

>>>FAIRVIEW FLASH REPORT <<<

National Exam Program Examination Priorities for 2013

WHAT IS IT?	<p>The National Examination Program (“NEP”) has released its examination priorities for 2013. These priorities are consistent with the SEC’s goals of improving compliance, preventing fraud, communicating policy and monitoring firm-wide and systematic risk.</p>
GOALS FOR 2013	<p>As discussed in our January Flash Report, SEC Examination Approach for 2013, the NEP will focus on fraud detection and prevention, corporate governance and enterprise risk management, conflicts of interest and technology.</p> <p>The Investment Adviser-Investment Company Exam Program will focus on the following areas when performing examinations in 2013.</p> <p><u>Ongoing Risks</u>: safety of assets, conflicts of interest related to compensation arrangements, marketing/performance, conflicts of interest related to allocation of investment opportunities, and fund governance.</p> <p><u>New and Emerging Issues</u>: new registrants, dually registered IA/BD firms, investment companies that use alternative and hedge fund strategies in open-end funds, ETFs and variable annuity structures, and payments for distribution.</p> <p><u>Policy Topics</u>: money market funds, compliance with exemptive orders, and compliance with the Pay to Play rule.</p> <p>The NEP also announced its 2013 goals for covering the following program areas: Broker-Dealer Exam Program, Market Oversight Exam Program, Clearance and Settlement Exam Program and Clearing Agency Program.</p> <p>Source: National Exam Program Examination Priorities for 2013</p>