as a tool to help supervise and utilize surveillance results to understand early warnings of supervisory issues to inform priorities and remediation efforts.
- Understand new rules such as Residential Supervisory Locations (“RSL”) and how these affect your supervisory structure.

### **7f. IA/PF – Global Compliance and Marketing (Intermediate)**

This session will explore general marketing and regulatory considerations in the global marketplace, including but not limited to the European Securities and Markets Authority (ESMA) and the UK Financial Conduct Authority (FCA). The panel will also cover current regulatory hot topics in certain foreign markets.

Learning Objectives:

- Internally discuss the products, selling manner, actual services to be performed, and jurisdictions to be covered to determine licensing and registration requirements, and marketing restrictions.
- Understand the jurisdictional definition of investor/client, and the use of marketing tools, their limitations, and exemptions. Create a set of disclosures that will cover applicable foreign country requirements.
- Ensure there are adequate written policies and procedures in place to address relevant matters including client identification, marketing and prohibitions, product/market selling presentation, country registration, anti-money laundering, and local representation. Discuss associated risks and noncompliance.
- Develop a firmwide ongoing educational compliance program that includes proactive measures for addressing new foreign regulatory requirements.

### **7g. PF - Preferential Treatment: Side Letters and Other Issues (Intermediate)**

SEC Rule 211(h)(2)-3 substantially restricts the ability of private funds to grant certain investors in those funds (or investors in *similar* pools of assets) better terms than those granted to other investors. The new rule also curbs a Private Fund's ability to grant preferential redemption or transparency to certain investors unless they offer it to all investors. Finally, the rule requires that if the Private Fund grants any preferential treatment to one investor, it must disclose this to all investors. This session will focus on the implications of these requirements in the context of common historical practices that afforded some investors greater rights than other investors. It also will focus on how hedge funds and private equity managers are considering implementation of these requirements and potential associated compliance procedures.

- Identify common practices that may need to be reexamined in light of the newly effective rule, including informal communications with investors.
- Consider the analysis required to determine whether preferential rights create a "material negative effect."
- Analyze potential policies and procedures facilitating compliance.
- Discuss considerations for compliance by peer managers and investors.

### **7h. ALL - Technology Challenges Talk Group**

This interactive group discussion will focus on the impact and challenges inherent in the use of artificial intelligence as well as technology solutions for compliance automation. This facilitated discussion will be driven by the interests of the group. Attendees are encouraged to share their experiences and learnings within this talk group. This session is not eligible for continuing education credits. Seating is limited. *This session is closed to both regulators and members of the press.*

### **7i. BD - Retail Brokerage Issues Talk Group**

This interactive group discussion will focus on issues relating to retail brokerages such as Reg BI, identifying conflicts of interest, regulatory priorities, and the impact of social media as they relate to Broker-Dealer compliance professionals. Attendees are encouraged to share their experiences and learnings within this talk group. This session is not eligible for continuing education credits. Seating is limited. *This session is closed to both regulators and members of the press.*

### **3:05 PM – 3:30 PM DESSERT WITH THE EXHIBITORS**

### **3:30 PM - 4:45 PM SESSION 8**

#### **8a. ALL – Valuing Hard to Value Securities (Intermediate)**

This session provides an overview of fundamental pricing considerations and will address hard to value securities and present best practices to ensure compliance with various rules, regulations, and related guidance. The panel of industry experts will provide an overview on how to approach hard to value securities, including due diligence pricing standards and fair valuation methodologies. The panel will also discuss enforcement actions and regulatory and accounting guidance to understand the complicated processes of fair valuation, matrix pricing, and pricing of complex securities.

Learning Objectives:

- Review legal and regulatory requirements and best practices related to hard to value securities and lessons learned from recent enforcement actions.
- Understand how to address certain valuation challenges based on a variety of risk and liquidity considerations related to credit risk, structured and complex securities, and thinly traded securities.
- Learn best practices to comply with various valuation rules, reliance on third party fair valuation, as well as approaches to creating a pricing committee and performing stress and other testing methods.
- Evaluate current best practices related to pricing and valuation of private securities and other illiquid securities, including NAV oversight, and pricing of illiquid securities in retail client accounts.

#### **8b. ALL – Regulatory Implications for Artificial Intelligence (Intermediate)**

Regulators are closely monitoring the growing use, complexity, and impact of Artificial Intelligence (AI) at our firms and responding with scrutiny, a level of concern if not skepticism, and a raft of new rules. Among the issues addressed by these regulations are transparency, data privacy and security, fairness, ethics, intellectual property, conflicts of interest, and firm oversight of AI tools and the data generated by them, whether internally developed or from external sources. This session will summarize the regulations that apply to the use of AI in financial services and offer strategies and best practices for promoting the compliant uses of AI.

