

INSIGHTS

SEC's Office of Compliance Inspections and Examinations Issues Risk Alert for Municipal Advisors

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On November 7, 2017, the Office of Compliance Inspections and Examinations (“OCIE”) of the U.S. Securities and Exchange Commission (“SEC”) issued a [risk alert](#) that described the staff’s observations from over 110 examinations of municipal advisors. The examinations evaluated compliance with regulatory obligations including, among other things, registration, statutory fiduciary standard of care, fair dealing, recordkeeping, and supervision. OCIE stated that the most frequently observed deficiencies were in the areas of (i) registration, (ii) books and records, and (iii) supervision, described below. Municipal advisors should consider taking appropriate measures to educate themselves regarding their compliance obligations.

Registration Violations

- Failure to properly register prior to engaging in municipal advisory activities; failure to update and amend registration documents; failure to complete registration documents with accurate and complete information; failure to pay registration fees and late fees; and failure to properly withdrawal from registration.

Books and Records Violations

- Failure to maintain copies of written communications related to municipal advisory activities; failure to make and keep documents material to a recommendation made to a client; failure to prepare and maintain accurate general ledgers; and failure to maintain accurate records of cash receipts and disbursements.

Supervision Violations

- Failure to have a system to supervise the municipal advisory activities of employees that was reasonably designed to achieve compliance with all applicable rules; failure to have written supervisory procedures reasonably designed to ensure compliance with applicable rules; and failure to designate one or more principals to be responsible for supervisory activities.

For More Information

Our team helps clients manage the full range of compliance issues facing municipal securities professionals. Our attorneys have experience inside government, both developing the regulatory framework for the municipal securities market and enforcing securities laws. Should

you require additional information, please contact [Paul Maco](#) at 202.828.5821, [Ed Fierro](#) at 713.221.1107 or [Britt Steckman](#) at 202.828.5831.