

NASAA 2021

Investment Adviser Section Annual Report

April 2021 | Highlighting 2020 Section Activities



NASAA

NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION

Introduction

The North American Securities Administrators Association (NASAA) is the oldest international organization devoted to investor protection. NASAA members include 67 state, provincial, and territorial securities administrators in the 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Canada, and Mexico.

2020 provided challenges for everyone and state securities regulators were no exception. The membership and industry both had to make adjustments to the rapidly changing landscape pretty much overnight. With the shift from traditional regulation processes to the use of virtual tools and technology, communication and flexibility were key to ensuring registrants stayed in compliance and investors were protected. Through everything, the Investment Adviser Section and Project Groups continued to work on important matters that impact state-registered investment advisers.

NASAA's 2021 Investment Adviser Section Annual Report provides an updated snapshot of the investment adviser population in the United States, an updated profile of the average state-registered investment adviser, as well as a recap of the work of the Investment Adviser Section over the past year.

Two highlights from the report include: (1) the development and NASAA member approval of the Investment Adviser Policies and Procedures Model Rule and accompanying Compliance Grid and (2) the NASAA member approval and continued progress on the Investment Adviser Representative Continuing Education Model Rule.

Even with the remote environment, many states still found creative ways to continue important outreach and educational opportunities. The report includes a COVID-19 related compliance article written by the Resources and Publications Project Group and closes by highlighting a few outreach programs from members in Ohio, Arizona and Utah.

We hope NASAA members and outside stakeholders, particularly state-registered investment advisers, find this report useful and welcome suggestions on ways to improve future editions. If there is ever anything that either of us can do to help with state investment adviser regulation, please do not hesitate to contact us directly.



ALEX GLASS

Indiana

Chair, Investment Adviser Section



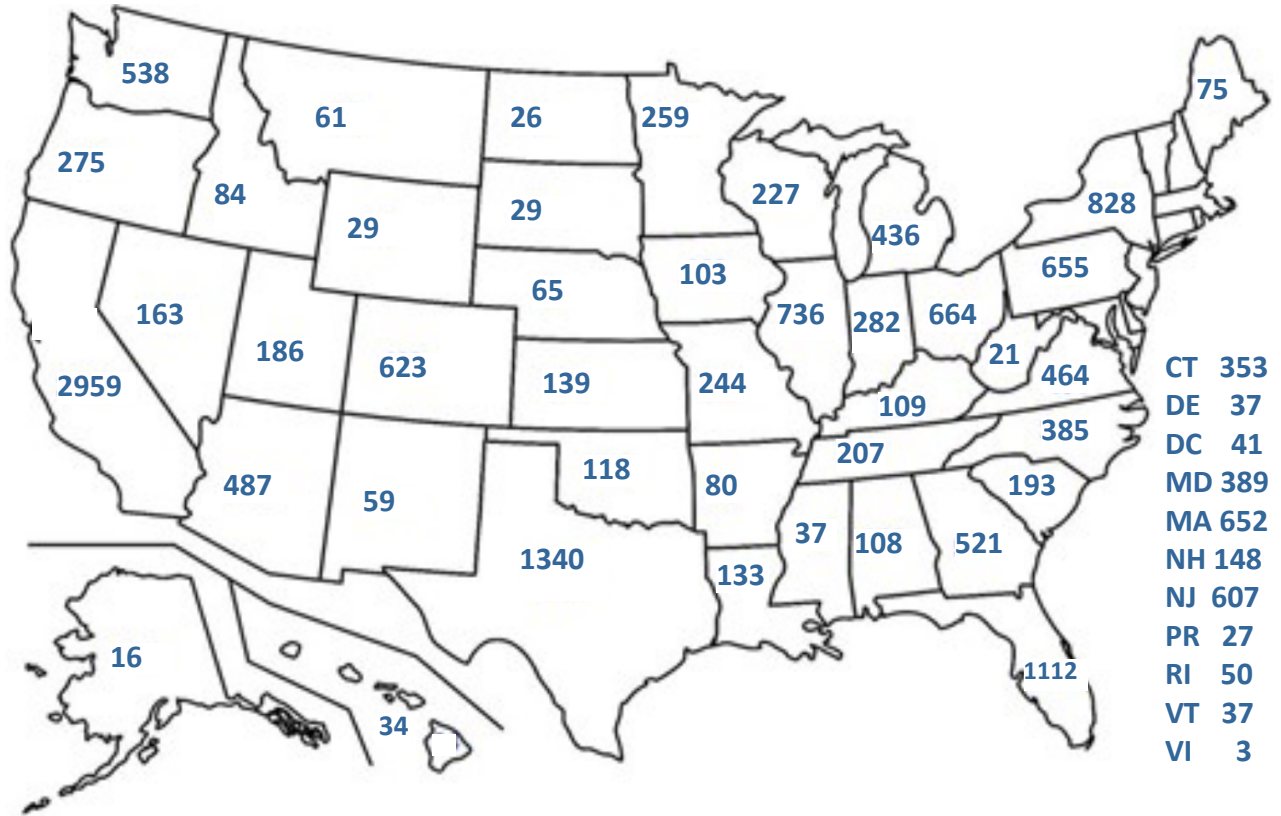
LINDA CENA

Michigan

Vice Chair, Investment Adviser Section

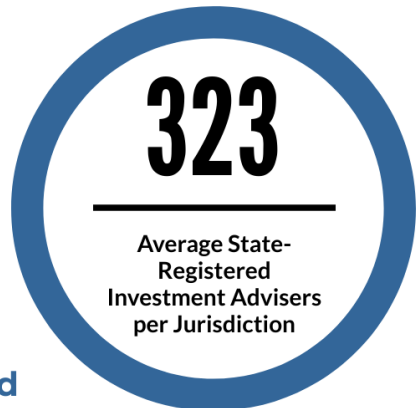
SECTION COMMITTEE MEMBERS: Stephen Bouchard, New Jersey; William R. Carrigan, Vermont; Tung Chan, Colorado; Elizabeth Topp, Ontario, Canadian Liaison; Darren Norwood, NASAA Liaison; Dylan White, NASAA Liaison

STATE-REGISTERED IA STATISTICS 2020



Top 5 Most State-Registered IAs

1. California - 2,959
2. Texas - 1,340
3. Florida - 1,112
4. New York - 828
5. Illinois - 736



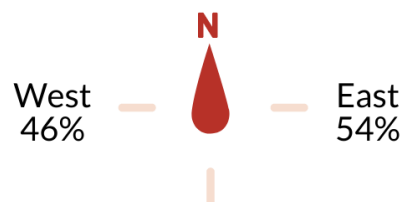
Top 5 State-Registered IAs Increase from 2019-2020

