

AUDIT PREP: COMMON AUDIT FINDINGS

Let Us Guide You ON YOUR JOURNEY



FINANCIAL RESOURCES GROUP
Investment Services

 **LPL Financial**

FINRA's Examination & Risk Monitoring Program 2025

- Third-Party Risk Management- NEW
 - Comprehensive Vendor Inventory
 - Contingency Plans
 - Vendor Evaluation
- Enhanced Cybersecurity Focus- NEW
 - New Quantum Computing Risks
 - QR-Code phishing attacks
 - Generative AI-enabled Fraud
- Reg BI Compliance
 - Increased Attention on Complex Product Recommendations
 - Rollover Recommendations and Account Switch Focus
 - Senior Investor Protection-
 - Trusted Contact Persons
 - Implementing Temporary Holds for Financial Exploitation

Four Pillars of LPL's Audit Program

- [Books & Records Requirements](#)
- [Branch Office Security](#), IT & [Business Continuity](#)
- [Disclosure Requirements](#)
- Account & Transaction Documentation

Getting Started

■ When to Expect a Branch Exam

- Non-OSJ Location: An audit examination of all Non-OSJ offices is conducted every three years.
- Satellite Location: An audit examination of all Satellite locations is conducted at least every three years.
 - Starting September 2022, LPL is returning to limited on-site inspection schedule.
 - Exams may happen more frequently based on previous findings and overall branch risk assessment.

■ Location, Location, Location

- If you are the branch manager or person in charge, you are responsible for the books and records maintenance as well as ensuring the any other individuals at that location are properly situated.
- Make sure your location is registered properly. Is it a Non-OSJ Location or a Satellite (appointment only) location? You may need to be registered at more than 1 location.
- Make sure all licensed and unlicensed staff are properly affiliated and accounted for.
- Quick office setup guide is available in the Resource Center in ClientWorks.

■ Required Office Identification

- SIPC Sticker or Plaque.
- DBA Signage requirements (customized identification and signage must be pre-approved).
- Proper LPL Signage to include disclosures.
- Signage and SIPC Sticker must be prominently displayed at entrance to office/lobby.

Exam Ratings

Old Rating System	New Rating System	Definitions
Satisfactory	Meets Expectations	No deficiencies were identified or internal control systems are designed and operating effectively.
Satisfactory / Needs Improvement	Meets Most Expectations	Internal controls systems require some review. Control processes are designed but require some corrective action.
Needs Improvement	Moderate Improvements Needed	Internal controls systems need to be improved. Control processes are not established and/or operating at an expected level of consistency, and require corrective action.
Unsatisfactory	Major Improvements Needed	Internal control systems are not functioning as intended. Corrective action and management involvement/monitoring are needed until control deficiencies are remediated.

Audit Findings

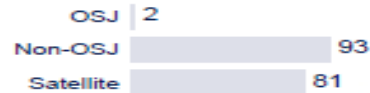


BRANCH EXAMS COMPLETED FOR 16H4, 38W0-STEPHEN LANK

EXAMS COMPLETED



EXAMS REMAINING



EXAM RATINGS

satellite offices are not rated



83% of your offices are in the top two ratings and 51% had zero deficiencies

Meets Expectations: No deficiencies were identified or internal control systems are designed and operating effectively.

Meets Most Expectations: Internal controls systems require some review. Control processes are designed but require some corrective action.

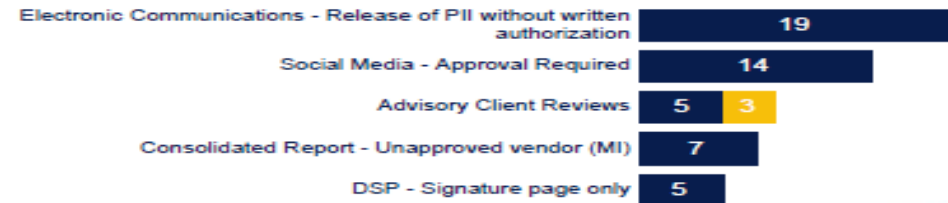
Moderate Improvements Needed: Internal controls systems need to be improved. Control processes are not established and/or operating at an expected level of consistency, and require corrective action.

Major Improvements Needed: Internal control systems are not functioning as intended. Corrective action and management involvement/monitoring are needed until control deficiencies are remediated.

