



REGULATORY NEWS & COMPLIANCE BEST PRACTICES

Strategies for conquering the task ahead: A plain-English Part 2 brochure

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Now that the clock ticks toward a deadline to comply with the SEC's [Form ADV revisions](#), the words of a CCO in Baltimore may sound like your own.

"Where do you find time?" she asks, as she reflects on a year that has wrought a [custody rule](#) revision, a [pay-to-play rule](#), a [quick response](#) to the SEC's pending fiduciary duty standard study and now a mandate to create a plain-English Form ADV Part 2 brochure by your firm's filing deadline next year ([IA Watch](#), August 2, 2010). "The burden is getting very heavy," says the CCO, who wears multiple hats in her medium-sized firm.

"It's going to be a large undertaking" to complete the brochure by sometime next year, acknowledges a compliance officer in Pennsylvania. His firm anticipates producing the brochure in-house but will decide by October "whether or not that's practical for us."

Experts sound like a chorus in advising firms to get going. "They need to start addressing it now," advises **Valynda Ewton**, president of **Broker/Dealer Concepts** in Dallas. "You can't start doing this at the end of February." Aim to have a draft finished by the end of December, she recommends.

The brochure deadline "doesn't really worry me terribly," says a confident compliance officer with a New York RIA. His firm plans to write the brochure in-house "because I don't think even our closest counsel knows the business like we do." However, the firm will run the finished product by its outside counsel before uploading it to the SEC website next year.

Can lawyers write in plain English?

"I don't believe we need attorneys to write the brochures," says **Janice Campbell**, compliance officer with **John A. Wolfe & Associates** (\$364 million in AUM) in Portage, Mich. Campbell majored in English and feels "if you go to the attorneys, I don't think you're going to get plain English" (see a [story on how to write in plain English](#)).

Form ADV is the main disclosure document for investment advisers, notes **Michael Mincez**, manager of **Blue River Partners** in Dallas. "I do think you do want to reach out to your professional advisers in crafting this language," he says, adding "lawyers are going to understand what" the plain-English requirements mean.

Annie Lazarus, CCO at **Landmark Partners** in Simsbury, Conn., plans to pore through notes from seminars she attended following release of the [Form ADV Part 2 proposal](#) to refresh herself on how to tackle the task. "It's unfortunate that we need a law to tell us to put it in [plain] English," she says, adding her only concern is her competitors will be able to download the document from the SEC's website.

But that sword points both ways, reminds **Michelle Jacko**, CEO of **Core Compliance & Legal Services** in San Diego, meaning you'll see their brochures, too.

Tica Perri, operations manager at **Investment Management Consultants** (\$42M in AUM) in Littleton, Colo., will start with her firm's current Schedule F. Others agree that's a good place to begin.

Take out your Schedule F, circle passages that match the headings of the new brochure and map the older sections to the new format, recommends **Karen Huey** of **Professional Compliance**

Assistance in Canton, Ga. Be sure to map your current risk assessment to the new section 8: **methods of analysis, investment strategies and risk of loss, she adds.**

Reading is fundamental

Others urge you to read the full rule, especially the form instructions and the glossary. Ewton advises you visit your firm's website. She predicts you'll find a lot of plain-English writing describing your firm there that can help you.

It's alright to start with your existing legalese and call on your marketing experts to soften the language, says **Bart McDonald**, executive VP at **Renaissance Regulatory Services** in Boca Raton, Fla. Your marketing materials may already include the best current examples of plain-English writing, he adds.

Assemble a team to achieve the new brochure, many say. "You don't drop this one on somebody's desk," says Dr. **William Lutz**, retired English professor emeritus at **Rutgers University**. Others say you should hold a meeting with key personnel representing legal, marketing, portfolio management, finance, etc. - and discuss the pending deadline and how the entire firm must contribute to the effort.

New Form ADV Part 2 challenges

Firms will be tested to convert complex topics, such as soft dollars, into easy-to-understand language, says **Nancy Lininger** with **The Consortium** in Camarillo, Calif. Other challenging twists include discussing material risks with investment strategies and inserting supervisor information in brochure supplements.

The new rule permits you to separate material amendments to the form as addenda to the full brochure, says **Amy Lynch**, president of **FrontLine Compliance** in Alexandria, Va. She recommends you place such amendments in a separate file to make it easy to assemble the addenda. Of course, the next year you'd have to work those amendments into the main text.

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