Learning Objectives:

- Scrutinize the actions and expectations of federal and state regulators, including the SEC’s proposed rules to “eliminate or neutralize” conflicts of interest in the use of predictive data analytics.
- Focus on the requirements for diligence and oversight of third parties.
- Consider the possible application of existing regulations to AI in such areas as data privacy and security, books and records, and sales practices.
- Provide guidance on how to address the most pressing compliance issues and risks generated by these rules including through engagement with key stakeholders; appropriate governance and oversight; the right policies, procedures, tools, and resources; and effective monitoring, auditing, and testing.

#### **8c. ALL LAB - Compliance Escalation and Remediation (Intermediate)**

This lab will address escalation and remediation when potential violations of firm policies and procedures are detected. In most instances, firm policies and procedures do not specify specific escalation policies or sanctions for violations, so how to respond is subjective. Attendees will go through exercises where they will need to assess the severity of the violation and pursue remediation based on a range of potential sanctions.

Learning Objectives:

- Discuss how to judge the severity of various compliance violations.
- Learn about the spectrum of possible actions to escalate issues.
- Consider when to escalate to internal Counsel, Senior Management, the Board, and/or external Legal Counsel.

- Review various escalation scenarios and potential responses.

#### **8d. BD – FINRA Regulatory Overview (OPEN)**

Interact with FINRA regulatory staff, who will review current and emerging regulatory and exam priorities and risk monitoring focus areas for broker-dealers. Panelists will also highlight current rulemaking initiatives, recent interpretive guidance, and regulatory notices. This session is designed to help compliance professionals stay abreast of timely regulatory issues and improve their compliance programs. *\*The session is open to regulators and members of the press.*

Learning Objectives:

- Discuss FINRA exam and risk monitoring priorities.
- Review recent exam deficiencies, trending areas of risk, and effective practices to avoid such deficiencies.
- Understand current rulemaking initiatives, interpretive guidance, and regulatory notices.
- Review best practices to improve your compliance program.

#### **8e. BD/IA – Insurance Compliance: Balancing State and Federal Regulations (Intermediate)**

Insurance agents and insurance companies walk fine lines between the largely federal securities world and the world of state regulation and between products federally regulated as securities and products state regulated as insurance. There are cross-over areas where insurance agents become registered representatives and/or IARs complicated by life and annuity products sold as variable, fixed or in the world of indexed.

Learning Objectives:

- Discuss complex product types including variable, fixed, and indexed and the clients they are sold to, e.g., individuals, legal entities, and pension plans.
- Hear about the interplay between supervision of registered activities, from a broker dealer and registered investment advisor perspective and the outside business activity of insurance, including the interplay between insurance and state requirements.
- Gain an understanding of the implications of the Department of Labor’s proposed Retirement Security rule proposal, including the broadened definition of an investment advice fiduciary and significant revisions to PTE 84-24.
- Consider supervision of personnel engaged in insurance sales, their compensation structures, conflicts of interest, and employment versus independent contractor issues.

#### **8f. IA – Advisory Fee Billing: Risks and Best Practices (Intermediate)**

The SEC continues to signal the high priority placed on scrutinizing investment adviser fee billing practices with risk alerts addressing deficiencies found during regulatory examinations. Given this backdrop, it’s critical to consider best practices regarding investment advisory fees, including their calculation and disclosure. In this session, attendees will receive actionable guidance on how to improve compliance oversight of fee billing practices. *This session is closed to both regulators and members of the press.*

Learning Objectives

- Learn about best practices for policies and procedures addressing fee billing, with respect to advisory contract management, valuation of assets, and fee reconciliation.
- Understand commonly overlooked issues when it comes to fee billing (e.g., disclosures and contractual obligations relating to fee billing practices, billing on cash, margin, householding accounts, death of a client).
- Develop tools for testing.
- Learn about tools, including software and other technologies, that can enhance fee billing practices.
- Review Risk Alerts and common deficiencies found by regulators.

### **8g. IA LAB - Best Practices for Drafting & Revising Codes of Ethics and Conduct (Advanced)**

This panel will examine Rule 204A-1's minimum requirements for a Code of Ethics and provisions that a firm may wish to adopt as part of its compliance program under Rule 206(4)-7. Specific attention will be paid to conflicts of interest arising from personal trading, private securities transactions, outside business activities, gifts and entertainment, and political contributions. Panelists will propose suggestions based on experience acquired over the years through case studies, SEC notices, and exam results.

