



Standard of Care Checklist

Advisors have a fiduciary responsibility to not only act in the best interest of clients, but also to deliver transparency into the investment decisions that are made on their behalf, among other requirements. With Investnet, you can leverage the Investnet platform to provide compliance assistance to monitor business and aid with fiduciary standards. Investnet's Fiduciary Oversight Notes (FONs) help explain the compliance implications of decisions advisors make along the wealth management process. Advisors can use them to record the reasoning behind actions they take on behalf of clients. And, our Fiduciary Oversight Questionnaire can be completed and delivered to clients in a report—providing an added layer of transparency.

According to a 2013 study by the North American Securities Administrators Association (NASAA), many U.S. advisers are not adequately documenting the rationale behind investment choices that are made for their clients.

While it may seem like a daunting task, record-keeping can help you assure clients of your fiduciary responsibilities to them. As you think about how your practice is organized, Envestnet can give you the tools to help you evaluate your fiduciary process, empower you to enhance your standard of care with clients, and reduce the time and effort required to gather information according to regulatory demands.

THE BASICS: What You Need to Do

Step One: Get Organized	Step Two: Categorize Your Information	Step Three: Make Your Information Accessible
<p>The first thing you'll need to do is pull together some standard information regarding your practice—your organization and the partners that you work with including pricing services, portfolio accounting systems, etc.</p>	<p>Organize your information by using the following check lists to put them into categories like Required Documents, Standard/Common Information, Compliance Reports/Information, Legal Information, and Policies & Procedures.</p>	<p>Keep organized files of the information you've collected in a secure, central location and continue to add new reports to files as needed. In addition to your own information, Envestnet delivers a library of standardized reports that cover many areas of client and practice level information essential to help meet fiduciary requirements.</p>

Along with being your fiduciary responsibility, delivering transparency is essential to helping build strong client relationships. With Envestnet, you have a powerful partner to help you meet your compliance needs.

For more information, visit envestnet.com/fiduciarystandard or email us at fiduciarystandard@envestnet.com.

The information and guidance displayed herein are provided for general informational purposes only and are not intended to constitute legal advice or a recommended course of action in any given situation. They should not be relied upon by the recipient in making decisions of a legal nature with respect to the issues discussed. Envestnet is not engaged in rendering professional legal advice or opinions. If such advice or opinions are required, the services of an attorney should be sought.

FOR ADVISOR USE ONLY

© 2013 Envestnet, Inc. All rights reserved.

EN_GUIDE_FIDU_10.13

FOR ADVISOR USE ONLY

Section 1: Required Documents

Check List	Advisor Provided	Investnet Assistance or Report Available
1) Current standard client advisory contracts or agreements	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2) All sub-advisory agreements executed with other investment advisors	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3) Current fee schedule(s), if not otherwise stated in advisory contracts or in Form ADV Part 2.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4) Any power of attorney obtained from clients, if not otherwise stated in advisory contracts	<input type="checkbox"/>	
5) The Form ADV Part 2 furnished to clients during the examination period and any disclosure document used in conjunction with or in lieu of Part II	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6) Any client complaints, and information about the process used for monitoring correspondence and/or complaints including: <ul style="list-style-type: none"> The name of any third-party service provider used and the Advisor's oversight of the service provider 	<input type="checkbox"/> <input type="checkbox"/>	
7) Names of all fair-valued and any illiquid securities held by clients including: <ul style="list-style-type: none"> A description of any fair value process employed Any testing and results and all fair value reports prepared or reviewed by a valuation committee 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
8) Supporting documents of controls of employee access to physical locations containing customer information including: <ul style="list-style-type: none"> Electronic key card entry, locks, security cameras and guards Locations to include buildings, computer facilities, and records storage facilities 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
9) Documentation of controls of employees access to physical locations containing customer information including: <ul style="list-style-type: none"> Electronic key card entry, locks, security cameras and guards Locations to include buildings, computer facilities, and records storage facilities 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
10) Documentation of electronic access controls, including: <ul style="list-style-type: none"> User authorization and authentication, firewall configuration, security advisories on vulnerabilities in software and hardware installation configurations, and implementing workarounds, security patches and upgrades 	<input type="checkbox"/> <input type="checkbox"/>	
11) A trade blotter (i.e., purchases and sales journal) that lists transactions in securities and other financial instruments for: current and former clients; proprietary and/or trading accounts and access persons including: <ul style="list-style-type: none"> All trade errors, cancellations, re-bills, and reallocations <i>(Note: Investnet can provide a trade blotter of transactions only)</i> Privately offered funds 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>