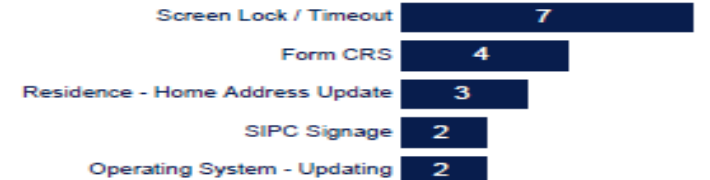
TOP DEFICIENCIES



TOP HEIGHTENED DEFICIENCIES



FINDINGS FIXED ONSITE



Exams completed 1/1/2024 - 5/31/2024

*Indicates a repeat deficiency

Books & Records

- Create and preserve, in an easily accessible place, originals of all communications received and sent relating to their “business as such”
- [Review of correspondence](#), internal communications (e.g., emails, instant messages, text messages, chat messages, interactive blogs).
- [Outside Business Activities](#) and [Private Securities Transactions](#)
 - Prompt disclosure
 - Prior approval
 - PST where the associated person has or may receive selling compensation must record and supervise the transaction as if it were executed on behalf of the firm.
- Regulatory Events Reporting
 - Prompt disclosure – Rep to firm – Firm to FINRA
 - Violations of securities laws and FINRA rules, certain written customer complaints, certain disciplinary actions the firm takes and certain internal conclusions of violations, specified criminal actions, civil complaints and arbitration claims.
 - **This obligation applies to all member firms, including those that permit staff to use a non-firm or third-party digital communications channels to conduct firm business.**
- Mobile Apps & Digital Communications Channels
 - Information is accurate, complete, and non-biased. (Fair and Balanced)
 - Protocols for video/livestream/public appearance usage
 - Capture/Review/Archive

Books & Records Requirements

- LPL will review [iDoc](#) records in ClientWorks to confirm that all required Books and Records folders have been created, and that all required forms are on file.
- Create all the pertinent files for your locations, even if they are empty.
- See the [Branch Exam Record Keeping Requirements](#) or Compliance Quick Start Guide for Office Set-Up for more information.

Books & Records Requirements

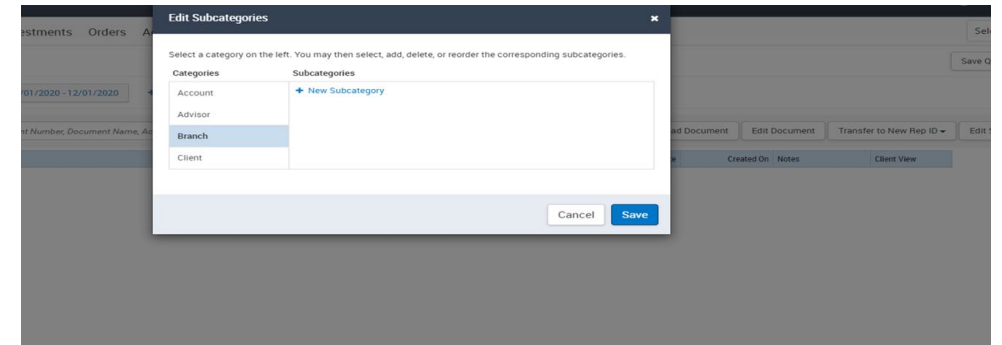
- Client Files
 - All branch files must be secured and kept in ClientWorks using LPL's [iDoc](#) Feature.
 - All client files must be secured and kept in ClientWorks using LPL's [iDoc](#) Feature.
 - No physical (paper) files should be maintained.
- Books & Records (Must be maintained for each Registered Branch Location)
 - [Check Receipt Log](#)
 - Advertising File
 - Sponsor Approved Advertising File (if applicable)
 - All versions of Business Cards, Letterhead and Envelopes (used by everyone in this branch office)
 - [Incoming Correspondence – Brokerage](#)
 - [Outgoing Correspondence – Brokerage](#)
 - Complaint File – Brokerage
 - Complaint File – Options
 - Complaint File – Commodities (if applicable)
 - Do Not Call List
 - Signature Guarantee Log (if applicable)
 - [Cash/Non-Cash Compensation Log](#)
 - Daily Deposit Report (if using local deposit program)
 - Remote Deposit Check File (if applicable)
 - Non-Local Deposit Check Log

