

Practices & Industries

Investment Compliance Services

Overview

These are challenging times. The economy is distressed and investors have lost a large part of their investment savings. There have been many frauds, especially Ponzi schemes, which have caused catastrophic harm to investors. In this environment, institutional investors and financial services firms (including advisers, broker-dealers, intermediaries, and others) need to strengthen their compliance controls to ensure that compliance policies and procedures prevent violations from occurring, and detect and promptly correct violations that have occurred.

Day Pitney's Compliance Risk Services group assists organizations in designing and implementing comprehensive compliance programs. Our compliance group provides essential compliance services, including compliance risk assessments and audits, investigations, and compliance control improvements to mitigate compliance risks. Effective compliance programs enable companies to self-police their conduct by identifying, assessing, and correcting compliance problems before they cause harm to investors or are discovered by regulators. The following are examples of the types of compliance services we offer:

- Advice to investment managers on addressing federal and state compliance requirements through implementation of effective compliance programs that contain risk-based policies and procedures (including a records management program), processes for monitoring compliance risks and preventive controls, systems to quickly remediate identified compliance risks, and periodic reviews of compliance programs. Our advice enhances compliance with the Securities and Exchange Commission (SEC) requirement that investment managers have written compliance policies and procedures, a chief compliance officer, and an annual review of the adequacy of compliance programs, with the results reported to senior management.
- Advice to institutional investors, including pension funds, and fund of funds to assist fiduciaries in protecting assets through focused investment manager due diligence in the selection process; on-going review of investment managers' back-office compliance processes; staff training on evaluating investment managers' compliance disclosures (especially those relating to potential conflicts of interest); review and evaluation of the adequacy of investment manager disclosures, and the rights and remedies of investors in the event of inadequate disclosures or other violations of an investor's management agreement or compliance requirements.

Recently, the SEC has targeted for close scrutiny compliance risks of financial services firms involving disclosure (especially potential conflicts of interest), custody (confirmation that clients' assets are safe), performance claims (for accuracy), and resources supporting the firm's compliance program. Commenting on the latter risk, the SEC has cautioned against making resource reductions to compliance programs that could undercut their effectiveness.

Day Pitney's Compliance Risk Services group stands prepared to assist with the necessary strategic and tactical thinking required to develop or improve an effective compliance program.