

**NASAA MODEL RULE FOR INVESTMENT ADVISER  
WRITTEN POLICIES AND PROCEDURES UNDER THE  
UNIFORM SECURITIES ACTS OF 1956 AND 2002  
(Adopted 11/24/2020)**

(a) It is unlawful for an investment adviser registered or required to be registered pursuant to [section 201 of the 1956 Act or section 403 of the 2002 Act] to provide investment advice to clients unless the investment adviser establishes, maintains, and enforces written policies and procedures tailored to the investment adviser's business model, taking into account the size of the firm, type(s) of services provided, and the number of locations of the investment adviser. The written policies and procedures must provide for at least the following:

- (1) Compliance Policies and Procedures. The investment adviser must establish, maintain, and enforce written compliance policies and procedures reasonably designed to prevent violations by the investment adviser of the Act and the rules that the [Administrator] has adopted under the Act;
- (2) Supervisory Policies and Procedures. The investment adviser must establish, maintain, and enforce written supervisory policies and procedures reasonably designed to prevent violations by the investment adviser's supervised persons of the Act and the rules that the [Administrator] has adopted under the Act;
- (3) Proxy Voting Policies and Procedures.

(A) If the investment adviser has the authority to vote client securities:

- (i) The investment adviser must establish, maintain, and enforce written proxy voting policies and procedures that are reasonably designed to ensure that the investment adviser votes client securities in the best interest of clients. These procedures must include how the investment adviser addresses material conflicts that may arise between its interests and those of the investment adviser's clients;
- (ii) Disclose to clients how they may obtain information from the investment adviser about how it voted with respect to their securities; and
- (iii) Describe to clients the investment adviser's proxy voting policies and procedures and, upon request, furnish a copy of the policies and procedures to the requesting client.

(B) If the investment adviser does not have the authority to vote client securities then this information must be disclosed to clients.

(4) Physical Security and Cybersecurity Policies and Procedures. The investment adviser must establish, implement, update, and enforce written physical security and cybersecurity policies and procedures reasonably designed to ensure the confidentiality, integrity, and availability of physical and electronic records and information. The policies and procedures must be tailored to the investment adviser's business model, taking into account the size of the firm, type(s) of services provided, and the number of locations of the investment adviser.

(A) The physical security and cybersecurity policies and procedures must:

- (i) Protect against reasonably anticipated threats or hazards to the security or integrity of client records and information;
- (ii) Ensure that the investment adviser safeguards confidential client records and information; and
- (iii) Protect any records and information the release of which could result in harm or inconvenience to any client.

(B) The physical security and cybersecurity policies and procedures must cover at least five functions:

- (i) Identify. Develop the organizational understanding to manage information security risk to systems, assets, data, and capabilities.
- (ii) Protect. Develop and implement the appropriate safeguards to ensure delivery of critical infrastructure services.
- (iii) Detect. Develop and implement the appropriate activities to identify the occurrence of an information security event;
- (iv) Respond. Develop and implement the appropriate activities to take action regarding a detected information security event; and
- (v) Recover. Develop and implement the appropriate activities to maintain plans for resilience and to restore any capabilities or services that were impaired due to an information security event.

(C) Privacy Policy. The investment adviser must deliver upon the investment adviser's engagement by a client, and on an annual basis thereafter, a privacy policy to each client that is reasonably designed to aid in the client's understanding of how the investment adviser collects and shares, to the extent permitted by state and federal law, non-public personal information. The investment adviser must promptly update and deliver to each client an amended privacy policy if any of the information in the policy becomes inaccurate.

(5) Code of Ethics.