Books & Records Requirements

- Books & Records (Cont.)
 - [Securities Receipt Log](#)
 - [FINRA Manual](#) (or web access)
 - [Operations Manual and Compliance Manual](#) (or access to Resource Center)
 - Client Files
 - [Prospectus Delivery Log](#)
 - [Branch Office Business Continuity Plan](#)
- If Transacting Advisory Business:
 - Advisory Advertising File
 - Advisory Complaint File
 - Advisory Incoming Correspondence File
 - Advisory Outgoing Correspondence File
- If Registered with the SEC or the state as a Registered Investment Advisor:
 - RIA Advertising File
 - RIA Complaint File
 - RIA Incoming Correspondence File
 - RIA Outgoing Correspondence File
 - RIA Ledger of fees Billed/Received

iDoc Feature

- [iDoc](#) is required to be used for storage of client related and branch level documents.
 - Drag & Drop or easily browse to upload your documents.
 - Upload multiple documents at a time.
 - Customizable ways to categorize documents.
 - “Advisor” and “Branch” document categories that allow you to go paperless while still being SEC compliant (i.e., compliance Files, Advertising files).
 - Documents on Demand – ability to request all of your imaged forms on an external hard drive for a cost of \$200.
 - See the [iDoc Paperless Office Solutions Reference Center](#) in the Resource Center for more information.



File Keeping Tips

- [Prospectus Delivery Log](#)

- You must deliver a prospectus for direct mutual fund business, including 529 Plans and Structured Products.
- Prospectus delivery must be logged on the [F631](#) form.

- [Check Log](#)

- If you are receiving checks at your branch and not using mobile deposit, use the [F474](#) form to log receipt.
 - Make sure you keep copies of the checks along with the log, front and back.
- If you are using the remote deposit app, there is no need for you to also maintain the [F474](#).
 - Please keep client checks for 3 weeks to make sure the checks clear properly.
 - Destroy/shred checks after 3 weeks.

- [Non-Cash Compensation Log](#)

- Any gifts given to or received from clients must be submitted in the MyComplianceOffice portal.
- Any time you go to dinner, drinks, a ball game, etc. that is paid for by a product sponsor/wholesaler, you must assign an estimated value to it and is required to be logged in the MyComplianceOffice portal.

- Complaint Files

- It is the rep's responsibility to report complaints to the OSJ as soon as they are received.
- Failure to report a complaint in a timely manner will be cause for disciplinary action.

Electronic communications:

- Continued Focus in 2025
- \$600 Million in fines in 2024
- Legal hold notice
- Recent regulatory fines/suspensions
- [Approved channels only](#)
- LPL \$50M Settlement

Communication with the Public

Electronic Communications & Social Media

- All LPL associated persons are required to use an LPL Financial email address, or the advisor's compliance-approved proprietary Doing Business As (DBA) domain email address hosted with an LPL Financial-approved email host vendor.
- The use of generic email address such as Yahoo, Hotmail, and Gmail are strictly prohibited.
- Email signatures must be submitted to Marketing Regulatory Review (marketing@lplatfrg.com) for review and approval.
- If any form of electronic communications you would like to use is not being captured, reviewed, and archived by LPL, then you cannot use it
- **Text messaging is forbidden** unless when using LPL's [MyRepChat](#) Application. No other application for text messaging is allowed or approved by LPL. There is no charge for this technology.
- The use of Social Media (LinkedIn, FaceBook Business, Twitter) to market your brand is allowed, but you must:
 - Take the required training in the Learning Center – Social Media Training
 - Submit your Social Media Onboarding Form in ClientWorks
 - Sign up for Social Patrol, a monitoring service (\$85/yr)

Social Patrol

- [Getting Started with Social Patrol](#)
- How to check if your Account(s) are Connected to Social Patrol
- LinkedIn
 - Click your profile icon labeled “Me”
 - Settings and Privacy
 - Data Privacy
 - Permitted Services – Social Patrol should show here if connected
- Facebook
 - From your Profile, click the options button in the right corner of the menu bar (small downward arrow), and choose Settings
 - Choose business Integrations from the menu on the left
 - In the Active tab, Proofpoint Social Patrol will be listed
- Twitter
 - From your Account Info or Profile menu, choose Settings & Privacy (you may have to click the More menu button to show this option)
 - In the Settings section, click Account
 - In the Data and Permissions section, click Apps and Sessions
 - In the Apps section, Proofpoint Social Patrol will be listed

