

## **SUPERVISORY CONTROLS**

*RRS* can assist your firm with its compliance with FINRA's Supervisory Controls requirements. Whether you are developing and drafting supervisory control procedures, or seeking an independent party to test existing controls procedures, *RRS'* staff has the necessary regulatory and compliance experience and expertise to help ensure that your supervisory controls are adequately designed for your firm's business.

### ***RRS Supervisory Controls Procedures***

*RRS* will help develop your supervisory controls through a comprehensive process that includes a Gap analysis of your business model, products, services and processing methods to develop a system of supervisory controls uniquely tailored to your firm's business and operations. *RRS* consultants will work closely with your supervisory staff to ensure that the final product meets regulators' and your firm's needs and expectations. This close involvement with key supervisory staff helps to enlist buy-in by supervisory personnel and avoids having the final product wind-up sitting on the shelf.

### ***Supervisory Controls Testing***

Our consultants will review your supervisory control procedures to test and verify that they are sufficient and address the requirements of specific NASD Conduct Rule 3012 including the controls your firm uses to monitor producing managers' customer trading activity. Where deficiencies are noted, *RRS* can recommend and draft additional supervisory control procedures. *RRS* will determine the need for heightened supervisory procedures and verify that supervisory controls are effective and compliant.

*RRS* will also review branch office examination procedures to assess compliance with the mandatory inspection cycles for supervisory branch offices, non-supervisory branch offices and unregistered locations. The resulting examination records will be reviewed for compliance with NASD Rule 3012's inspection report content and retention requirements. Included within the review is testing of the firm's order memoranda for compliance with amended NASD Rules 3110(d) and 2510(d)(1) and any mail holding service provided to the firm's customers.

### ***CEO Certification***

FINRA Rule 3130 requires Chief Executive Officers (CEOs) of member firms to annually certify that the broker-dealer has processes in place to achieve compliance with FINRA rules, MSRB rules and federal securities laws and regulations.

*RRS* can assist FINRA member broker-dealers with the annual certification by reviewing the firm's procedures to determine whether they meet Rule 3130 requirements, namely processes to:

- (1) Establish, maintain and review policies and procedures
- (2) Modify such policies and procedures as changes and events dictate
- (3) Test the effectiveness of such policies and procedures on a periodic basis

This includes verification of one or more meetings annually between the CEO and CCO to address the issues outlined in the Rule. *RRS* provides a report (the "annual compliance report") that evidences the compliance procedures, along with the certification language of FINRA Rule 3130, which the CEO can review, certify and submit to the member's Board of Directors and Audit Committee. The annual

compliance report will include the manner and frequency in which the processes are administered and those officers and supervisors responsible for their administration. The annual compliance report is not required to contain conclusions drawn from the testing of the compliance processes. *RRS* can simultaneously conduct a general compliance review as required under NASD Rule 3010 while onsite and provide a separate report documenting the review and describing any findings and recommendations.

### ***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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