1. Florida - 23
2. Ohio - 22
3. Texas - 19
4. Arizona - 14
5. Nevada - 10

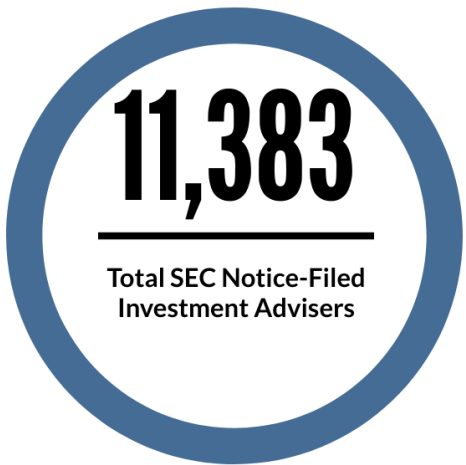
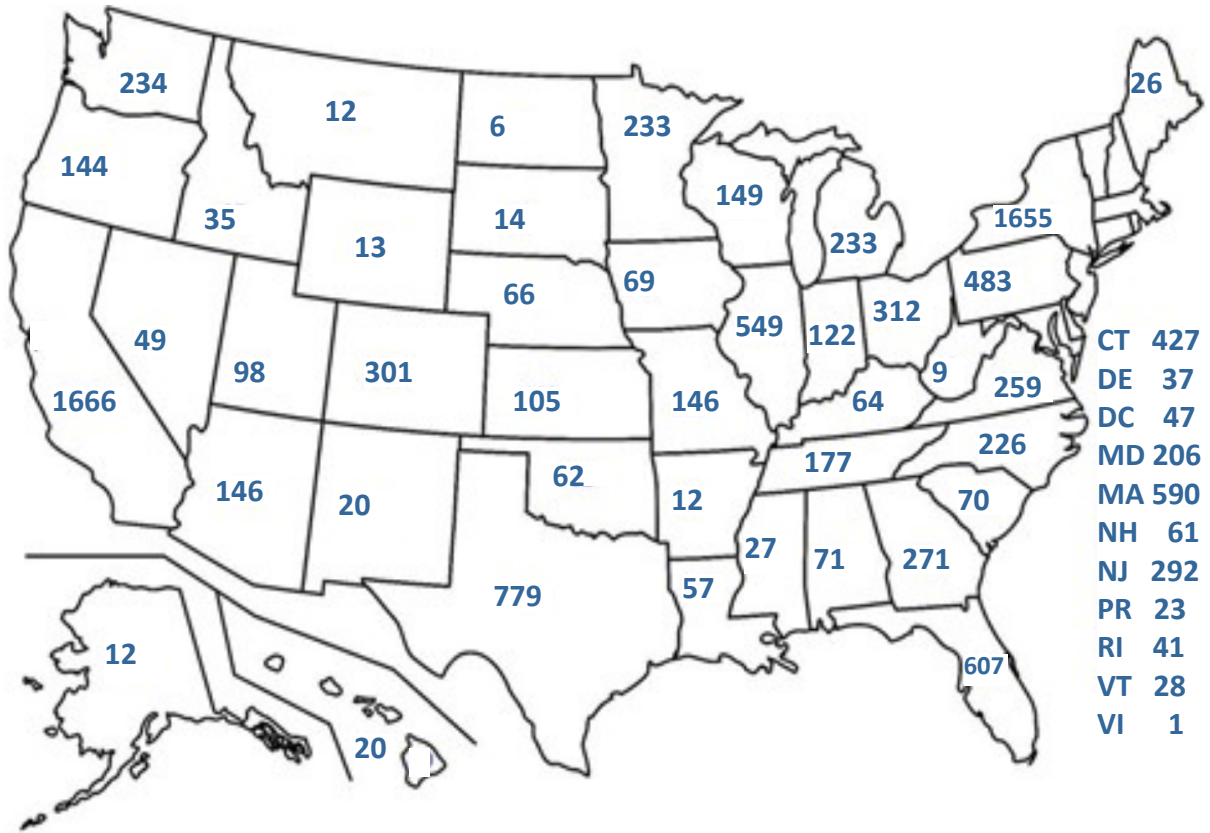


NOTE: All data current as of December 31, 2020

State-Registered IAs East/West of the Mississippi

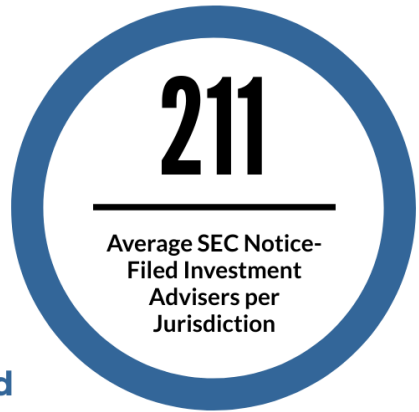


SEC NOTICE-FILED IA STATISTICS 2020



Top 5 Most SEC Notice-Filed IAs

1. California - 1,666
2. New York - 1,655
3. Texas - 779
4. Florida - 607
5. Massachusetts - 590

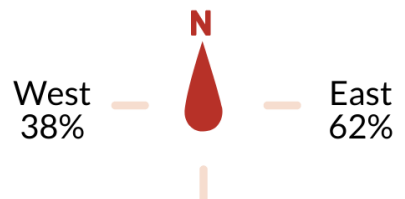


Top 5 SEC Notice-Filed IAs Increase from 2019-2020

1. California/Florida - 44
2. Texas - 42
3. New York - 26
4. Colorado - 24
5. Pennsylvania - 20



SEC Notice-Filed IAs East/West of the Mississippi



NOTE: All data current as of December 31, 2020

STATE-REGISTERED IA PROFILE: 2020

QUICK FACTS

WORKFORCE

- 1-2 Person Shops: 81%
- Investment Adviser Representatives: 95%
- Insurance Agents: 48%
- Broker-Dealer Registered Representatives: 36%



State-Registered IAs are American Small Businesses.

State-registered advisers work in most every town in every state across the country, mostly in one-to-two person shops staffed with licensed professionals exclusively.

CLIENTS

- Retail Investors: 81%
- High Net Worth Investors: 16%
- Other: 3%



Managing Portfolios of Main Street Investors is Primary Focus of State-Registered Investment Advisers.

State-registered advisers offer a variety of services, but their primary focus is individual portfolio management, which makes sense given their almost exclusive customer base of everyday Main Street Americans. The majority of state advisers also offer broader financial planning services in their practices.