Consolidated Reporting

- A consolidated report—like account summaries, performance reports, and statements of holdings—is any document provided to or on behalf of a client, in any format, that contains a full or partial list of financial assets, regardless of where those assets are held.
- Depending on criteria defined in this policy, most advisors must use an approved consolidated reporting tool—[LPL Client Reporting](#), [Albridge Wealth Reporting](#), [Black Diamond® Wealth Platform](#), [Fortigent](#), [Orion Advisor Services](#), or Portfolio Review Report—to create and share those reports. See [Consolidated Reporting Requirements and Guidelines](#) for more information.
- [Consolidated Reporting Policy Overview](#)

Branch Office **Security**, IT & Business Continuity

- LPL will check to confirm that your [Branch Office Business Continuity Plan](#) is updated and tested annually.
- LPL will confirm that all devices used to conduct LPL business are compliant with LPL's [Branch Office Security Policy](#).
- The FRG IT department can be contacted at IT@lplatfrg.com.

Branch Office **Security**, IT & Business Continuity

- [Branch Office Security Policy](#) (BOSP)
 - All devices used to conduct LPL business must be compliant with LPL's BOSP.
 - The [BOSP](#) can be found in the Resource Center in ClientWorks.
 - Test the security standards of your computers.
 - You can use the Security Standards Testing Worksheet, found in the Resource Center to test for compliance with this policy yourself, or contact the FRG IT department at IT@lplatfrg.com, who will test on your behalf.
- Email Usage
 - NEVER use a personal email address for any type of business purpose, no matter how harmless you think the usage may be. LPL will perform an email search to check for personal email usage.
 - Do not forward articles, client info, or communicate with clients to/from your personal email address. Sign in and use your LPL webmail at home if/when necessary.
 - If you are using an institutional or DBA email address, LPL must either host it or capture it via the journaling tool.
 - If you are an institutional rep or bank employee that has both and LPL and bank email address, make sure you are using each one correctly. (Do not use your bank email address for LPL business if it is not being captured/journaled).
- [Branch Office Continuity Plan](#) (BCP)
 - Every office location is required to maintain a [Branch Office Continuity Plan](#).
 - A highlighted, fillable template is available in the Resource Center. Included in the template is a testing worksheet that you must complete and attest to every year.
 - It is REQUIRED that your [BCP](#) is updated and tested annually.

Branch Office **Security**, IT & Business Continuity

- Document Signature Policy
 - Non-genuine signature-use of white out, cutting, pasting, and maintaining blank signed documents.
 - Incomplete signed document are considered “blank signed document” and will result in an audit finding, and could include a letter of caution and fine.
- Client PII
 - Sharing of client PII to non LPL affiliated Financial Institution employees is strictly prohibited.
- Accepting Trade Orders via Email, Voicemail, Text, or Fax from Clients
 - All trade or money movement orders must be confirmed verbally.
 - E&O insurance will not cover instances in which the rep fails to verbally confirm orders or money movements.
- [Electronic Communication](#) (Chat Rooms/Forums, Instant Messaging, Texting, etc.)
 - You are only allowed to use forms of electronic communications that LPL is able to capture, review and archive.
 - Text messaging can be used ONLY with the [MyRepChat Application](#). No other application for text messaging is allowed or approved by LPL.
 - Instant Messaging is only available using the Slack application.

Disclosure Requirements

- LPL will confirm that all required disclosures have been made regarding:
 - Marketing Review
 - Outside Business Activities
 - Outside Securities Accounts
 - Private Securities Transactions
 - Social Media Usage
 - Customer Complaints
 - Liens
 - Criminal Activity

Disclosure Requirements

- Outside Business Activities

- Outside business activities include any business or commercial services other than securities services, including civic/charitable activities and DBA names.
- Requires prior written Compliance approval.
- All new, termed, and amended outside business activities must be submitted electronically through the [OBA tool](#) in ClientWorks.

- Outside Securities Holdings

- All associates (including Non-Registered) are required to report all outside securities holdings (including immediate family members) to LPL using the MyComplianceOffice portal in ClientWorks. Menu -> Compliance-> MCO.
- An annual fee of \$100 per account with a maximum charge of \$200 per personal/family related account.

