



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

OFFICE OF THE CHAIRMAN

November 19, 2020

On behalf of the U.S. Securities and Exchange Commission, I send best wishes to attendees at this year's Compliance Outreach National Seminar for Investment Advisers and Investment Companies.

An effective regulatory environment is one that drives a culture of compliance and prevents problems before they occur. Our focus on transparency and our engagement with investors and other market participants are key parts of the Commission's efforts to promote a culture of compliance.

In keeping with that spirit, the hallmarks of the compliance outreach program are engagement and communication—between SEC staff and Chief Compliance Officers and other senior officers of registered investment advisers and investment companies—to share information about risks, priorities and deficiencies observed in examinations or investigations and to discuss examples of effective compliance practices observed by the staff. This sharing of information and perspectives in turn improves the quality and transparency of firms' relationships with retail investors.

There are many important topics to be discussed at this year's program, including management of conflicts of interest, information security, business continuity, recent regulatory developments, and issues affecting retail investors. Communication on these topics will help ensure that market participants are focused on current issues, planning for the future and aware of effective compliance practices.

As just one example, Commission staff have been dedicated to providing resources and assistance with submitting effective relationship summaries using Form CRS. The summaries enable investors to better understand the services they can receive and how they will be charged for those services. I recently issued a joint statement with Dalia Blass, the Director of the Division of Investment Management, and Brett Redfearn, the Director of the Division of Trading and Markets, to discuss one aspect of the form in particular: the section that allows retail investors—for the first time—to view at a glance whether or not a firm or its financial professionals have a reportable disciplinary history. Our statement, which accompanied staff FAQs on the subject, highlighted observations regarding firms that did not provide an adequate response to the disciplinary history question on the form and brought attention to FAQs issued about the disclosure requirements of Form CRS. The discussions today will continue to build on these observations and provide additional communication on effective practices.

Communication is also important in preparing for the future. For example, preparation for the transition away from LIBOR is essential for minimizing any potential adverse effects associated with LIBOR discontinuation. The risks associated with this discontinuation and

transition will be exacerbated if the work necessary to effect an orderly transition to an alternative reference rate is not completed in a timely manner. This work should be well underway, and the discussions today serve as a reminder of the need to proactively manage this transition and to focus on creating a compliance program that is prepared for the future.

There are many other issues to be discussed at the program, and we at the Commission remain committed to providing feedback and assistance so that firms are ready to address the important issues affecting retail investors today.

Best wishes for a successful event.

Sincerely,



Jay Clayton  
Chairman