TOP SERVICES

- Individual Portfolio Mgt.
- Financial Planning
- Selection of Other Advisers
- Portfolio Mgt. - Business
- Pension Consulting



FEES

- Assets Under Management: 84%
- Hourly: 52%
- Fixed: 51%
- Performance: 9%
- Commission: 3%
- Subscription: 1%
- Other: 15%



AUM Model Prevails Amid Innovative Compensation Models

Most state-registered advisers charge clients a fixed percentage of their AUM as their fee and relatively few charge a commission.

Approved Model Rules

IA R CONTINUING EDUCATION

On November 30, 2020, NASAA announced that its membership had voted to approve a model rule to set parameters by which NASAA members could implement continuing education programs for investment adviser representatives (IARs) in their jurisdictions.

IARs play an important role in the financial lives of millions of Americans by providing advice on important financial decisions such as retirement planning. However, unlike other financial service professions, IARs have not been subject to a continuing education requirement to maintain their licenses with state regulators. The model rule helps NASAA members close this gap by requiring IARs to take 12 hours of continuing education annually. The model rule has a products and practices component and an ethics component. It is intended to be compatible with other continuing education programs.

The model rule is the result of several years of work by the NASAA Investment Adviser Representative Continuing Education Committee, chaired by Linda Cena, Examination and Licensing Manager for the Michigan Corporations, Securities & Commercial Licensing Bureau. The model rule represents the culmination of years of work by state securities regulators and industry to develop a relevant and responsive continuing education program. The collaboration between the public and private sectors is intended to promote heightened regulatory compliance while also helping IARs better serve their clients by remaining knowledgeable of current regulatory requirements and best practices.

The model rule is available for all NASAA members to consider adopting in their own jurisdictions.

A copy of the model rule is available on NASAA's website, [here](#). A comprehensive set of frequently asked questions for investment adviser firms and IARs is available [here](#).

IA WRITTEN POLICIES AND PROCEDURES

The NASAA Membership voted on November 24, 2020 to approve a Model Rule for Investment Adviser Written Policies and Procedures (Model Rule) along with an accompanying Compliance Grid (Compliance Grid). The Model Rule was prepared by the Regulatory Policy and Review Project Group (Reg Policy PG) and the Compliance Grid was prepared by the Operations Project Group (Operations PG). The Model Rule is intended to help investment advisers foster cultures of compliance with their legal and regulatory obligations, while the Compliance Grid was designed to identify many of the most common compliance and supervision issues that should be addressed in the required policies and procedures.

Both the Reg Policy PG and the Operations PG believe that requiring state-registered investment advisers to establish, maintain, and enforce comprehensive written procedures will promote uniformity and facilitate compliance with state securities laws, rules, and regulations. Ultimately, an enhanced culture of investment adviser regulatory compliance minimizes the effects of conflicts and other risks unique to investment advisers; minimizing the effects of these conflicts and risks serves to protect the investing public.

The Model Rule will require investment advisers to establish, maintain, and enforce policies and procedures that address compliance, supervision, proxy voting, physical and cyber security, a code of ethics (including holdings and transaction reports), handling of material non-public information, and business continuity and succession plans. An annual review of all policies and procedures will be required, as will the appointment of a chief compliance officer who has the responsibility and authority to enforce the policies and procedures required by the rule.

The Model Rule requires an adviser's chief compliance officer to be registered as an investment adviser

representative in addition to having the background and skills appropriate for fulfilling the responsibilities of the position. Having “authority and resources” to enforce policies and procedures implies that the person has supervisory authority over the adviser’s investment adviser representatives, bringing the person within the definition of “investment adviser representative” under both the 1956 and the 2002 Uniform Securities Acts. While many jurisdictions already take the position that a chief compliance officer must be registered as an investment adviser representative, the Model Rule sought to clarify that understanding. The Model Rule was also intended to be consistent with the Securities and Exchange Commission (SEC) Rule 17 CFR 275.206(4)-7 (SEC Rule 206(4)-7), enhancing uniformity with federal investment adviser regulatory standards on the topic. The Model Rule, like SEC Rule 206(4)-7, does not identify specific topics that advisers must include in their compliance and supervision policies and procedures; rather, the rule requires advisers to identify their own unique conflicts and risk exposures and to design policies and procedures that address those conflicts and risks.

When it adopted SEC Rule 206(4)-7, the SEC identified various topics in the rule release (notably, not in the rule itself) that it considered at a minimum should be addressed in every investment adviser’s policies and procedures. Similarly, the Model Rule does not prescribe the specific elements of compliance and supervision policies and procedures applicable to all investment advisers. Instead, in conjunction with the Compliance Grid, the Model Rule directs state investment advisers to consider their own business models, the topics laid out in the Compliance Grid, and what among those topics are relevant to their own practices. An investment adviser can then tailor its policies and procedures to its own business, enhancing its ability to comply with its legal and regulatory obligations, and complying with its fiduciary duties to clients. The Compliance Grid color-codes and summarizes the policies and procedures required by the Model Rule, assisting advisers to identify possible omissions or weaknesses in their existing policies and procedures. The main topics all identify sub-topics, common deficiencies, specific actions, and

best practices to help investment advisers find weak spots in their supervision and compliance reviews. The Compliance Grid provides a “check-the-box” segment to help investment advisers account for the adoption and implementation of their policies and procedures, specifying whether a particular topic is relevant and if so, to clarify that the topic has been covered.

The Compliance Grid’s instructions are careful to warn investment advisers about the use of “off the shelf” compliance and supervision policies and procedures. The use of these template policies and procedures without additional review and modification can cause advisers to inadvertently adopt policies and procedures irrelevant to their business models, and in some cases, impossible for a smaller state-registered adviser to comply with. Further, many of these policies and procedures refer to SEC rules, rather than the rules applicable in the adviser’s jurisdiction. Advisers must actually remove the “off the shelf” policies and procedures from the plastic wrap, review them, and tailor them to the adviser’s business model. The Compliance Grid was designed to help state-registered investment advisers do just that.

The use of the Compliance Grid by investment advisers will also help state securities regulators to quickly compare what an adviser has adopted and implemented, and what further steps may be appropriate to comply with the Model Rule and other regulatory requirements. An adviser who maintains the Compliance Grid checklist will be able to quickly point out to examiners what relevant policies and procedures have been established, how they have been maintained, and to what extent they have been enforced. The Reg Policy PG and the Operations PG are hopeful that the Model Rule and the Compliance Grid will be helpful for industry participants and regulators alike, enhancing cultures of compliance in the advisory industry. The Model Rule coupled with the Compliance Grid establish regulatory expectations for registrants, create a blueprint for examiners to follow in reviewing policies and procedures, encourage uniformity with SEC standards on the topic, and further the goal of identifying and minimizing conflicts and risks to the investors that we all serve.