- Social Media Use

- Take the required training in the [Learning Center](#)
- Submit your Social Media Profile through the [Social Media Onboarding Form](#)
- Sign up for [Social Patrol](#), a monitoring service

Disclosure Requirements

- [Marketing Regulatory Review](#)

- All required advertising must be submitted to Marketing Regulatory Review ([MRR](#)) via the ART portal (ClientWorks) and approved for use.
 - Business Cards, Letterhead, Stationary, email signatures, office signage
 - Seminars
 - Radio & television appearances
 - Circulars, Newsletters or Fliers
 - Statement Inserts
 - Prospecting or Direct-Mail communications
 - Newspaper Articles and Advertisements
 - Telemarketing Scripts
 - Form Letters
 - Audiovisual communications (audiotapes, videotapes, slides, overheads, etc.)
 - Seminar materials, including materials of general interest, intended to educate attendees about basic financial concepts and generic financial and insurance products.
 - Sales Presentation materials (general and non-product specific) used to develop interest in financial planning concepts or insurance products.
- See the [advisor compliance manual](#) for complete list and additional information.

Disclosure Requirements

- The disclosure events set forth in the Form [U4](#) must be reported on an advisor's Form [U4](#) promptly.
- [Financial disclosures & Liens](#)
 - Bankruptcy when it is first filed and when it is discharged.
 - Settlements or compromises with creditors (e.g., credit accounts that are settled for less than the full balance, short sales).
 - All judgments and liens when they are first filed and when they are satisfied/released (e.g., civil judgments, tax liens).
- [Regulatory Disclosure](#)
 - Orders, hearings, fines, and investigations from any regulator (e.g., insurance commissioners, state securities or investment adviser departments).
- [Criminal Disclosure](#)
 - Charged with or convicted of a misdemeanor involving investments or investment-related business.
 - Charged with or convicted of any fraud, false statement, omission, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or conspiracy to commit any of these.
 - Charged with or convicted of any felony (even if it is not investment related).
- Name and Address Changes
 - Required for both personal and business changes.

Disclosure Requirements

■ [Customer Complaints](#)

- All verbal and written customer complaints must be immediately forwarded to the OSJ home office for processing with LPL's Legal Department.
- The advisor must provide a written summary of events and all relevant notes and documents.
- LPL Legal will assign an attorney to work with the Institution. All responses must be coordinated with and approved by Legal. LPL Legal will reply to customer complaints.
- LPL prohibits the advisor or financial institution from settling a customer complaint either written or verbal.

■ Private Securities Transactions

- LPL must be provided with written notice of the proposed transaction and whether or not any compensation is involved in the transaction.
- Participating includes, but is not limited to, making a sale, referring/introducing clients and non-clients to the investment, issuer or its representative, as well as arranging, facilitating, or participating in meetings and/or discussions between clients or non-clients and the issuer or their representative.
- Proposed private securities transactions are reported on form [PST1](#).
- Requires written acknowledgement and prior approval from Compliance, Legal & Risk.

Account & Transaction Documentation

- LPL will sample your annuity, 529, brokered CD, & structured product business, and you will be cited for not following the required procedures.
- LPL will check for compliance with Reg BI and Form CRS delivery requirements.
- LPL will confirm that you have completed [annual advisory client reviews](#) (F450), and that [proper documentation is on file in ClientWorks](#).

Account & Transaction Documentation

- Variable Annuities, Fixed Index Annuities & Fixed Annuities
 - VA, FIA and FA business is processed through [AOE](#).
 - All new policies, exchanges, and sub-pays of \$25K or more should be done through [AOE](#).
 - All sub-pays below \$25K (not from an exchange) should have a corresponding F487 or F439 on file. NEVER submit a VA or FIA to the carrier without PRIOR LPL approval.
 - [Carrier paperwork](#) should also be on file in ClientWorks.
- 529 plans
 - A 529 College Savings Plan Disclosure Checklist ([F423](#)) must be completed for every initial purchase of a 529 plan.
 - As of June 18, 2016, the usage of class C share mutual funds in 529 Plans with beneficiaries 12 years of age and younger is prohibited unless an accommodation can be granted as referenced below.
 - The official Statement or Disclosure Document must be delivered to the client.
 - The [FINRA 529 Expense Analyzer](#) is required for C share transactions of \$25K or greater as compared to A share expenses – signed by client.
 - [Prospectus delivery and logging is required](#).

Account & Transaction Documentation

- Brokered CDs

- The Brokered CD Disclosure Statement must be delivered to client at or prior to sale and Advisor attestation is required at the time of order entry.
- Form F463 has been retired and is no longer required.

