

Risk Assessment and Written Policies and Procedures GAP Analysis										
Ref	Risk Area	Risk Ownership	SEC Section, Rule, or Guidance	Potential Risks	Evaluation of Risk before considering controls (Low, Medium, High)	Section of Policies and Procedures (or other document)	Controls in Place	Evaluation of Risk after considering controls (Low, Medium, High)	Disclosure	Notes/Gaps
	Risk areas identified for your Firm based on business model and current regulatory focus areas (should include close interaction with business units)	Designate the responsible party or department for this risk.		Identify the potential risks or conflicts caused by (or common to) the risk area	General risk level based on regulatory or business focus before any controls	Map your risks to your documents such as your procedure manual, brochure, advisory agreement, prospectus, private placement memorandum etc.	Describe (brief summary) how you manage and mitigate risks through policies, procedures and internal controls.	General risk level after consideration of controls you have put in place (if adequate controls in place, should be "low")	Identify documents that disclose the risk (Form ADV, Form CRS, IMA, Prospectus, etc.)	Use this space to add comments or deficiencies. Be advised this document is discoverable and will be reviewed by regulators so be judicious in your comments.
1	Dual Hated Employees		Rule 206(4)-7	The client, or prospective client, does not understand the capacity in which the representative is acting. The client does not understand which entity the service or product is being offered under. The client does not understand the regulatory framework or protections offered under the different entities being represented. The employee does not understand when they are representing the bank or the RIA.	High		To discuss during presentation	Low	Schedule D of Form ADV Part 1 and Item 10 of Form ADV Part 2A	
2	Master Service Agreements		Rule 206(4)-7	Agreement contains actual or potential conflicts of interest that have not been disclosed. Agreement contains compensation arrangements that have not been reviewed by Compliance for potential conflicts that require disclosure. The services covered in the agreement are outdated.	Medium		To discuss during presentation	Low	Schedule D of Form ADV Part 1 and Item 10 of Form ADV Part 2A	
3	Error Correction (breaks trade, buy it out, etc.)		Section 206	The Firm has no stated policy on what constitutes a trade error, leading to clients not being made whole. The Firm has no formal trade error policy leading to client errors being handled differently based on the client or representative/desk making the error. Trade errors and their resolution are not tracked or documented. No formal policy on how gains are treated on errors leading to misapplication of such gains.	Medium		To discuss during presentation	Low	Form ADV Part 2A - Item 12	
4	Soft-Dollars		Section 206, Exchange Act Section 28	The Firm purchases products/services outside of Section 28(e) safe harbor (i.e., non-research) with soft dollars. Directing client trades to brokers with soft dollar arrangements, in lieu of seeking best execution. The Firm uses commissions paid by one group of clients to provide non-28(e) benefits to other clients without full and fair disclosure of these arrangements. The Firm splits soft dollar benefits between entities without adequate tracking, monitoring or disclosure. The Firm's clients pay an excessive soft to hard dollar ratio or the Firm excessively trades client portfolios in order to meet soft dollar commitments. The Firm does not correctly identify products/services that should be deemed mixed-use or makes inaccurate estimates of mixed use items' non-research use.	Medium		To discuss during presentation	Low	Item 12, Form ADV Part 2A	
5	Licensing of Supervised Persons		Section 203A	Failure to conduct and document adequate investigation of background and qualifications. Failure to maintain IAR Forms U4 for disclosure of disciplinary actions, outside business activities, and address changes. Failure to be properly licensed in all applicable jurisdictions.	Medium		To discuss during presentation	Low	N/A	
6	Annual Review/Periodic Testing		Rule 206(4)-7	Ineffective risk identification procedures. Inadequate policies and procedures. Ineffective and limited oversight process. Resolution of outstanding compliance issues insufficient. Inadequacy of the annual review process and its documentation.	Medium		To discuss during presentation	Low	N/A	

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7	Custody		Section 206, Rule 206(4)-2, Rule 204-2	Loss or misappropriation (embezzlement) of client assets. Access/control leading to custody other than as disclosed. Failure to maintain client assets with a qualified custodian. Failure to conduct due inquiry regarding statement delivery. Failure to engage an independent public accountant to conduct the surprise audit.	High		To discuss during presentation	Low	N/A	
8	Account Recommendation/ Opening Process		Section 206, Rule 206(4)-7	Failure to receive/deliver/execute all account opening paperwork. Failure to compile and document a financial profile sufficient to make a recommendation that is in the client's best interest. Failure to adequately disclose all material actual or potential conflicts of interest. Failure to document recommendation basis based on the client's financial profile.	High		To discuss during presentation	Low	N/A	
9	Proprietary Products		Section 206, Rule 206(4)-7 (Rule 206(3)-2)	The Firm favors itself or an affiliate over the client's best interest when recommending investment products. Actual or potential Conflicts of interest are not fully and fairly disclosed. Prospects referred by solicitors may not be aware of the solicitation fee.	High		To discuss during presentation	Low	Item 11, Form ADV Part 2A	
10	Solicitors and Referrals		Section 206, Rule 206(4)-3, Rule 204-2	The agreement(s) between the Firm and any solicitors may not contain the required language. The Firm's solicitors may not be properly state licensed.	Medium		To discuss during presentation		Item 14, Form ADV Part 2A	