Project Group Reports

CYBERSECURITY AND TECHNOLOGY

Charlie Jarrett (GA), Co-Chair; James McDowell (AL), Co-Chair; Eric Chandra (CA); Victor Clark (DE); Arinna Fileppenko (AK); Rosemary Gonzalez (NJ); Ryan Sullivan (MT); Stevan Vasic (NE); Patrick Willmore (CO); Dylan White (NASAA)

The Cybersecurity and Technology Project Group assisted NASAA and the Investment Adviser Committee in developing the Cybersecurity Checklist for Investment Advisers and accompanying Cybersecurity Checklist Guidance for Investment Advisers. This new resource is designed to help investment advisers better understand the meaning, intention, and connectivity of a balanced approach to cybersecurity and develop best practices for addressing a cybersecurity compliance program.

To help investment advisers best manage their cybersecurity inventory and exposure, the Cybersecurity Checklist is divided into important sections: Identify, Protect, Detect, Respond, and Recover. Cybersecurity remains a growing concern and integral component of compliance, and the Cybersecurity Checklist will support investment advisers in better protecting their clients and business.

The project group participated in several NASAA webinars with topics ranging from cybersecurity, technology, and enforcement. These webinars included Phishing 101, Emerging Technologies Part 1 and Part 2, Analyzing Trade Blotters, Fintech and Cybersecurity Symposium, and the Sweep Bootcamp.

In addition to the educational support, the project group assisted the NASAA COVID-19 Enforcement Task Force by providing technological support to the multijurisdictional effort. Created to address fraudulent schemes involving the global pandemic, the Task Force involved 111 investigators representing 44 jurisdictions in the United States, Canada, and Mexico. In total, Task Force members were able to disrupt more than 250 schemes through administrative actions, cease-and-desist orders, and referrals to other regulators and to social media and website hosting companies.

The project group will continue to stress that cybersecurity remains a high-risk area for state-registered investment advisers and monitor the industry for trends and developments. In the coming year, the project group will update resources for regulators and registrants to reflect the demands of an ever-shifting landscape of cybersecurity threats.

Project Group Reports

OPERATIONS

Alisa Goldberg, Chair (FL); Joanne Jones, Vice-Chair (WA); Kathleen Bowne (KS); Ryan Cassidy (CA); Elizabeth Guido (NC); Katherine Perkins (MS); Emily Lee (MA); Brett Radetsky (CO); Glen Sgobbo (OH)

During 2020, the Operations Project Group worked on compiling statistics and information from settled cases submitted by member states to evaluate commonalities between individuals and firms. The criteria for submission were cases that involved significant actions resulting in a bar, revocation, denial of registration, suspension, restitution, disgorgement, fines greater than \$10,000, or criminal conviction and the IA firms' or representatives' actions that harmed or posed significant harm to clients. The project's purpose was to determine if there were any commonalities in the information provided on the firms' or representatives' Form ADV or Form U4, respectively, which might serve as indicators for future problems. The analysis has been completed on this project and a draft report prepared.

The project group completed a paper addressing the use by investment adviser firms and representatives of the third-party accreditation and rating promoted by the Better Business Bureau (BBB). The paper concluded that the BBB rating system is inconsistent and is easily manipulated such that it should not be used as a reliable measure of the credibility, honesty, and ethics of an advisory business. The project group recommended that, without proper disclosures of the limitations and subjectivity of an entity like the

BBB, advisory firms and representatives should be prohibited from using third-party ratings in their advertisements, and that doing so could be deemed false and/or misleading conduct.

The project group also completed the Written Supervisory Procedures (WSP) checklist as guidance for the new NASAA Model Rule for Investment Adviser Written Policies and Procedures. The checklist is a component of the NEMO Investment Adviser modules and assists examiners in determining if a firm's WSPs adequately address broad areas including policies and procedures, proxy voting, information security, code of ethics, material non-public information, and business continuity and succession.

The project group added content to the Vulnerable Persons submodule to address training of personnel. Questions were added to address whether training with respect to financial exploitation of seniors and vulnerable persons was provided to appropriate personnel; if the training adequately addressed how to identify signs of financial exploitation, reporting of suspected financial exploitation to proper authorities, and the need to protect the privacy of the adviser's client; and maintenance of training records indicating when the training was provided and who attended.

Project Group Reports

REGULATORY POLICY & REVIEW

Stephen Brey, Chair (MI); Kevin Moquin, Vice-Chair (NH); Jonathan Bashi (NY); John H. Harth (CO); Judith Keilp (NJ); Blake Kennedy (GA); Suzanne Sarason (WA); David H. Smith (AR)

The Regulatory Policy and Review Project Group had another busy year in 2020, even if it looked different from what we were all used to. The Project Group, like much of the world, adjusted to remote work; managed new coworkers who also happened to be roommates, spouses, and kids; managed workloads with furloughs and time limitations; and responded to other unique challenges. Through it all, the group helped to move forward important investment adviser projects, including the adoption of two new model rules.

The Project Group met monthly by telephone and video to discuss topics spanning the entire landscape of the regulation of investment advisers. Fee models, policies and procedures, cybersecurity, custody, standing letters of authorization, use of subadvisers by primary investment advisers, investment adviser representative continuing education, investment adviser solicitors, and many other topics affecting investment advisers and regulators were discussed on the monthly calls.

During 2020, the Project Group finalized two rules it had a substantial hand in creating, and the membership voted overwhelmingly to adopt them both. The first model rule addressed investment adviser policies and procedures. The rule requires state-registered investment advisers to establish, maintain, and enforce comprehensive written procedures, and is intended to facilitate compliance with state securities laws, rules, and regulations. Enhanced investment adviser compliance inures to the benefit of investors, regulators, and advisers themselves. The second model rule creates the framework for the investment adviser representative

continuing education program that NASAA is undertaking. The Project Group worked with the IARCE Committee to develop the rule and looks forward to seeing the implementation of the project in the coming years.

The Project Group was thrilled to have its work featured at the NASAA Annual Conference in September. Kevin Moquin (New Hampshire) and Steve Brey (Michigan) had an in-depth conversation with Maureen Thompson (CFP Board) and Barbara Roper (Consumer Federation of America) about emerging and existing investment adviser fee models and fee reasonability under state securities laws. The conversation on investment adviser fee reasonability is ongoing among regulators, industry representatives, and consumer advocates, and the Project Group continues to develop content related to the topic.

