



This periodic newsletter brings you recent activity by the U.S. Securities and Exchange Commission and Commodity Futures Trading Commission as well as compliance calendar reminders. The below is not intended to be an exhaustive list, but is rather designed to assist you in setting compliance priorities for 2017.



Recent News

Investment Adviser Pleads Guilty to Criminal Charges Related to Cherry Picking.

A Massachusetts-based investment adviser pled guilty to one count of securities fraud. The Adviser allegedly placed trades through a master brokerage account then allocated profitable trades to himself while placing unprofitable trades in client accounts.

[Click here for full article](#)

SEC Charges U.S. Broker for Providing Access to U.S. Markets to a Firm Involved in a Layering Scheme.

According to the SEC the broker approved a cross-market trading scheme in which another market participant placed orders but later canceled after ticking others into buying or selling stocks at artificial prices.

[Click here for full article](#)

SEC Issues Guidance on Robo-Advisers.

Robo-advisers are an attractive and fast growing industry. The SEC, through its guidance update is reminding advisers that any investment tools, such as these, must still comply with applicable provisions of the Investment Advisers Act of 1940. Please contact any of the attorneys mentioned below to see how to tailor your compliance program to fit your needs.

[Click here for full article](#)

SEC Considers Delaying Compliance with the Pay Ratio Disclosure Rule.

In August of 2015 the SEC adopted a Rule which requires public companies to disclose the ratio of the median of the annual total compensation of all employees to the annual total compensation of the Chief Executive Officer.

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CFTC Issues Time-Limited No-Action Relief for Compliance with Variation Margin Rules.

The CFTC has issued limited no-action relief providing that, from March 1, 2017 to September 1, 2017, the CFTC will not recommend an enforcement action for failure to comply with the recently effective variation margin requirements for uncleared swaps. The Prudential Regulators responsible for supervising swap dealers associated with banks also granted similar transitory relief effective until September 1, 2017.

[Click here for full article](#)

CFTC Fines Individual and Company for Failing to Register as a Commodity Pool Operator and For Failing to Comply with Regulatory Requirements.

The CFTC recently fined an individual and a fund management company for failing to properly register as a commodity pool operator and for failing to comply with certain pool operator requirements. In addition to failing to register, the individual and fund management company were fined for: (1) failing to send certain required monthly statements; (2) failing to send required quarterly reports; (3) improperly utilizing promotional material containing hypothetical results without the necessary disclosures; and (4) commingling funds.

[Click here for full article](#)



Compliance Calendar

March 31, 2017 - Annual Form ADV Update

Existing registered advisers must update their Form ADV within 90 days of their fiscal year end. The filing fee has to be deposited into the adviser's IARD renewal account before the filing can be submitted. Note that the IARD may take several business days to process your deposit. The due date for 2017 is March 31.

State Filings

Investment advisers may be required to make a state notice filing in any state in which an adviser has a specified number of clients, called "Notice Filings." Notice filings may be made on Form ADV by checking the relevant box in Part 1A and depositing the appropriate state fees into the adviser's IARD account. Exempt reporting advisers may also be required to register as an investment adviser in some states. Notice filing and investment adviser registration requirements differ from state to state.

Annual Compliance Review.

While not due on March 31, most firms complete their annual compliance review by the end of the first quarter of the year. Investment advisers should:

- Review and update their compliance policies and procedures;
- Hold annual compliance training;
- Conduct an annual certification of their compliance manual and code of ethics;
- Review annual securities holdings reports;
- Have all relevant personnel complete a compliance questionnaire (or certify that no answers have changed since their last questionnaire); and
- Finalize last year's compliance testing and report to the investment adviser's board.

NFA Form CPO-PQR

Small and Mid-Sized Commodity Pool Operators are required to file NFA Form CPO-PQR. CFTC Form CPO-PQR – Small and Mid-Sized Commodity Pool Operators are required to file their yearend reports with the NFA on Form CPO-PQR by March 31, 2017. Small Commodity Pool Operators are required to file Schedule A of CFTC Form CPO-PQR, Mid-Sized Commodity Pool Operators are required to file Schedule A and Schedule B.

CFTC Form CPO-PQR

Small and Mid-Sized Commodity Pool Operators are required to file their yearend reports with the NFA on Form CPO-PQR by March 31, 2017. Small Commodity Pool Operators are required to file Schedule A of CFTC Form CPO-PQR, Mid-Sized Commodity Pool Operators are required to file Schedule A and Schedule B.

Form PF Filing Fee

Advisers required to file Form PF by April 29, 2017 should ensure IARD filing fees have been paid before filing is due (May 1).

April 10, 2017 Form 13H

Form 13H (large trader) quarterly filing is due for Q1 2017 for advisers that have changes to any of the information reported.

April 15, 2017 Form PF for Large Liquidity Fund Advisers

Large liquidity Fund advisers must file Form PF with the SEC on the IARD system within 15 days of each fiscal quarter end.

April 30, 2017 Form ADV Part 2A Delivery

(120 days after SEC-Registered Adviser's Fiscal Year End) Registered investment advisers that have made material changes to Form ADV Part 2A are required to deliver to each client either an updated Form ADV Part 2A that includes a summary of material changes (or is accompanied by such a summary) or a summary of material changes with an offer to provide a copy of the updated 2A and information on how to obtain the Form ADV Part 2A.

Distribute Audited Financial Statements for Private Funds

Private fund investment advisers should have their funds audited by an independent, PCAOB-registered accountant and provide audited financial statements of their funds, prepared in accordance with U.S. generally accepted accounting principles, to the funds' investors within 120 days of the end of the funds' fiscal year (for funds with December 31, 2016 year-end, the date is April 30, 2017). Private funds that are fund of funds may deliver their statements within 180 days of their fiscal year end. (June 29, 2017 for funds with December 31, 2016 year-end.)

May 1, 2017 Form PF

An initial Form PF filing must be made within 120 days of fiscal year-end for private fund advisers that are not Large Hedge Fund Advisers or Large Liquidity Fund Advisers and manage more than \$150 million in regulatory assets under management attributable to private funds as of December 31, 2016.

Form PF Annual Amendment

If you previously filed a Form PF, your Annual Amendment is due within 120 days of fiscal year-end for private fund advisers that are not Large Hedge Fund Advisers or Large Liquidity Fund Advisers and manage more than \$150 million in regulatory assets under management.

May 15, 2017 Form 13F

Form 13F quarterly filing is due for Q1 2017 within 45 days after the end of the calendar quarter.

May 30, 2017 Form PF for Large Hedge Fund Advisers

Form PF must be filed by Large hedge fund advisers within 60 days of each quarter end on the IARD system.

CFTC CPO-PQR Form

Large Commodity Pool Operator Form CPO-PQR (March 31 quarter-end report) required to be filed with the NFA for Commodity Pool Operators.

NFA Form CPO-PQR

Small and Mid-Sized Commodity Pool Operators are required to file NFA Form CPO-PQR.

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