- Structured Products

- Preliminary prospectuses for structured products are REQUIRED to be sent to clients prior to purchase.
- LPL DOES NOT send preliminary prospectuses for structured products on the rep's behalf.
- Reps must use the [F631](#) or other similar method to document delivery of preliminary prospectuses for Structured Products. Audit will look for this if you do Structured Products. See the [Prospectus FAQ](#) in the Resource Center for prospectus record keeping requirements.
- October update to concentration limits- Aggregate concentration exceeding 30% of LNW may be subject to additional best interest/suitability review.

Account & Transaction Documentation

- [Cryptocurrency](#)

- Advisors & their OSJ/RIA supervisors must complete the required one-time Cryptocurrency-Related Products training located within the Learning Center.
- Your clients must complete the Cryptocurrency-Related Products Acknowledgement form ([F725](#)) for each account in which the product will be purchased. (This form must be signed via eSignature).
- LPL does not facilitate any currency trading. Advisors cannot recommend the purchase, sale, or custody of actual cryptocurrency through LPL.
- Advisors cannot participate in cryptocurrency mining.
- Advisors can, at their own risk, purchase actual cryptocurrencies for their own accounts at approved outside broker-dealer firms that support virtual currency trading.

Regulation Enforcement

- **Reg BI & Form CRS:**
 - Effective on June 30, 2020
 - Established Best Interest Standard
 - Applies to any recommendation
 - Client above self
 - Establishing and enforcing adequate written supervisory procedures ([WSPs](#))
 - [Form CRS](#), a brief relationship summary that discloses material information about the firm in plain language (e.g., investment services provided, fees, conflicts of interest, legal and disciplinary history of the firms and financial professionals).
 - [Delivery](#) and [Logging](#)
 - **FINRA will continue to share further findings as they continue to conduct exams and gather additional information on member firms' practices.**

REG BI Enforcement

- FINRA/SEC Focus for 2025
- 1000 minimal REG BI Audits
- [Best interest rationale documentation](#)
- AOE Orders – Reasonably available alternatives
- Advisory Reviews – Fiduciary obligation, written into the Act.
- [Form CRS delivery and logging](#)
- Quarterly reporting now from LPL
- Accounts opened vs CRS deliveries logged

Account & Transaction Documentation

- Reg BI & [Form CRS](#)
 - Broker-dealers and RIAs are required to deliver a two to four page Relationship Summary ([Form CRS](#)) to new and existing advisory and brokerage customers.
 - Existing Clients must receive form CRS when recommending opening a new account that is different from the retail investor's existing account(s); or when recommending or providing a materially new brokerage service or investment.
 - Prospects/New Clients must get delivery prior to a recommendation of an account type, a securities transaction, or an investment strategy.
- CRS Delivery Methods & Logging
 - By hand. Available in Resource Center. [Log delivery in ClientWorks application](#).
 - By mail (Requires 5 day wait prior to making a recommendation). Requested and automatically logged through ClientWorks application.
 - Electronically via email. Requested and automatically logged through ClientWorks application.
 - LPL will redeliver if material changes are made to CRS.
 - Most recent version of [Form CRS](#) is available in the Resource Center.

Account & Transaction Documentation

- Annual Client Contact

- If you have advisory accounts, the SEC mandates that you meet with your clients no less than annually to perform a complete portfolio review, re-confirm account objectives, etc.
- Annual review meeting can be held virtually, via phone, or in person.
- Annual Client Review forms ([F450](#)) is located in the 'Clients' sub-menu within the [Client Management page](#) of ClientWorks.
- All substantial client reviews are REQUIRED to be documented in ClientWorks. This includes OMP, SAM, MWP, PWP and Manager Select. LPL audit will demand records of your documented annual reviews. If they are not in ClientWorks, you will be cited.
- The Annual Client Review form covers many of the topics that should be reviewed while performing a client review in addition to a general comments section for general information material to the client's circumstances.
- Under the “Clients” tab in ClientWorks, you can use the “Last Review Date” column to sort filter or create quick views to see which client reviews are due.
- Please see the [Annual Client Review Meeting Policy](#) page of the Resource Center for additional information on completing Annual Client Review forms in ClientWorks.