Section 1: Required Documents

Check List	Advisor Provided	Investnet Assistance or Report Available
19) Securities purchased for any client in which the Advisor or an affiliate underwrote or participated as underwriting manager, purchase group and/or syndicate or selling group and the underwriting date(s)	<input type="checkbox"/>	
20) All initial public offerings and secondary offerings in which clients, proprietary accounts or access persons participated including: <ul style="list-style-type: none"> • If not stated in policies and procedures or if the allocation did not follow standard policies and procedures, information regarding how allocation decisions were made • The trade date, security, symbol, total number of shares, and participating accounts • For initial public offerings, indicate whether shares traded at a premium when secondary market trading began 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
21) All pitch books, one-on-one presentations, pamphlets, brochures, and any other promotional and/or marketing materials furnished to existing and/or prospective clients for each investment strategy and/or mandate <i>(Note: Investnet can supply materials to the advisor for use)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
22) All advertisements used to inform or solicit clients. If information on services and investments is available on the Internet, such as websites and blogs, make all versions available as either printouts or electronic archives.	<input type="checkbox"/>	
23) All performance return composites including: <ul style="list-style-type: none"> • Description and investment objective, inception date, account minimum and whether or not it is used in marketing <i>(Note: Investnet report does not show investment objective)</i>	<input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
24) All accounts included in each composite with “as of” date	<input type="checkbox"/>	<input checked="" type="checkbox"/>
25) Internal calculations indicating beginning and ending asset values for each quarter, all capital additions and withdrawals (including the dates) and the quarterly performance return	<input type="checkbox"/>	<input checked="" type="checkbox"/>
26) All custodial statements, including a statement that indicates the beginning asset value for the performance period. (For example, the December 2008 statement for the verification of the calendar year 2009 performance returns.)	<input type="checkbox"/>	
27) All accounts not included in a performance composite	<input type="checkbox"/>	
28) All terminated performance composites	<input type="checkbox"/>	<input checked="" type="checkbox"/>
29) Advisor's balance sheet, trial balance, income statement, and cash flow statements as of the end of its most recent fiscal year and the most current year to date	<input type="checkbox"/>	
30) Advisor's cash receipts and disbursements journal	<input type="checkbox"/>	
31) Advisor's general ledger and chart of accounts	<input type="checkbox"/>	
32) Any loans from clients to the Advisor or sales of the Advisor's or any affiliate(s) stock to clients	<input type="checkbox"/>	

Section 2: Standard/Common Information

Check List	Advisor Provided	Investnet Assistance or Report Available
1) Organization Chart: <ul style="list-style-type: none"> Showing ownership percentages Chart of affiliated entities 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
2) Names of any officers/directors who resigned during the examination period <ul style="list-style-type: none"> Reason for departure 	<input type="checkbox"/> <input type="checkbox"/>	
3) Names of employees who here disciplined or terminated during the examination period <ul style="list-style-type: none"> Reason for the action 	<input type="checkbox"/> <input type="checkbox"/>	
4) Names and location of all service providers: <ul style="list-style-type: none"> Description of the services they perform Information on their due diligence process Explanation on how potential conflicts and information flow issues are addressed 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
5) Names of pricing services, quotation services, and externally-acquired portfolio systems used in the valuation process <ul style="list-style-type: none"> Paid in hard- or soft-dollars or a combination 	<input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/>
6) Names of advisory clients lost: <ul style="list-style-type: none"> Reason Termination date and asset value at termination <i>(Note: Investnet report does not show asset value at termination)</i> 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
7) Names of any financial planning, pension consulting or other typical advisory clients	<input type="checkbox"/>	
8) Minutes of investment and/or portfolio management committee meetings, if such committees exists, and minutes are maintained	<input type="checkbox"/>	
9) Names of publicly traded companies for which employees serve as officers and/or directors: <ul style="list-style-type: none"> Names of those employees 	<input type="checkbox"/> <input type="checkbox"/>	
10) Names of companies for which employees serve on creditors' committees: <ul style="list-style-type: none"> Names of those employees 	<input type="checkbox"/> <input type="checkbox"/>	
11) Names of all affiliated broker-dealers: <ul style="list-style-type: none"> Description of the affiliation Description of the clearing arrangement 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
12) Description of any fee splitting or revenue sharing arrangements	<input type="checkbox"/>	
13) Temporary username and password access to secure web sites during examination period	<input type="checkbox"/>	
14) All parties compensated for soliciting clients: <ul style="list-style-type: none"> Total cash or non-cash compensation paid A summary of the business relationship with that entity (e.g. consulting, prime brokerage, securities lending, etc.) 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
15) All completed requests for proposals (RFPs)	<input type="checkbox"/>	
16) Names of all third-party consultants that the Advisor provided responses to questionnaires	<input type="checkbox"/>	