The Regulatory Policy and Review Project Group priorities for 2021 include engaging investor advocacy and industry groups to discuss the evolving nature of investment adviser fee models; creating a guidance document related to investment adviser alternative fee models; monitoring and assisting in commentary to SEC rule proposals to amend or add to investment adviser rules and forms; reviewing the adequacy of current model rules related to investment adviser marketing; collaborating with the broker-dealer section to propose a model rule on unpaid arbitration awards; finalizing written guidance on standing letters of authorization as they relate to custody; and other topics of interest to the investment adviser and regulatory communities.

Project Group Reports

RESOURCES & PUBLICATIONS

Lindsay Fedler (WI), Chair; Holly Mack-Kretzler (WA), Vice Chair; David Biemel (OH); Jeffrey Eaby (CO); Elizabeth Mullin (CT); April Odom (TN); Joseph Joslin (AR); Robert Webster, Liaison (NASAA)

The Resources and Publications Project Group spent the first portion of 2020 working on the IA Section's Annual Report. The report highlighted the state-registered investment adviser industry, trends in registration, regulator outreach events for investment advisers and other financial professionals, and all of the work performed by the Section and its project groups in 2019. The group was able to complete the report in record time, finishing up just before March. The report was distributed in an entirely electronic format due to COVID-19.

The project group initially planned to meet in Madison, Wisconsin for the annual in-person meeting, but had to cancel due to COVID-19 restrictions. Instead, the project group worked virtually to provide suggestions for improving the Investment Adviser section of the NASAA website for the members only and public facing portions.

The group then turned to working on creating and revising existing content from NASAA for an Investment Adviser Resource Guide. The Investment Adviser Resource Guide will provide summarized information about registration, best practices, compliance, and examinations for state-registered investment advisers in the United States. The guide will also allow for jurisdictions to customize it with their own specific rules and regulations where appropriate. The group will continue working on this project into 2021.

Lastly, the group continues to work on creating compliance articles that will be helpful and of interest to state-registered investment advisers. One such article on COVID-19 adaptations is included in this year's annual report.

Project Group Reports

TRAINING

Lindy Streit (AR), Co-Chair; Denise Walker (WV), Co-Chair; Ryan Anderson (WY); William Baldwin (WA); Emily Diaz (TX); To-Linh Huynh (NB); Kelly Lent (CT); Eric Pistilli (PA); Veronica Rodriguez (CO); Lindsey Stout (KY); Teayne Trice (IN)

The Training Project Group annually plans an informative interactive program focusing on investment adviser regulation for regulators across jurisdictions. Additionally, the project group produces webinars along with training materials throughout the year.

The 2020 NASAA Investment Adviser Training was planned for April 21-23, 2020 in Miami, Florida. Unfortunately, the training had to be cancelled due to the COVID-19 pandemic. The group decided to present some of the sessions virtually and, several of the sessions were offered through a NASAA webcast series. The training included sessions that focused

on tools for investment adviser examiners, including assessing new fee models, interviewing techniques, reviewing complex products and Nemo 2.0 updates. The group was also able to present four sessions on leveraging technology, reviewing Regulation Best Interest (Reg BI), modern compliance, and an exam process review.

Although in-person training has additional benefits like increased participant engagement, the virtual sessions allowed the group to facilitate sessions that were relevant and interactive for attendees.

Project Group Reports

ZONES

Veronica Rodriguez (CO), Chair; Zone 1 (Northeast) Lauren Munschauer (MA); Zone 2 (Southeast) Andreana Guillet (GA); Zone 3 (Mid-Atlantic) Staci Morcom (PA); Zone 4 (Central) Will Pultinas (OH); Zone 5 (South Central) Tommy Green (TX); Zone 6 (Mountain) Ryan Sullivan (MT); Zone 7 (Western) Henry Tanji (HI); Zone 8 (Canadian) Elizabeth Topp (ON)

The Investment Adviser Zones Project Group held an in-person project group meeting prior to the COVID-19 pandemic on February 26, 2020 in Atlanta, Georgia. The office of Securities & Charities Division, Georgia Secretary of State hosted the group. The group discussed 2020 goals and projects for the upcoming year.

While in Atlanta, the Zones Project Group met with Georgia Secretary of State Brad Raffensperger, who later tweeted: *I had a wonderful time speaking with members of @NASAA 's Investment Adviser Zones Group. NASAA's core mission is to help protect investors from fraud and abuse.* To see the tweet, click [here](#).

The project group sent out a number of surveys and compiled the results for the following NASAA groups: Training Project Group, IAR Continuing Education Committee, and Resources & Publications Project Group.

During 2020, the Zones played an important role in communication and connection among zones. The project group held 10 quarterly zone calls throughout the regions. When the pandemic began and states began working remotely, zone calls focused predominately on discussing best practices, challenges, and sharing resources on conducting desk examinations and efficient work processes.

IA Compliance: COVID-19

Many of our lives and businesses have recently faced unimaginable disruptions and challenges related to the COVID-19 pandemic. These challenges create important regulatory and compliance considerations for state investment adviser firms. Firms should be implementing and updating their written procedures and practices to address the new realities of the pandemic. These new realities include the possibility of serious health and safety risks for firm personnel and clients, remote work environments, the increased use of electronic communication and devices, and recent market volatility. Here are some common areas that most firms should be considering.

Business Continuity and Succession Planning

During a pandemic, it is particularly important for all firms to have a business continuity and succession plan (“BCS Plan”) that can be implemented when key personnel are unable to perform their assigned functions or during office work disruptions. BCS Plans are even more critical for solo adviser firms. Simply put, if you have health issues or are hospitalized, how will your clients be notified and continue to receive services? Who will handle key tasks for the firm?

A firm’s BCS Plan should also provide details to minimize disruptions should the office begin to work remotely or a staff member need to be quarantined. You should be looking at your business operations and asking if there are any that cannot be performed remotely. How will you access the firm’s books and records? How will checks or other mail that clients send to the firm’s offices be handled? How will regular client meetings be handled in a safe way?

For more information on forming an effective BCS Plan, see the NASAA Model Rule on business continuity and succession. State rules and regulations regarding such plans may differ from the Model Rule so check with your securities regulators for state specific information.

Cybersecurity and Protection of Client Information

The pandemic has led to many firms and personnel working remotely. This leads to an increase in the use of electronic communications both internally within the firm and externally between the firm and its clients. More personnel may be accessing networks and communicating with clients through their private devices; sensitive documents may be printed from remote locations or emailed for remote client meetings; personnel may need additional training; and clients may be more likely to give trade instructions through email, which requires identity authentication. How does your cybersecurity plan address working remotely? If you have not already done so, it is a great time to conduct an assessment to consider the potential risks and vulnerabilities presented from remote work. This assessment should be conducted every year. For more information on forming and implementing a cybersecurity plan, see NASAA’s cybersecurity checklist. You can also contact your state securities regulator about any state-specific resources or trainings they may have available on cybersecurity topics.