(A) The investment adviser must establish, maintain, and enforce a written code of ethics that, at a minimum, includes:

- (i) A standard (or standards) of business conduct that the investment adviser requires of its supervised persons, which must reflect the investment adviser's fiduciary obligations and those of its supervised persons;
- (ii) Provisions requiring the investment adviser's supervised persons to comply with applicable State and Federal securities laws;
- (iii) Provisions requiring all of the investment adviser's access persons to report, and the investment adviser to review, their personal securities transactions and holdings periodically as provided below;
- (iv) Provisions requiring supervised persons to report any violations of the investment adviser's code of ethics promptly to its chief compliance officer or, provided the investment adviser's chief compliance officer also receives reports of all violations, to other persons designated in the investment adviser's code of ethics; and
- (v) Provisions requiring the investment adviser to provide each of its supervised persons with a copy of the investment adviser's code of ethics and any amendments, and requiring the investment adviser's supervised persons to provide it with a written acknowledgment of their receipt of the code and any amendments.

(B) Reporting Requirements.

(i) Holdings reports. The code of ethics must require the investment adviser's access persons to submit to its chief compliance officer or other persons designated in the investment adviser's code of ethics a report of the access person's current securities holdings that meets the following requirements:

- (a) Content of holdings reports. Each holdings report must contain, at a minimum:
  - 1. The title and type of security, and as applicable the exchange ticker symbol or CUSIP number, number of shares, and principal amount of each reportable security in which the access person has any direct or indirect beneficial ownership;

2. The name of any broker, dealer, or bank with which the access person maintains an account in which any securities are held for the access person's direct or indirect benefit; and
3. The date the access person submits the report.

(b) Timing of holdings reports. The investment adviser's access persons must each submit a holdings report:

1. No later than 10 days after the person becomes an access person, and the information must be current as of a date no more than 45 days prior to the date the person becomes an access person.
2. At least once each 12-month period thereafter on a date selected by the investment adviser, and the information must be current as of a date no more than 45 days prior to the date the report was submitted.

(ii) Transaction reports. The code of ethics must require access persons to submit to the investment adviser's chief compliance officer or other persons designated in the investment adviser's code of ethics quarterly securities transactions reports that meet the following requirements:

(a) Content of transaction reports. Each transaction report must contain, at minimum, the following information about each transaction involving a reportable security in which the access person had, or as a result of the transaction acquired, any direct or indirect beneficial ownership:

1. The date of the transaction, the title, and as applicable the exchange ticker symbol or CUSIP number, interest rate and maturity date, number of shares, and principal amount of each reportable security involved;
2. The nature of the transaction (i.e., purchase, sale or any other type of acquisition or disposition);
3. The price of the security at which the transaction was effected;
4. The name of the broker, dealer, or bank with or through which the transaction was effected; and
5. The date the access person submits the report.

- (b) Timing of transaction reports. Each access person must submit a transaction report no later than 30 days after the end of each calendar quarter, which report must cover, at a minimum, all transactions during the quarter.
  - (iii) Exceptions from reporting requirements. The investment adviser's code of ethics need not require an access person to submit:
    - (a) Any report with respect to securities held in accounts over which the access person had no direct or indirect influence or control;
    - (b) A transaction report with respect to transactions effected pursuant to an automatic investment plan in which regular periodic purchases or withdrawals are made automatically in or from investment accounts in accordance with a predetermined schedule and allocation, including a dividend reinvestment plan;
    - (c) A transaction report if the report would duplicate information contained in broker trade confirmations or account statements that the investment adviser holds in its records so long as the investment adviser receives the confirmations or statements no later than 30 days after the end of the applicable calendar quarter.
  - (iv) Pre-approval of certain investments. The investment adviser's code of ethics must require its access persons to obtain the investment adviser's approval before they directly or indirectly acquire beneficial ownership in any security in an initial public offering or in a limited offering.
  - (v) Small advisers. If the investment adviser has only one access person, it is not required to submit reports to itself or to obtain its own approval for investments in any security in an initial public offering or in a limited offering, if the investment adviser maintains records of all of its holdings and transactions that this section would otherwise require the investment adviser to report.
- (6) Material Non-Public Information Policy and Procedures. The investment adviser must establish, maintain, and enforce written policies and procedures reasonably designed to prevent the misuse of material, non-public information by the investment adviser or any person associated with the investment adviser.
- (7) Business Continuity and Succession Plan. The investment adviser must establish, maintain, and enforce written policies and procedure relating to a business continuity and succession plan. The plan must provide for at least the following:

- (A) The protection, backup, and recovery of books and records.
  - (B) Alternate means of communications with customers, key personnel, employees, vendors, service providers (including third-party custodians), and regulators, including, but not limited to, providing notice of a significant business interruption or the death or unavailability of key personnel or other disruptions or cessation of business activities.
  - (C) Office relocation in the event of temporary or permanent loss of a principal place of business.
  - (D) Assignment of duties to qualified responsible persons in the event of the death or unavailability of key personnel
  - (E) Otherwise minimizing service disruptions and client harm that could result from a sudden significant business interruption.
- (b) Annual review. The investment adviser must review, no less frequently than annually, the adequacy of the policies and procedures established pursuant to this section and the effectiveness of their implementation.
- (c) Chief Compliance Officer. The investment adviser must designate a supervised person as the chief compliance officer responsible for administering the investment adviser's policies and procedures.
- (d) Definitions.
- (1) "Supervised person" means any partner, officer, director (or other person occupying a similar status or performing similar functions), or employee of an investment adviser, or other person who provides investment advice on behalf of the investment adviser and is subject to the supervision and control of the investment adviser. The definition includes investment adviser representatives, employees, independent contractors, or other associated persons and supervised personnel, or other person acting on the behalf of the investment adviser.
  - (2) "Chief compliance officer" means a supervised person with the authority and resources to develop and enforce the investment adviser's policies and procedures. The individual designated to serve as chief compliance officer must be registered as an investment adviser representative and must have the background and skills appropriate for fulfilling the responsibilities of the position.
  - (3) "Act" means the Uniform Securities Act of 1956 or the Uniform Securities Act of 2002, as revised in 2005.

- (4) “Access person” means:
- (A) Any of the investment adviser’s supervised persons:
    - (i) Who has access to non-public information regarding any client’s purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, or
    - (ii) Who is involved in making securities recommendations to clients, or who has access to such recommendations that are non-public.
  - (B) If providing investment advice is the investment adviser’s primary business, all of its directors, officers and partners are presumed to be access persons.
- (5) “Beneficial ownership” is interpreted in the same manner as it would be under 17 C.F.R. § 240.16a-1 in determining whether a person has beneficial ownership of a security for purposes of section 16 of the Securities Exchange Act of 1934 (15 U.S.C. 78p) and the rules and regulations thereunder. Any report required by 17 C.F.R. 275.204A-1(b) may contain a statement that the report will not be construed as an admission that the person making the report has any direct or indirect beneficial ownership in the security to which the report relates.
- (6) “Federal securities laws” means the Securities Act of 1933 (15 U.S.C. 77a-aa), the Securities Exchange Act of 1934 (15 U.S.C. 78a-mm), the Investment Company Act of 1940 (15 U.S.C. 80a), the Investment Advisers Act of 1940 (15 U.S.C. 80b), title V of the Gramm-Leach-Bliley Act (Pub. L. 106-102, 113 Stat. 1338 (1999)), the Sarbanes-Oxley Act of 2002 (Pub. L. 107-204, 116 Stat. 745 (2002)), any rules adopted by the U.S. Securities and Exchange Commission under any of these statutes, the Bank Secrecy Act (31 U.S.C. 5311-5314; 5316-5332) as it applies to funds and investment advisers, and any rules adopted thereunder by the U.S. Securities and Exchange Commission or the U.S. Department of the Treasury.
- (7) “Fund” means an investment company registered under the Investment Company Act.
- (8) “Initial public offering” means an offering of securities registered under the Securities Act of 1933 (15 U.S.C. 77a), the issuer of which, immediately before the registration, was not subject to the reporting requirements of sections 13 or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)).
- (9) “Limited offering” means an offering that is exempt from registration under the Securities Act of 1933 pursuant to section 4(2) or section 4(5) (15 U.S.C. 77d(2) or 77d(5)) or pursuant to §§ 230.504, 230.505, or 230.506 of this chapter.