Learning Objectives:

- Analyze the firm's written statement of business conduct and fiduciary obligations.
- Review and rationalize the declaring and reporting requirements for investment advisers and the need for automation and transparency.
- Discuss some of the pitfalls that companies have experienced, and the lessons learned from them, including close calls for OBAs, such as volunteerism and charitable giving and the competing priorities around personal trading controls.
- Discuss different approaches used to manage these conflicts, as well as best practices for dealing with repeat violators, and the evolution of the firm's control environment for these conflicts, and provisions that may not be advisable.

### **8h. IA - Multi Family Office Considerations Talk Group**

This talk group will explore the various nuances that family offices share and issues to consider when developing appropriate policies and procedures that address relevant risks and regulatory concerns. Discussion topics may include custody, privacy, disclosure, contracts, registration, exams, as well as third party relationships such as Business Managers or agents (to celebrities) and how they function in this space. Attendees are encouraged to share their experiences and learnings within this talk group. This session is not eligible for continuing education credits. *This session is closed to both regulators and members of the press.*

### **8i. PF - Private Fund Manager Talk Group**

This session is intended to facilitate peer-to-peer conversation about topics relevant to compliance personnel at private fund managers and allow greater discussion than is practicable in panel presentations. The topics discussed will be influenced by current developments and trends, such as issues with implementing PF quarterly reporting rule and prohibitions and limitations on preferential treatment for private fund investors, non-traditional forms of investment research, Corporate Transparency Act reporting obligations, changes to Form PF reporting, and potentially new AML requirements. This session is not eligible for continuing education credits. Seating is limited. *This session is closed to both regulators and members of the press.*

### **4:30 PM – 6:00 PM – NETWORKING RECEPTION**

# WEDNESDAY, OCTOBER 30, 2024

**7:30 AM – 8:30 AM - BREAKFAST**

**8:30 AM – 9:30 AM – GENERAL SESSION – SEC EXAMINATION LEADERS FORUM**

**9:30 AM – 9:45 AM - BREAK**

**9:45 AM – 10:45 AM SESSION 9**

## **9a. ALL - Compliance Considerations for Crypto Assets (Intermediate)**

Crypto assets are still new and rapidly gaining popularity. The lack of a clear regulatory framework has made dealing with crypto assets challenging, however, this has not stunted their popularity. Many financial services firms are now dealing with crypto assets and with their unique characteristics, compliance challenges have arisen when subjecting them to existing compliance regimes. This session will address those challenges and provide information to help firms manage their compliance obligations when dealing with crypto assets.

Learning Objectives:

- Learn about the various types of crypto assets such as cryptocurrencies, security tokens, non-fungible tokens, and corresponding risks.
- Understand the various ways to gain exposure to crypto assets such as the spot market, futures, ETFs, and private funds.
- Explore compliance issues related to private funds that invest in mining and staking.
- Consider various policies and procedures as well as best practices for the new spot Bitcoin ETFs.

## **9b. BD - Regulation Best Interest: Where We Are Now (Intermediate)**

The SEC has issued guidance, taken legal actions, and signaled there is little leeway for non-compliance. How do you assess your firm's level of compliance or potential exposure to regulatory actions. The panelists will discuss the nuances of the guidance and caselaw, recent examination focus, and identify strategies and tactics to effectively implement your Reg BI compliance program to get ahead of the regulators. Emphasis will be placed on developing processes for documenting product selection based on comparison of reasonably available alternatives.

Learning Objectives:

- Analysis of the regulatory guidance and Reg BI cases.
- Discuss reasonable processes for product selection and assessment of alternatives across asset classes such as variable annuities, mutual funds, and ETFs.
- Assess when a non-securities product recommendation may be subject to Reg BI. If it's not a security, how does Reg BI apply?
- Consider issues arising from the use of vendor platforms designed to compare alternatives.
- Identify the minimum regulatory expectations for documentation practices for Firms and Representatives.

## **9c. BD/IA – Understanding the DOL Retirement Security Rule (Intermediate) [Description assumes adopted]**

The Department of Labor Retirement Security Rule, including a broadened definition of investment advice fiduciary, a revised PTE 2020-02, and changes to other PTEs, creates obligations for a broader universe of financial service firms that parallel many of the elements of Regulation BI and advisory fiduciary obligations. Indeed, the NSCP comment letter suggested that the SEC regimes be treated as a “safe harbor” and

compliance with those regimes as compliance with the DOL's rules. The DOL did not adopt that recommendation and as a result broker-dealers and advisers are subject to additional requirements when advising with respect to retirement assets.