Supervision

In most states, investment advisers are required to have written procedures to supervise the activities of all firm personnel. The requirement also applies to single adviser firms. These procedures should be tailored to the specific activities and operations of each firm. If your firm has moved to a remote work environment, there are likely changes to your supervisory systems that should be captured in the firm’s written procedures. Supervisors may not have the same level of oversight and interaction with personnel, which could impact activities from trade oversight, handling of clients’ checks that are mailed to the office, or the continued maintenance and updating of the firm’s books and records. Check with your state securities regulator to see if they offer guidance on the types of activities that are required to be in the firm’s written supervisory procedures and be sure to update your procedures regularly.

Investment Adviser Outreach

While COVID-19 reshaped the way that many jurisdictions carried out their regulatory responsibilities, NASAA members kept the lines of communication with registrants, particularly state-registered investment advisers, open and active. Whether by granting filing extensions or waivers in the early days of the pandemic, publishing alerts and advisories on investing trends or topics that could pose significant risks to firms or clients, or moving to a virtual format for examinations, regulators worked with registrants to ensure that firms and their clients were able to adapt as best as possible to working through the pandemic. Highlighted below are outreach programs conducted in a safe, virtual format.

OHIO DIVISION OF SECURITIES

On October 16, 2020, the Ohio Division of Securities held its 47th annual securities conference, but for the first time in a virtual format. “Ohio has been hosting this annual conference for 47 years and there was no way that we were going to allow COVID-19 to derail this important tradition,” noted Commissioner Seidt. “It was our first virtual event ever, but it was very successful and allowed us to keep our stakeholders up-to-date on current regulatory trends as well as policy updates from each of the Division’s operational sections. It was so successful that we plan on keeping a virtual component as a standard part of future programming. You have to meet people where they’re at – and today, more than ever, folks are on the move and require a mobile format.”

The virtual conference was held using Microsoft Teams Live Events, with approximately 200 people registering to attend including Division personnel. The conference was held in four sessions, which covered securities litigation, Regulation Best Interest, and Division updates. For more information about the 2020 conference, additional information is available [here](#).

ARIZONA SECURITIES DIVISION

Arizona conducted a virtual presentation to the Financial Planning Association of Phoenix in August 26, 2020 over Zoom. It was presented by Arizona’s Chief Financial Institutions Examiner, Ron Raimondi to approximately 50 attendees. The presentation covered the Arizona Corporations Commission’s work, examinations, COVID-19, and compliance resources available to registrants from the Arizona Securities Division.

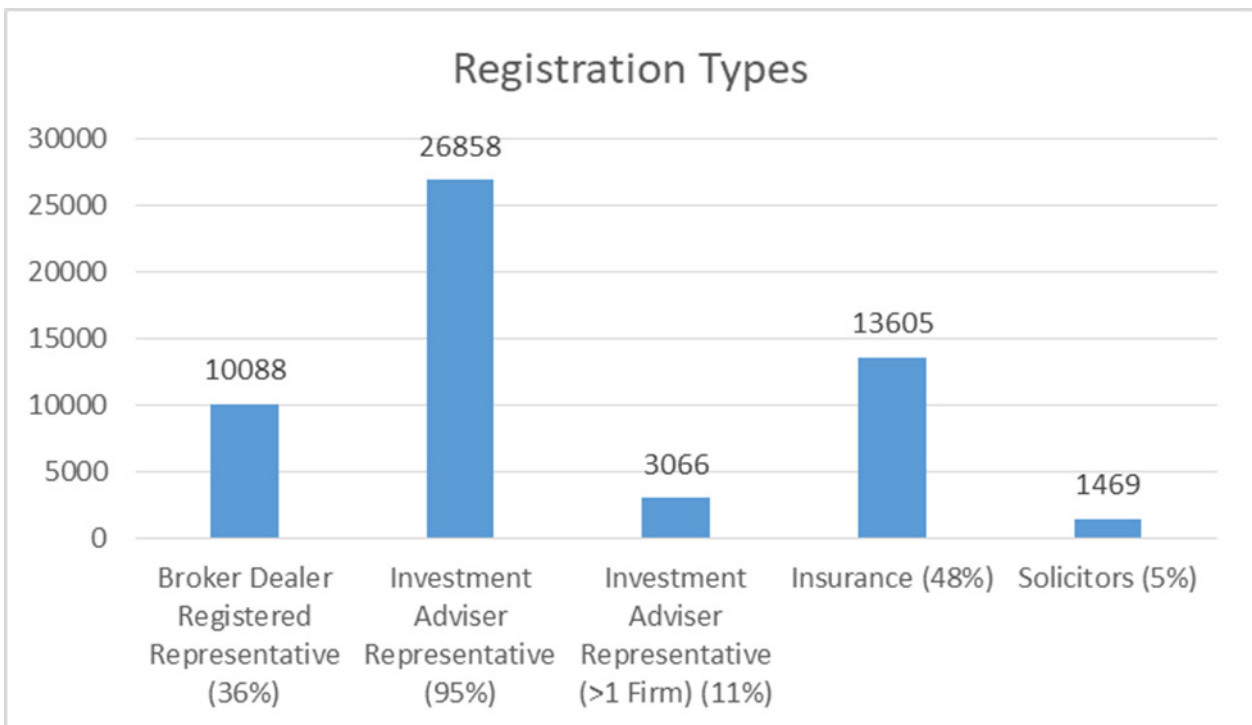
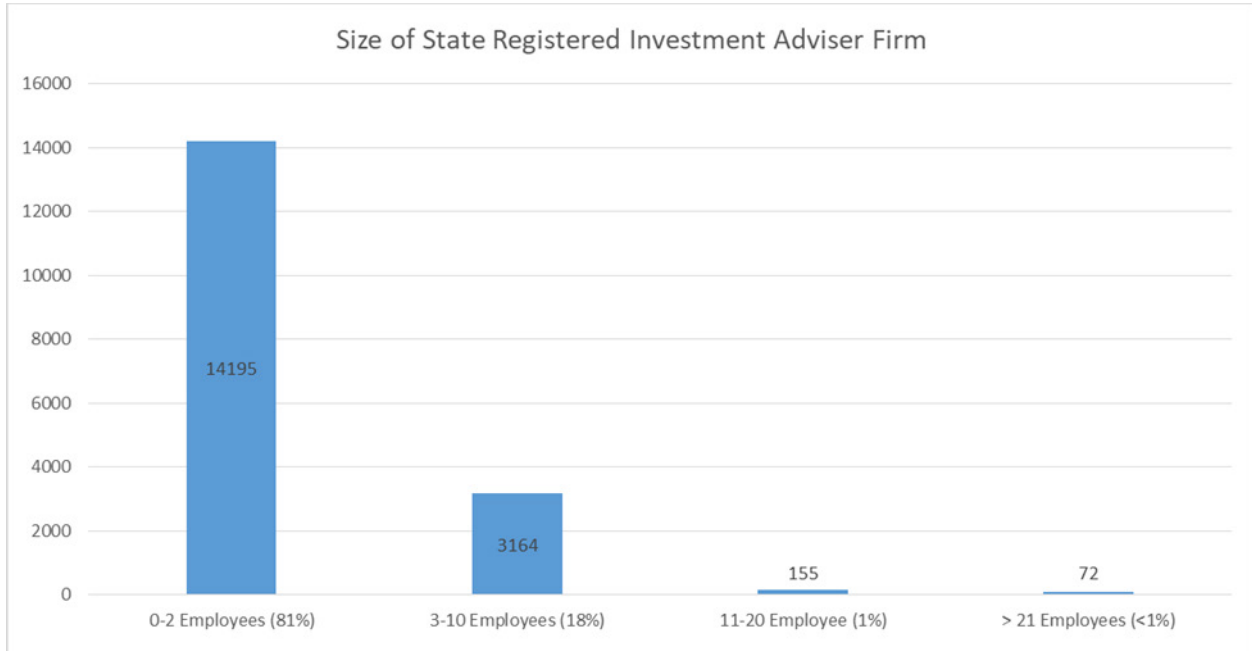
UTAH DIVISION OF SECURITIES