- (10) “Purchase or sale of a security” includes, among other things, the writing of an option to purchase or sell a security.
- (11) “Reportable security” means a security as defined in section 202(a)(18) of the Securities Act of 1933(15 U.S.C. 80b-2(a)(18)), except that it does not include:
- (A) Direct obligations of the Government of the United States;
  - (B) Bankers' acceptances, bank certificates of deposit, commercial paper and high quality short-term debt instruments, including repurchase agreements;
  - (C) Shares issued by money market funds;
  - (D) Shares issued by open-end funds other than reportable funds; and
  - (E) Shares issued by unit investment trusts that are invested exclusively in one or more open-end funds, none of which are reportable funds.
- (12) “State securities laws” means all applicable state securities statutes, rules, and regulations, including, without limitation, the registration, permit or qualification requirements thereunder.



**– SAMPLE COMPLIANCE GRID –**

**NASAA MODEL RULE FOR INVESTMENT ADVISER WRITTEN POLICIES AND PROCEDURES UNDER THE UNIFORM SECURITIES ACTS OF 1956 AND 2002**

<b>Compliance Policies and Procedures</b>	Policy	Procedure	Assigned Supervisor	How Evidenced
<b>1. Duty to Supervise</b>				
a. Compliance Inspections				
i. On-site personnel				
ii. Off-site personnel				
<b>2. Designation of Chief Compliance Officer and Supervisory Responsibility Structure – job descriptions</b>				
<b>3. Compliance risk assessment procedures</b>				
<b>4. Annual compliance review and testing</b>				
<b>5. Compliance Policies – updating/amendments</b>				
<b>6. Acknowledge Receipt by supervised persons</b>				
<b>Registration/Licensing</b>	Policy	Procedure	Assigned Supervisor	How Evidenced
<b>1. State Regulatory Requirements</b>				
<b>2. Dual Licensing</b>				
a. Permitted under what circumstances				
b. Compensation: advisory fee, commission, or both				
<b>3. Firm (Form ADV Parts 1 and 2; 2A and 2B client brochure)</b>				
a. Calculating regulatory assets under management,				

b. Custody				
i. Deducting fees from client accounts				
ii. SLOAs and Bill Paying				
iii. Trustee or Power of Attorney				
iv. Pooled Investment Vehicles				
A. Accredited investor, non-accredited investor, qualified clients				
B. Audit of Fund				
C. Custodian(s)				
D. Gatekeeper/independent party				
E. Limited Partnership or LLC Agreement				
F. Management of Fund by General Partner, Managing Member, or separate IA				
G. Subscription Agreement				
c. Financial and disciplinary disclosure – Part 2A				
d. Branch/Satellite Locations (Form BR)				
e. Procedures for delivery of Form ADV				
f. Amendments and Material Changes to Form ADV; Summary of Material Changes				
g. Conflicts of Interest – disclosure				
h. Firm Financial Statement (balance sheet) and Net Worth/Bonding Requirement				
i. Withdrawal/Termination: Firm/ADV-W				
j. Annual Requirements				
i. Annual Updating Amendment Form ADV Part 1 and 2,				
ii. Renewal – annual filing of financial statement or balance sheet				

