



## Investment Adviser Regulation

The Securities and Exchange Commission (“SEC”) has been making the headlines recently as it has become better known that federally registered investment advisers have not been examined regularly, certainly not as often as state registered investment advisers. While examinations can be stressful for the investment adviser, they help to verify compliance with the statutes and industry standards. The regulatory gap that is happening at the federal level could place some investors at risk.

There is a push for federally regis-

tered investment advisers to be examined more regularly. The SEC has requested additional funds from Congress to hire additional investment adviser auditors. There is now some consideration of using third party auditors and some are concerned that may fall to a Self-Regulated Organization. The concern is that SROs are responsible to their members and not the investing public.

Eventually, decisions are made on a federal level will have some sort of impact on the state level. However, know that as a state registered investment adviser, you are exposed to a dynamic regulatory oversight program that works well.

## Getting Your House in Order

As the New Year approaches, now is a good time to get your own “house” in order. After the rush to make sure your client’s have funded their IRA’s, taken any mandatory distributions and maximize the tax efficiency of their investments, begin looking at the documents of your firm. Review your client contracts, both for your investment advisory services and financial planning. Do you still offer all of the optional services that you list? If

not, update your ADV. While it is required to do an annual update of your ADV, it is a fluid document and can be updated at any time.

Please remember to send in a copy of your financial statements to the New Mexico Securities Division by March 31st.

### Monthly Registration Statistics

|          |       |          |    |
|----------|-------|----------|----|
| BD Firms | 5     | IA Firms | 3  |
| BD Agent | 1,561 | IA Reps  | 64 |