Section 3: Compliance Reports/information

Check List	Advisor Provided	Investnet Assistance or Report Available
1) Compliance testing that include both positive and negative findings and information about corrective or remedial actions taken regarding these findings: <ul style="list-style-type: none"> • Information regarding compliance reviews • Information regarding quality control analysis • Information regarding surveillance • Information regarding forensic or transactional tests 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
2) A current inventory of compliance risks that forms the basis for its policies and procedures: <ul style="list-style-type: none"> • Changes made to the inventory • Dates of the changes 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
3) Any documents maintained that map the advisor's inventory of risks to its written policies and procedures.	<input type="checkbox"/>	
4) Written guidance that the advisor has provided to its employees regarding: <ul style="list-style-type: none"> • The firm's compliance risk assessment process • The firm's process for creating policies and procedures to mitigate and manage its compliance risks • How potential conflicts and information flow issues are addressed 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
5) Any internal audit review schedules and completed audits including: <ul style="list-style-type: none"> • The subject and date of the report 	<input type="checkbox"/> <input type="checkbox"/>	
6) Information about the oversight process the Advisor uses for any remote offices and/or independent advisory contractors including: <ul style="list-style-type: none"> • Any policies and procedures with respect to such oversight 	<input type="checkbox"/> <input type="checkbox"/>	
7) Documentation maintained regarding any reviews conducted of the Advisor's policies and procedures including: <ul style="list-style-type: none"> • Any annual and/or interim reports 	<input type="checkbox"/> <input type="checkbox"/>	
8) A record of any non-compliance with the Advisor's Code of Ethics and of any actions taken as a result of such noncompliance.	<input type="checkbox"/>	
9) Reports of securities transactions reported by access persons.	<input type="checkbox"/>	
10) Documentation that the Advisor is complying with the Global Investment Performance Standards ("GIPS"), if applicable.	<input type="checkbox"/>	

Section 4: Legal information

Check List	Advisor Provided	Investnet Assistance or Report Available
<p>1) Any pending and settled litigations or arbitration involving the Advisor or any “supervised person” including:</p> <ul style="list-style-type: none"> Description of the allegations, the status, and a brief description of any “our of court” or informal settlements <p><i>Note: “Supervised person” is a partner, officer, director, or employee of an investment advisor, or other person who provides investment advice on behalf of the investment advisor and is subject to the supervision and control of the investment advisor.</i></p>	<input type="checkbox"/> <input type="checkbox"/>	
<p>2) Name of any joint ventures or any other businesses in which the Advisor or any officer, director, portfolio manager or trader participates or has any interest (other than their employment with the Advisor) including:</p> <ul style="list-style-type: none"> Description of each relationship 	<input type="checkbox"/> <input type="checkbox"/>	
<p>3) All agreements, correspondence and the separate disclosure documents for third-party solicitors.</p>	<input type="checkbox"/>	

Section 5: Policies and Procedures

Check List	Advisor Provided	Investnet Assistance or Report Available
1) All compliance policies and procedures that were in effect during the examination period	<input type="checkbox"/>	
2) Any written guidance used to comply with Regulation S-P, including: • Addressing administrative, electronic and physical safeguards for the protection of customer records and information (“information security”)	<input type="checkbox"/> <input type="checkbox"/>	
3) The Advisor’s business continuity plan <i>(Note: Investnet report would describe Investnet’s business continuity plan only.)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4) Policies and procedures with respect to trade errors and information related to any errors <i>(Note: Investnet report would describe Investnet’s policies and procedures with respect to trade errors only.)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5) The Advisor’s and affiliates Code of Ethics and insider trading policies and procedures	<input type="checkbox"/>	
6) If not incorporated in the Code of Ethics, any policies and procedures adopted to address exemptions for employees, including those for personal hardship, if applicable	<input type="checkbox"/>	
7) If not incorporated in the Code of Ethics, any policies and procedures governing personal trading of contract employees and temporary employees, if applicable	<input type="checkbox"/>	
8) If not stated in policies and procedures, any guides for monitoring personal trading of access persons	<input type="checkbox"/>	
9) If not stated in policies and procedures, information about the process used to monitor and control the receipt, flow and use of non-public information, including any restricted, watch or grey lists	<input type="checkbox"/>	
10) All policies and procedures consistent with currently applicable federal requirements of the Office of Foreign Assets Control (“OFAC”) designed to identify: • Suspect accounts or transactions and the currency and monetary instrument reporting provisions of the Internal Revenue Code (“IRC”) and the Bank Secrecy Act (“BSA”)	<input type="checkbox"/> <input type="checkbox"/>	



The information and guidance displayed herein are provided for general informational purposes only and are not intended to constitute legal advice or a recommended course of action in any given situation. They should not be relied upon by the recipient in making decisions of a legal nature with respect to the issues discussed. Envestnet is not engaged in rendering professional legal advice or opinions. If such advice or opinions are required, the services of an attorney should be sought.

FOR ADVISOR USE ONLY

© 2013 Envestnet, Inc. All rights reserved.

EN_GUIDE_FIDU_11.13