



STATE OF LOUISIANA
OFFICE OF FINANCIAL INSTITUTIONS
BATON ROUGE, LOUISIANA



POLICY NO. S-01-2010

EXAMINATIONS OF BROKER-DEALERS AND INVESTMENT ADVISERS

- I. **PURPOSE:** To establish guidelines for the examination of broker-dealer and investment adviser firms.
- II. **APPLICABILITY:** Broker-dealers and state-registered investment advisers registered with this Office and doing business in Louisiana
- III. **POLICY:** Examinations of broker-dealers and state-registered investment advisers will be conducted according to the following guidelines:

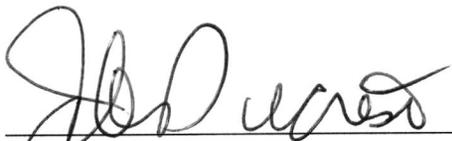
Broker-dealers and state-registered investment advisers domiciled in Louisiana

- When an application for registration is received, staff will perform a desk audit to review the firm's Form BD or ADV, client contracts, and required policies and procedures to ensure proper commencement of the firm's business. The firm's registration will not be approved until all deficiencies noted in the desk audit are corrected.
- Routine full-scope examinations will be conducted according to the following schedule:
 - The first examination of a newly-registered firm will be conducted no more than one year after the effective date of the firm's registration.
 - For broker-dealers, the next examination will be conducted no more than two years after the date of the initial examination. Subsequent examinations will be conducted on a recurring cycle of no more than two years from the previous examination.
 - For investment advisers, the next examination will be conducted no more than three years after the date of the initial examination. Subsequent examinations will be conducted on a recurring cycle of no more than three years from the previous examination.
 - With the prior written approval of the Commissioner, examinations may be conducted outside the above guidelines if necessary to provide for a more balance annual schedule and more effective use of manpower.
- Other examinations may be conducted at any time, based on consumer complaints filed with this Office, other information indicating potential problems at a firm, or other factors as determined by the Commissioner, including review of compliance with heightened supervision Consent Orders executed by the Commissioner.

- Routine examinations will be conducted using the examination program developed by the North American Securities Administrators Association (NASAA).

Broker-dealers and state-registered investment advisers domiciled outside of Louisiana

- Examinations may be conducted at any time, based on consumer complaints filed with this Office, other information indicating potential problems at a firm, or other factors as determined by the Commissioner, including review of compliance with heightened supervision Consent Orders executed by the Commissioner.
- On an ongoing basis, staff will review the Central Registration Depository (CRD) system to identify firms that may need to be examined, based on consumer complaints or other disclosures.
- These examinations will be targeted to review the identified problem area(s) and institute needed corrective action by the firm.
- The findings of these examinations will be shared with the firm's home state securities administrator.



John Ducrest
Commissioner of Financial Institutions

12/23/14

Date