Account & Transaction Documentation

- Annual Advisory Review (F450)

ClientWorks - Client Management

Enter Trade | Create New Account 2.0

Lindsey Bessant | Log Out | On-the-Go

Home Practice Metrics **Clients** Accounts Groups Investments Orders Activity Requests Documents Reports Meetings

Hide Quick Views

430,442 Clients

Total Account Value: \$28,144,520,085.39

Total LPL Value: \$16,706,448,709.67

Total Linked Value: \$10,952,347,816.67

Total Non-Linked Value: \$512,503,588.21

Save Quick

Standard Quick Views

Custom Quick Views +

Client Summary *

Filter

Search by Client Name, Email, SSN/Tax ID

Create Prospect/C

View: Last Names starting with All 0-9 A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

Client Name	Last Name	LPL Accounts	Linked Value	YTD R G/L	Last Review Da...	Client Goals
<input type="checkbox"/> Norma T Melges	Melges	6	\$0.00	\$0.00	03/17/2022	—
<input type="checkbox"/> Sylvia U. Ratliff	Ratliff	5	\$116,858.77	(\$2,818.09)	03/17/2022	—
<input type="checkbox"/> Patricia M. Boush	Boush	4	\$0.00	(\$891.06)	03/17/2022	—
<input type="checkbox"/> Dalibor Medic	Medic	4	\$40,607.87	\$0.00	03/17/2022	—
<input type="checkbox"/> Jean A Davies	Davies	5	\$266,959.00	\$749.71	03/17/2022	—
<input type="checkbox"/> Thomas S Shenefka	Shenefka	1	\$0.00	(\$281.34)	03/17/2022	—
<input type="checkbox"/> Dionne L Fowler	Fowler	3	\$123,121.65	\$0.00	03/17/2022	—
<input type="checkbox"/> Catherine M Crackel	Crackel	3	\$63,931.76	\$0.00	03/17/2022	Retirement
<input type="checkbox"/> Sharon L Craig	Craig	3	\$338,511.08	\$0.00	03/17/2022	—
<input type="checkbox"/> Crackelcatherine-closed	Crackel	4	\$0.00	\$0.00	03/17/2022	—
<input type="checkbox"/> Teresa Davis	Davis	1	\$0.00	\$0.00	03/17/2022	—
<input type="checkbox"/> Teresa Davis	Davis	1	\$0.00	\$0.00	03/17/2022	—
<input type="checkbox"/> Charlotte Ann Quigley	Quigley	1	\$0.00	(\$5,856.55)	03/17/2022	Retirement
<input type="checkbox"/> Ruth H Larson	Larson	0.21	\$1,878.27	\$0.00	03/17/2022	—

Waiting for ec.walkme.com...

View

Edit

Group

Create Account

Create Online Request

Proposals

Reports

Account View

Forms

Advisory Client Review

Form CRS

Account & Transaction Documentation

- Annual Advisory Review (F450)

Advisory Client Review (F450)

Client Meeting and Explanation

Investment Advisor Representatives IARs are required to perform a substantial review with each advisory client as defined by tax ID at least annually (one review every 12 months). This electronic form is used to document ongoing investment advice with clients regarding their advisory account(s) for the annual review requirement.

Instructions: Please identify topics reviewed with the client by marking the boxes below. If changes were made or proposed as part of the review, please select "Reviewed and changes made or proposed" and provide a detailed explanation of the changes made or proposed, along with any other meeting details or recommendations made.

Review Completed:

☒ InPerson

☐ Email

☐ Phone

☐ Video Conference

☐ CRM Exists

Reviewed Financial Status:

☒ Did not review

☐ Reviewed and no change

☐ Reviewed and changes made or proposed

Reviewed Risk Tolerance:

☒ Did not review

☐ Reviewed and no change

☐ Reviewed and changes made or proposed

Reviewed Time Horizon:

☒ Did not review

☐ Reviewed and no change

☐ Reviewed and changes made or proposed

Reviewed Investment Objective and Goals:

☒ Did not review

☐ Reviewed and no change

☐ Reviewed and changes made or proposed

Reviewed Asset Allocation and/or Account Holdings

☒ Did not review

☐ Reviewed and no change

☐ Reviewed and changes made or proposed

Reviewed Investment Performance

☒ Did not review

☐ Reviewed and no change

☐ Reviewed and changes made or proposed

Advisory Account Fees (SAM I/II & level of trade activ...

