
The Securities Division of the South Carolina Office of the Attorney General (the "Securities Division") conducts examinations of state-registered investment advisers and of their offices both within South Carolina and outside of the state. We hope that this summary will provide investment advisers with an insight into our examination procedures and spotlight some of the deficiencies frequently observed during our examinations.

How Will Advisers be Selected for Examinations?

Advisers may be selected randomly or for cause. The examination may be conducted at the adviser's place of business, or through a "desk audit" where certain records are required to be provided to the Securities Division.

Are Advisers Notified In Advance of Examinations?

If your firm is to be examined, the Securities Division staff may either schedule an appointment in advance or arrive at your place of business unannounced. If advance notice is given, it is typically provided several days prior to the exam with a list of documents to have ready.

Examinations may last from one day to a couple of weeks and will normally be performed by one or two examiners. If the location also serves as a broker-deal

1. Accounting journals and auxiliary records such as cash/check receipts and disbursement records.
2. Checkbooks, bank statements, canceled checks, credit card statements and cash reconciliation documents.
3. Unpaid and paid bills and documents pertaining to the expenses of the firm.
4. Trial balances, financial statements and internal audit working papers.
5. List of current clients under contract and the type of service that you provide to them. Accounts where you have discretionary authority should be clearly marked.
- 6.

In addition to your annual updating amendment, you must amend your Form ADV by filing additional amendments for material changes within 30 days of the date of the change. Please follow the instructions to the Form.

Within 30 days of any changes to a

logical extension of the adviser's fiduciary duty and is certainly a recommended best practice. It should set the tone for the conduct and professionalism of the adviser's employees, officers and directors. The [SEC code of conduct rules](#) provide a template that may be helpful for South Carolina advisers as they develop a code of ethics, but a code of ethics must be tailored to the business, structure, clientele and nature of the advisory firm.

Although the [SEC rule for proxy voting policies](#)

Section 35-1

Recidivism