- Learn the elements of the Rule that impose additional requirements (e.g., fiduciary status, criteria for prohibited transaction exemptions, compensation limitations).
- Discuss best practices in complying with PTE 2020-02 (e.g., manual versus automated solutions, conduct of retrospective review)
- Discuss the impact of amendments to PTEs 2020-02 and 84-24 on annuity business.
- Discuss various approaches to dealing with regulatory uncertainty.

#### **9d. IA/IC/PF - Outsourcing to Service Providers (Intermediate)**

Investment Advisers engage service providers to perform functions that benefit the Adviser and the clients. While certain service providers may not be deemed mission critical, others may have access to clients' non-public information and be critical to the functions of the Adviser. The SEC Division of Examinations has made advisers' selection and monitoring of such third parties a focus for fiscal year 2024. The Division intends to focus on the policies, procedures, and ongoing due diligence Advisers perform to oversee these service providers. How a firm supervises their service providers will vary based on the type of service provider at issue and, if applicable, the kinds of services being outsourced. This session will explore best practices, discuss real life scenarios, appropriate supervisory actions, and how compliance can effectively conduct oversight.

Learning Objectives:

- Identify ways to inventory service providers with MNPI and mitigate risks associated with use of third parties.
- Analyze different methods used to oversee relationships with third parties.
- Learn ways to identify opportunities to further develop your firm's due diligence and monitoring programs.
- Share best practices for documenting oversight and training tips for due diligence of service providers, including meetings, annual reviews, etc.
- Analyze the SEC proposed rule related to outsourcing services and functions to service providers.

#### **11:00 AM – 12:00 PM SESSION 10**

##### **10a. ALL – Examining Ethics: Enforcement Actions and Lessons Learned (Advanced)**

This panel will delve into lessons learned from enforcement actions ripped from the headlines. This session will focus on the reason for the failure of ethics programs, with specific attention to up-to-date regulatory scrutiny and expectations.

Learning Objectives

- Analyze what went wrong in high profile cases of violations of ethical codes of conduct, examining the specific concerns of the regulators.
- Discuss the role of the Compliance Department when navigating problematic employee behavior resulting in the most challenging ethical scenarios.
- Learn how to mitigate common ethical pitfalls.
- Review the current Enforcement Division approach to CCO Liability

### **10b. BD/IA - Identity Theft: Where Reg S-ID meets AML (Intermediate)**

Given the amount of information that is requested and stored by registered investment advisers and broker-dealers, it is imperative that firms understand their obligations to protect that data. This session will not only describe the components of AML, but further explore Reg S-ID and how the two interact. Uncover the requirements of Reg S-ID and how to develop your compliance program to ensure compliance with the regulations.

Learning Objectives:

- Define and discuss the differences between Reg S-ID and AML.
- Explore the requirements of the rule, including your duties regarding the detection, prevention, and mitigation of identity theft.
- Discuss ways to incorporate Red Flags into your AML program and how to train employees to spot issues.
- Review recent guidance including the SEC Risk Alert, legal opinions, and enforcement actions.

### **10c. IA - Marketers and Marketing Agreements (Intermediate)**

The use and compensation of external and internal marketing personnel to seek new business is critical and poses considerable compliance and regulatory risks. This session will identify key issues for compliance personnel in assessing a firm's policies and procedures and disclosure requirements, including those addressing compensation and oversight.

Learning Objectives:

- Learn the primary compliance considerations that may arise in connection with the use of employee and third-party marketers.
- Discuss contractual requirements regarding third-party marketers and their significance to a firm's compliance.
- Consider policies and procedures that may aid in oversight of third-party marketers.
- Analyze key enforcement proceedings and examination results involving marketers and solicitors.

## **DEFINITIONS OF NSCP LEARNING LEVELS FOR SESSIONS**

**Basic** – These sessions will cover fundamental aspects of the topic with explanations of terms, rules, and key concepts; appropriate for new compliance professionals (0-5 years of experience)

**Intermediate** – These sessions assume attendees already have the basic level of understanding on rules, expectations, and terminology, covering more of the rule nuances, best practices, and practical application; appropriate for the majority of attendees having more than 3 years of compliance experience.

**Advanced** – These sessions delve into the deeper, underlying issues affecting various compliance topics and offer comprehensive analysis, in-depth discussion, and critical thinking application; appropriate for well-seasoned compliance professionals with 15 or more years of experience.