<b>4. IA Representative Licensing (Form U-4)</b>				
a. Solicitors and referrals (referral fees paid or received)				
b. Outside business activity/employment				
c. Professional designation and certification verification				
d. Personal trading accounts/activity				
e. Prohibited transactions/Restricted List				
f. Financial and Disciplinary Action Disclosure				
g. Amending Form U-4				
h. Withdrawal/Termination: Form U-5				
<b>Advertising</b>	<b>Policy</b>	<b>Procedure</b>	<b>Assigned Supervisor</b>	<b>How Evidenced</b>
<b>1. Definitions of advertising</b>				
a. Business Cards/Letterhead, Website, Social Media, Seminars, Radio/TV, other				
<b>2. Review and approval process</b>				
<b>3. Documentation</b>				
<b>4. Use of third-party rating services</b>				
<b>5. Prohibited references</b>				
a. Testimonials and Endorsements				
b. Guarantees, Misleading Language				
c. Use of "RIA" and "IAR"				
<b>6. Performance Advertising</b>				
a. Model or hypothetical portfolios				

b. Comparisons to indices				
<b>7. Social Media – business and personal use</b>				
<b>Advisory and Investment Activity</b>	<b>Policy</b>	<b>Procedure</b>	<b>Assigned Supervisor</b>	<b>How Evidenced</b>
<b>1. Portfolio management process</b>				
a. Due Diligence/Research Securities				
b. Due Diligence Third-party Advisers				
i. Initial and ongoing due diligence				
c. Consistency with client investment objectives				
d. Management strategies/models				
e. Valuation of assets				
<b>2. Financial Planning process</b>				
a. Financial Plan delivery and/or software access				
b. Ongoing services/fees				
<b>3. Alternative Investment Activities: Alternative Investments, Pooled Investment Vehicles, Private Placements, Variable Contracts</b>				
<b>4. Proprietary trading of an adviser and personal trading activities of supervised persons</b>				
<b>5. Trading practices and prohibited transactions</b>				
a. Allocation of aggregated trades				
b. Block trading				
c. Best execution and order routing				
d. Economic benefit from securities transactions/soft dollar arrangements				
e. Directed brokerage				

f. Disclosures to clients and regulatory restrictions				
g. Fraudulent transactions, transfers, or disbursements				
i. Receiving instructions via email; wire transfers				
h. Insider trading – prevention and detection				
i. Principal Transactions/Agency Cross Transactions				
j. Correcting trading errors				
i. Trading error notification				
ii. Benefit or Loss due to error				

<b>Client Accounts/Relationship</b>	<b>Policy</b>	<b>Procedure</b>	<b>Assigned Supervisor</b>	<b>How Evidenced</b>
<b>1. Account opening/closing procedures</b>				
a. Client financial information, client address/phone/email address of record, investment objectives, investment experience, risk tolerance, time horizon, suitability information, other information about client				
i. Updating client information				
b. Documents to be maintained in client files				
c. Investment policy statement				
d. Account closing procedures				
<b>2. Account statements and Confirmation of Transactions</b>				
a. Custodian				
b. Prepared by investment adviser				
<b>3. Brochure Disclosure (Form ADV Part 2, Part 2A and 2B)</b>				
a. Initial delivery, amendments, and material changes				

<b>4. Contract</b>				
a. Complete description/disclosure of services and corresponding fee(s)				
b. Calculation of fees, fee invoices, fees payable in advance or arrears, payment method (deduction of fee from account vs remittance by client), performance fees				
c. Waiver of compliance/hedge clauses				
d. Authority to vote proxies				
e. Assignment of contract				
f. Discretionary authority/non-discretionary authority				
g. Custody of client funds or securities; custodian(s)				
h. Brochure delivery				
i. Termination provisions (breach of contract/nonperformance; remedy; refund of prepaid fees)				
j. Governing law				
<b>5. Correspondence guidelines: to/from clients including electronic communication</b>				
<b>6. Complaints</b>				
<b>7. Gifts (to/from)</b>				
<b>8. Vulnerable Adults</b>				
a. Diminished Capacity (clients and licensee)				
b. Financial Exploitation				
c. Training-signs to look for				
i. Reporting, third party notification, delaying transactions				