On September 18, 2020, Tom Brady (then Division Director) presented to the Utah Chapter of the Financial Planning Association (Utah FPA) using Microsoft Teams to approximately 65 attendees. On November 18, 2020, Division Director Jason Sterzer, (Acting Director at the time) presented to the Utah State Bar over Zoom and about 75 attorneys attended who represent investment advisers, broker-dealers, issuers, in house counsel, and other licensees. CLE credit was given for attending. Both Mr. Brady and Mr. Sterzer presented on the role of the Division and trends in scams they had been encountering recently.

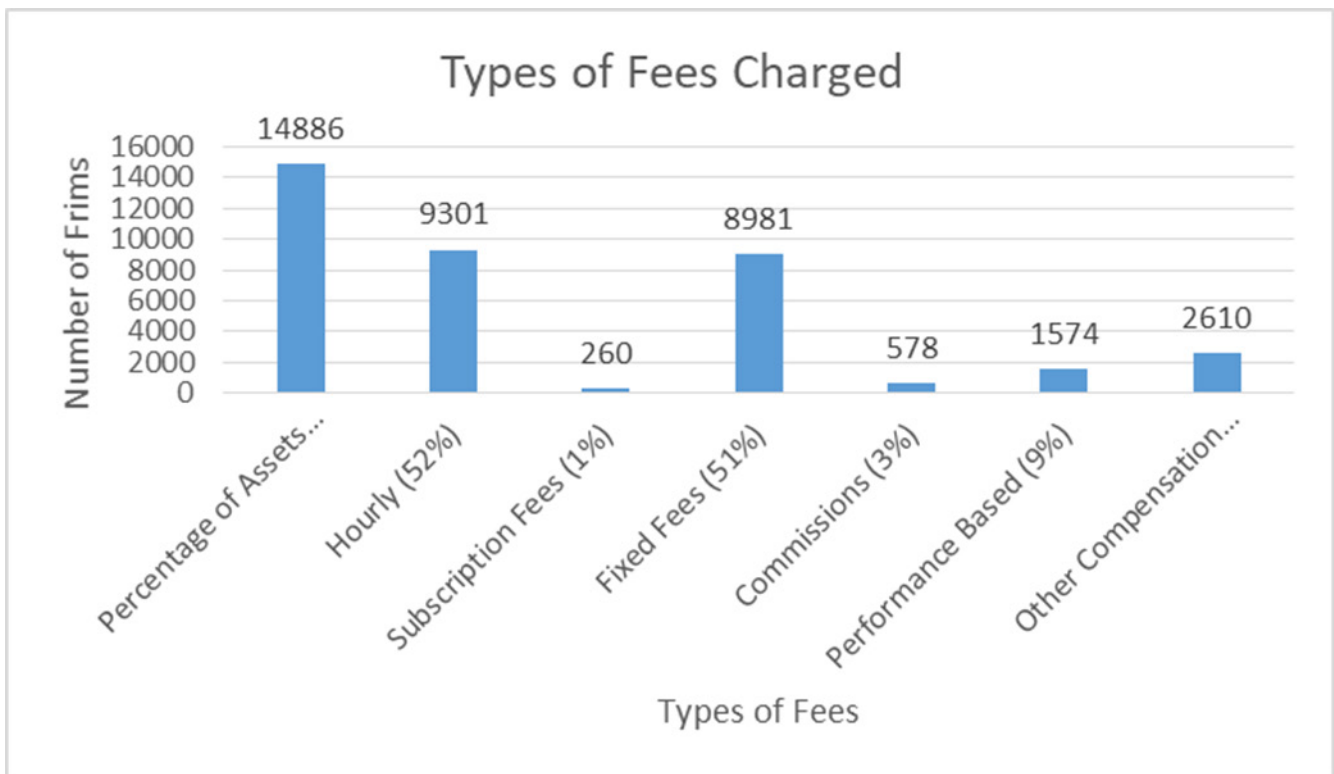
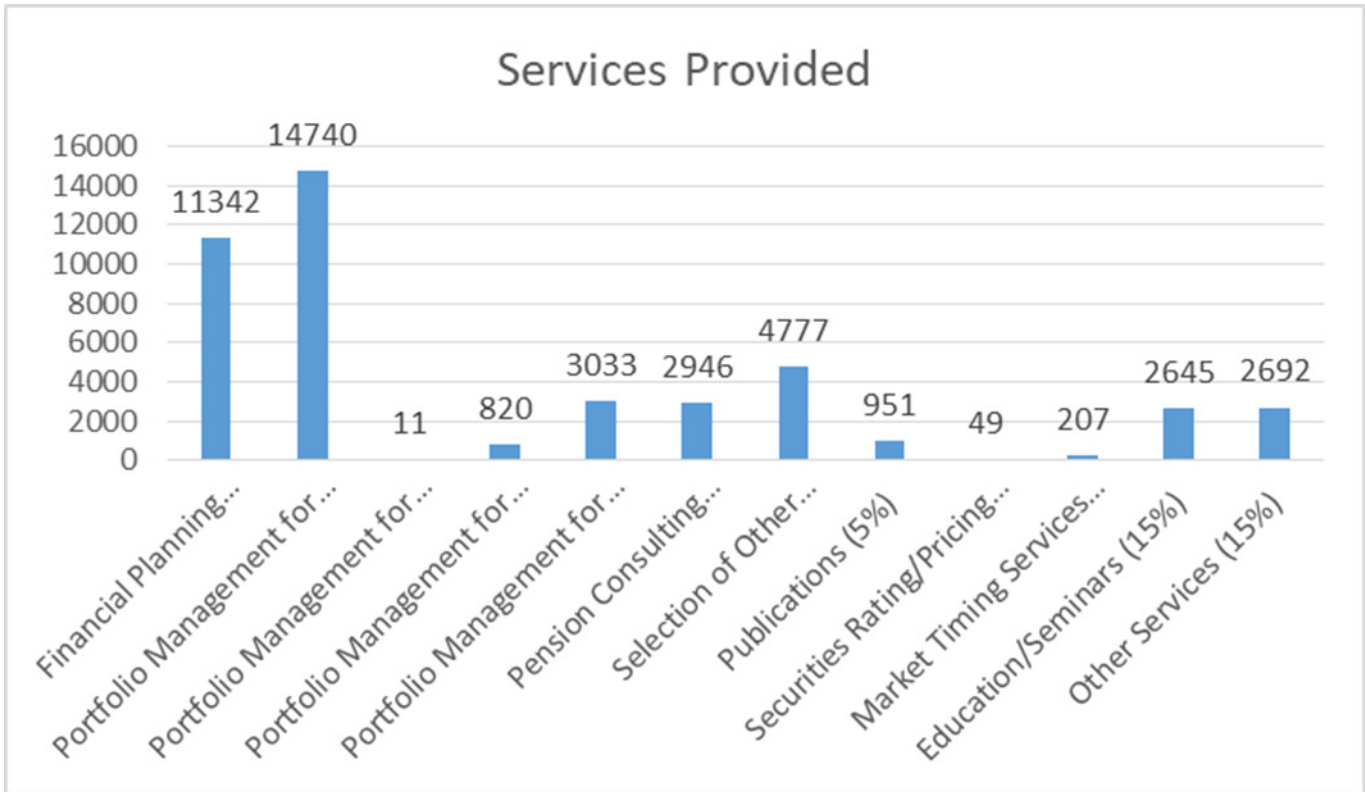
Appendix