☒ Did not review

☐ Reviewed and no change

☐ Reviewed and changes made or proposed

Save as Draft

Submit

Products

- **Complex Products and Options**

- Communications and Disclosures – Truthful, Transparent, Best Interest
- Examinations of firms' crypto asset retail communications
- Option Account Approvals - Risks related to supervising the approval of options accounts (both self-directed and full-service brokerage accounts) and monitoring the trading activity in options accounts.

- **Variable Annuities**

- Rules apply when recommending a purchase, surrender, exchange, or additional deposit (sub-pay) of a deferred variable annuity to a retail customer
- Surveillance for pattern recognition
- Establish thresholds
- Data confirmation with carriers for fees and benefits gained/lost
- Client Disclosures
- Best interest rationale
- Reasonable alternatives
- Buyout offers

Best Practices

- **Manipulative Trading**

- [Front Running/Trading Ahead](#)
- Block Transactions

- **[Trusted Contact Persons](#)**

- [Take care of the most vulnerable](#)
- Does not have to be a senior
- Exploitation or diminished capacity
 - Establish trusted contact/POA/Trustee, etc.
 - Cannot be the rep (includes being a bene)
 - Can place a temporary hold on instructions

- **[Cybersecurity](#)**

- Cybersecurity threats continue to be one of the most significant risks many customers and member firms face. The frequency, sophistication and variety of attacks continue to increase.
 - Customer account intrusions
 - Ransomware attacks
 - Cyber-enabled fraud
 - Fraudulent ACATs
 - In August 2022, FINRA established the Cyber and Analytics Unit (CAU)

Continuing Education

- **FINRA – New Process**
 - Applies to anyone who holds a FINRA License
 - Now required *annually*
 - Must go to www.FINRA.org and use/(re)establish a FINPRO account
 - 12 hours of CE courses are already assigned to each of you
 - FINRA has begun sending notifications directly
 - **12/31 Due Date**
 - Failure to complete means you are suspended for new year (no renewals) until CE is done
 - LPL may help notify, but that is all they can do
 - **NO EXCEPTIONS**
- **Firm Element**
 - Applies to all licensed persons at LPL
 - Usual LPL process rolls out in Q3 with a **10/31 Due Date**
 - Courses will include: Annual Compliance Meeting, AML, Security and Privacy, IS Training (if applicable), and possibly 1 or 2 other timely topics.
 - You will receive full notifications/warnings from LPL and the OSJ
 - **Annual Questionnaire – Applicable to any person affiliated with LPL in any manner**
- **Certifications**
 - Certifications (CFP, CPA, etc.) – Check with your certification boards/websites for their maintenance/CE requirements.
 - Check your Advisor Profiles via Advisor Compliance Tool in CW.

Check on any outstanding requirements: ClientWorks -> Menu -> Tools -> Learning Center

Continuing Education

- **Advisory (NASAA) – New Requirements**

- **Applies to anyone who holds an Advisory license**
- Certain states now require additional advisory continuing education – **AR, CO, CA, FL, HI, KY, MD, MI, MS, NV, ND, OK, OR, SC, TN, VT, DC, WI.**
- If you are registered in one of these 16 states, you will personally need to find a CE provider and take your State's prescribed CE courses.
- For a list of affected States and helpful resources go to: ClientWorks -> Resource Center: IAR Continuing Education.
- Check with www.NASAA.ORG for general info
- For State specifics and a list of acceptable CE providers - <https://www.nasaa.org/industry-resources/approved-iar-ce-providers/>
- Check with your individual State Securities Commissions
- Check your Advisor Profiles via the Advisor Compliance Tool in CW
- LPL may notify only, but just like with FINRA CE, that is all they can do
- Some reciprocity is given for certain courses taken at the BD. To apply your FINRA Regulatory Element CE to the 6-hour Products and Placements requirement for IAR CE, you will click the “Apply Regulatory Element” link in FinPro, and then follow the prompts to pay the \$18 fee.

- **Insurance**

- **Applies to anyone who holds Insurance licenses**
- Check your State insurance CE requirements via NIPR website: www.nipr.com
- Your State Insurance Commission is another good place for insurance information specific to your state.
- Check your Advisor Profiles via Advisor Compliance Tool in CW.

Additional Resources

- [Branch Exam Preparation Checklist](#)
- [2025 LPL Branch Exam Priorities](#)
- [Audit Prep Portal](#)

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