<b>Custody and Discretionary Authority</b>	<b>Policy</b>	<b>Procedure</b>	<b>Assigned Supervisor</b>	<b>How Evidenced</b>
<b>1. Discretion/Non-Discretionary Authority</b>				
a. Written vs. oral authorization				
b. Unauthorized Trading				
<b>2. Custody</b>				
a. Access to accounts via client's user identification login and password				
b. Deduction of advisory fees from client accounts				
c. Inadvertent Custody				
d. Pooled Investment Vehicles				
i. Accredited investor, non-accredited investor, and qualified client				
ii. Audit of Fund; CPA				
iii. Custodian(s)				
iv. Gate keeper/independent party				
v. Management of fund by general partner/managing member vs. separate IA				
vi. Limited Partnership or LLC Agreement				
vii. Subscription agreement				
e. SLOAs and Bill Paying				
f. Trustee or Power of Attorney				
g. Documentation and client instructions				
h. Money Transfers				

<b>Books and Records</b>	<b>Policy</b>	<b>Procedure</b>	<b>Assigned Supervisor</b>	<b>How Evidenced</b>
<b>1. Specific books/recordkeeping requirements</b>				
<b>2. Financial Records</b>				
<b>3. Third Party Agreements</b>				
<b>4. Check Handling Procedures</b>				
<b>5. Electronic Delivery of Client Documents</b>				
<b>6. Retention</b>				
<b>7. Security of books and records – back up copy</b>				
<b>Proxy Voting Policies and Procedures</b>	<b>Policy</b>	<b>Procedure</b>	<b>Assigned Supervisor</b>	<b>How Evidenced</b>
<b>Disclose information about policies and procedures</b>				
<b>1. Information as to whether the IA does or does not vote client proxies</b>				
<b>2. Authority from client(s) to vote proxies (in client contract)</b>				
<b>3. Class Action Lawsuits</b>				
<b>4. Description of how clients obtain information on how the IA voted proxies</b>				
<b>5. Voting proxies in the best interest of the client (s)</b>				
<b>6. Retain:</b>				
a. Proxy statement received				
b. Documents utilized by IA that memorialize the basis for voting decision				
c. Records of votes IA casts on behalf of clients				
d. Record of client requests for proxy voting information and evidence of IA response				



<b>Information Security</b>	Policy	Procedure	Assigned Supervisor	How Evidenced
<b>1. Cybersecurity:</b>				
a. Identify, Protect, Detect, Respond, Recover				
b. Email and Fax communication requesting transfer of money or securities				
c. Antivirus, Antimalware, Firewall				
d. Due diligence of third-party vendors				
<b>2. Education and training for:</b>				
a. Staff				
b. Clients				
<b>Code of Ethics</b>	Policy	Procedure	Assigned Supervisor	How Evidenced
<b>1. Standards of business conduct</b>				
<b>2. Personal Securities Transactions/Trading/Investing in IPOs</b>				
<b>3. Include code of ethics in ADV Part 2, Item 11</b>				
<b>4. Insider trading policy</b>				
<b>5. Special Reports to management</b>				
<b>6. Anti-Money Laundering policy</b>				
<b>Material Non-Public Information Policy and Procedures</b>	Policy	Procedure	Assigned Supervisor	How Evidenced
<b>1. Privacy policy and procedures to protect customers nonpublic personal information</b>				
a. Types of permitted disclosure				

b. Sharing information:				
i. As required by law				
ii. Disclosing information with affiliated and non-affiliated third parties				
iii. Service providers – due diligence of third-party vendors				
A. Non-disclosure agreements				
<b>2. Privacy Notice</b>				
a. Initial and Annual Delivery of Privacy Notice				
<b>Business Continuity and Succession</b>	Policy	Procedure	Assigned Supervisor	How Evidenced
<b>1. Business Continuity Plan</b>				
a. Natural disaster				
b. Key person loss (incapacity or death)				
<b>2. Business succession plan</b>				