CHARTS

The following charts provide the underlying data used to compile the infographics on pages 1-3.

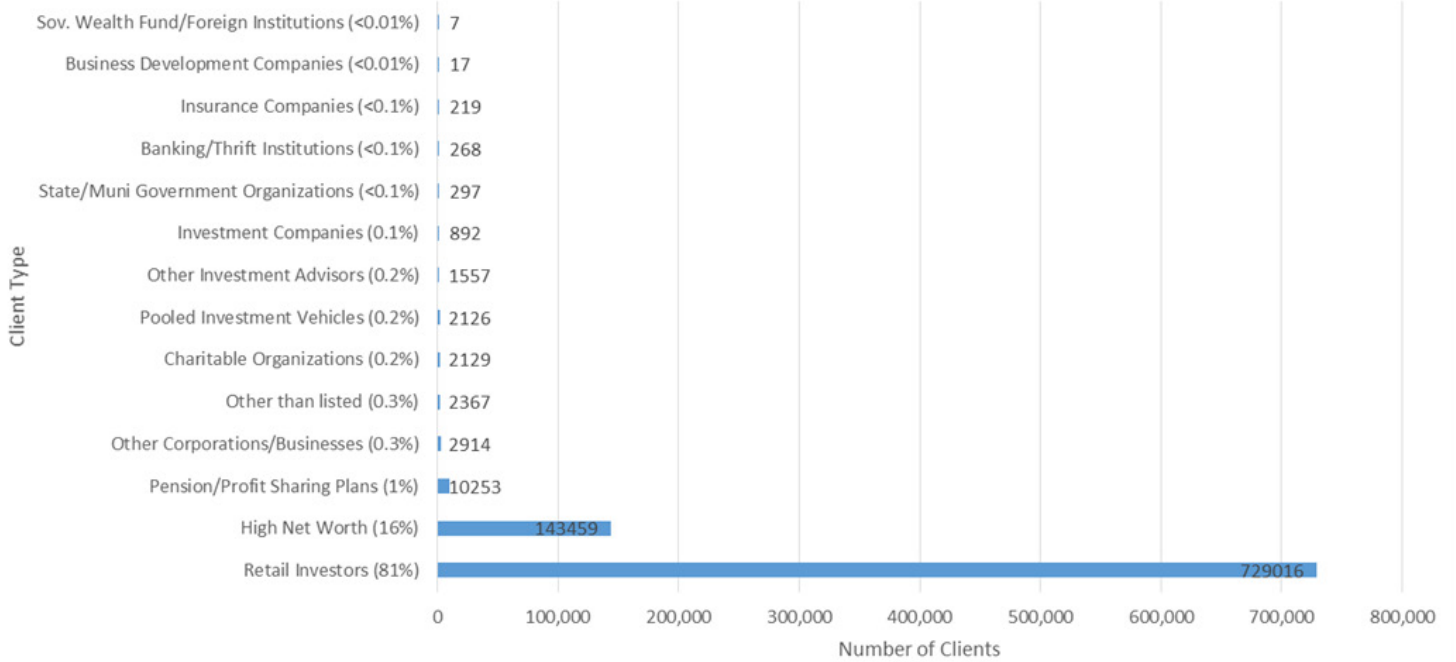


Appendix



Appendix

Client Types



ABOUT NASAA

Organized in 1919, the North American Securities Administrators Association (NASAA) is the oldest international organization devoted to investor protection. NASAA is a voluntary association whose membership consists of 67 state, provincial, and territorial securities administrators in the 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Canada, and Mexico.

In the United States, NASAA is the voice of state securities agencies responsible for efficient capital formation and grass-roots investor protection. Their fundamental mission is protecting investors who purchase securities or investment advice, and their jurisdiction extends to a wide variety of issuers and intermediaries who offer and sell securities to the public.

NASAA members license firms and their agents, investigate violations of state and provincial law, file enforcement actions when appropriate, and educate the public about investment fraud. Through the association, NASAA members also participate in multi-state enforcement actions and information sharing.

For more information, visit NASAA's website at www.nasaa.org.

