

**AICPA  
Personal Financial Planning  
Conference**

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**Investment Advisory Services  
Perspectives on Getting Started  
January 7, 2007**

**Presentation by**

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COMPLIANCE  
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## **Contact Information**

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## **Investment Advisory Services**

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- Audience Poll

## **Presentation Overview**

- Introduction
- How To Get Started
- Selecting Service Providers
- Compliance for Investment Advisors
- Conclusion

## **Introduction**

- Captive Market
- Significant Untapped Revenue
- Not as Complex as it Seems

## How to Get Started

### Items to Consider:

- Conflicts of Interest
- Fiduciary Responsibilities
- Structure of Services

## How to Get Started

### Conflicts of Interest

- State and AICPA Ethics Requirements
- Services Provided to Clients
  - Tax
  - Assurance (Audit and Compilation)

## How to Get Started

### Fiduciary Responsibilities

- Additional Liability
  - But how much more?

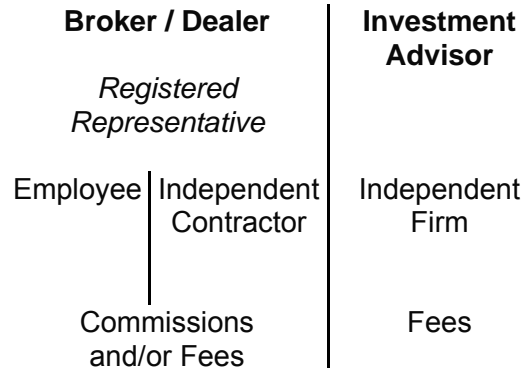
## How to Get Started

### Structure of Services

- Registered Investment Advisor
- Registered Representative of a Broker/Dealer
- Other

## How to Get Started

### Structure of Services



## How to Get Started

### Registered Investment Advisor

- Compensation via Fees
  - % of Assets, Flat or Hourly
- SEC vs. State Registration
- Compliance Program
- Licenses – Series 65
  - Exemption for PFS, CFA, CFP, etc.

## **How to Get Started**

### **Registered Representative of a Broker/Dealer**

- Compensation Primarily via Commissions
- Compliance Supervision by Broker/Dealer Firm
- Licenses – Series 6 or 7 **and** 63 or 66

## **How to Get Started**

### **Other Services**

- Financial Planning
- Referrals to Other Advisors (Solicitation)
- Insurance Planning

## Selecting Service Providers

- Experience and Reputation
- Products
- Expertise
- Technology
- Back Office

## Selecting Service Providers

### **Experience and Reputation**

- Other CPA's
- Flexibility of Platform
- Name Recognition
- Size and Stability
- Warm Fuzzy

## Selecting Service Providers

### Products Offered

- Mutual Funds
- ETFs
- Equities
- Fixed Income
- Sub-Advisors

## Selecting Service Providers

### Expertise

- Investment and Economic Research
- Financial Planning

## Selecting Service Providers

### Technology

- Portfolio Accounting
- Financial Planning
- Trading

## Selecting Services Providers

### Back Office

- Operational and Transitional Support
- Client Reporting
  - Cost-basis
  - Performance
- Client Reporting

## What Does it Cost?

### Investment Advisor or Broker/Dealer Registered Representative

- TIME
- Registration Fees
- Legal and/or Consulting for Compliance, and Client Agreements

## What are My Potential Revenues?

- Investment Advisor
  - \$25 Million in Assets @ 1% = \$250,000
- Broker/Dealer
  - Dependent on trading frequency and/or products selected

## Compliance for Investment Advisors

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- Form ADV Parts I, II and F
- Compliance Program
  - Compliance Manual
  - Code of Ethics
  - Business Continuity Plan
- Regulatory Examinations

## Questions

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