

**BRANCH OFFICE INSPECTION COMPLIANCE**

A broker-dealer's internal branch inspection program is a necessary part of its supervisory system and a strong indicator of a firm's culture of compliance. *Renaissance Regulatory Services (RRS)* delivers a full range of tailored solutions to broker-dealers needing regulatory and compliance assistance with their branch office inspection program. The compliance professionals at *RRS* can assist with all aspects of your firm's branch office inspection program from inspection plan development and cycle planning, to conducting the branch inspections.

***Inspection Program Development and Cycle Planning***

*RRS* will conduct a firm wide risk assessment to identify an appropriate scope for the annual inspection cycle. This process factors in the number and location of OSJs, product and service offerings, commission production, and the geographic dispersion of OSJs, subsidiary branch offices and non-branch locations. From this assessment *RRS* will customize the branch inspection plan to address the unique characteristics of your firm's business model and branch network. *RRS* then develops a risk based inspection cycle inclusive of surprise audits that meets or exceeds the regulatory requirements. The cycle incorporates the required annual inspection of OSJ offices, increased surveillance for high production non-supervisory locations, offices supervised by producing managers, and remote single person locations. Some of the risk factors that *RRS* considers include:

- Representatives with disciplinary history or complaints
- Prior examination results
- Outside business and private securities activities
- Employee trading
- Product mix (e.g., structured products, complex product, private offerings, etc.)
- Representative internet usage
- Commission concentration
- Seminars and sales presentations
- Television and radio marketing
- Personal securities trading
- Investment advisory and financial planning
- Activities on premises of financial institution
- Protection of customer information
- Branch security

***Branch Office Inspections and Reporting***

*RRS* consultants have extensive experience conducting regulatory examinations and investigations of broker-dealers and investment advisers. This level of experience results in an effective and efficient inspection process that capitalizes on our prior experience as regulators, which, in the long run can help to minimize your firm's exposure to regulatory sanctions and customer complaints. *RRS* can provide project management, inspection execution and follow up. The *RRS* inspection typically includes:

- Customer account activity including suitability, breakpoints, churning, etc.
- Review of surveillance reports and current technology used to identify risks
- Testing of the implementation of firm policies & procedures
- Compliance with SEC, FINRA & state regulatory requirements
- Documentation & approval of customer accounts
- Handling of customer funds & securities

- Review of branch bank accounts, wire transfers, and signature guarantees
- Customer correspondence
- Advertising & sales literature, including social media
- Review for undisclosed outside activities and selling away
- Investment adviser & associated representative activities
- Report preparation and compilation of findings
- Use of checklists incorporating findings/trends identified in previous audits
- Communication of compliance and risk issues throughout the organization
- Overall culture of compliance
- Business Continuity Plan

### ***Consulting***

In addition to their regulatory expertise, the *RRS* staff has extensive experience assisting broker-dealers in analyzing their supervisory structure for branch offices in order to identify potential weaknesses in the supervisory structure. This process incorporates an assessment of the firm's organizational structure and geographic dispersion, as well as product and service offerings, of OSJs relative to the locations they supervise. *RRS* will then provide a written report of recommendations for strengthening the supervisory structure by identifying the most appropriate supervisory structure based on geographic locations, products and services.

## ***ABOUT RRS***

*Renaissance Regulatory Services, Inc.* provides comprehensive compliance and operational consulting and support services to broker-dealers and investment advisers. Specializing in compliance audits, written supervisory procedures and internal controls, *RRS* provides the experience and insight to meet all your compliance needs. Our services are customized to fit your firm's operations, and in most cases are performed on site. *RRS'* staff and partners are former regulators and compliance professionals who have extensive experience with SEC, FINRA, NYSE and state rules and regulations.

***Manage Through Change*** – *RRS* is founded on the premise that the financial services industry is constantly changing. New products and services, changing regulations and globalization create unique issues in compliance and operations for firms of all sizes and business models. In order to *Manage Through Change*, firms must have the ability to quickly recognize and respond to the compliance and operational challenges that arise. *RRS* supports firms in this mission by providing comprehensive compliance and operational solutions in a customized format. Let *RRS* help you *Manage Through Change*.

## ***CONTACT US***

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