

LMK Registered Investment Advisor Program Training

July 25, 2023



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RIA vs. Brokerage

RIA

- Fee based
- Disclosures
- Fiduciary
- Continues Relationship

Brokerage

- Commission
- Transactions
- One-Time



RIA vs. Brokerage

RIA Licenses – Home State Reg

- 65
- 66 (combined 63/65)
- CFP / CFA designation

Brokerage Licenses – State Reg where soliciting

- 6
- 7
- 63



RIA vs. Brokerage

RIA

- Investment Advisor

Brokerage

- Registered Representative



RIA Firm Registration

State (FINRA)

- Less than \$25 million (small)
- \$25 million to \$100 million (mid-size)

SEC

- \$100 million+ in assets (large)
- LMK \$1.385 Billion



Disclosures

- ADV (Part 1)
- ADV Brochure (Part 2a)
- ADV Supplemental Brochure (Part 2b)
- ADV Form CRS (Part 3) New

Must be given to all clients prior to or at the time of recommendation
(except for ADV part 1)



Disclosures

ADV (Part 1)

- Firm's Public Disclosure
- <https://adviserinfo.sec.gov/>
- Updated Annually
- Branch Details
- Product/Business Mix
- Asset Under Managed (AUM)
- Disciplinary Info
- Custody Info
- Ownership/Management Info

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Disclosures

ADV (Brochure Part 2a)

- Program Brochure
- <https://adviserinfo.sec.gov/>
- Updated Annually – Material Changes
- Program Details
- Fee and Compensation Charges
- Requirement
- Disciplinary Info
- Investor Risk Info
- Proxy Voting Details
- Business Continuity Details

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Disclosures

ADV (Brochure Part 2a)

- LMK Advisory Brochure Form ADV Part 2A
- LMK Wrap Fee Program Brochure

Disclosures

ADV Supplemental Brochure (Part 2b)

- Updated only when a material change happens
- Advisor's personal disclosure document
- Year of birth
- Professional Certifications with explanation (CFP, CFA, CLU, etc.)
- Education (College or higher, does not include certification programs)
- Securities industry work history only
- Outside Business Activities / Compensation
- Disciplinary Info
- Supervisor Info



Disclosures

ADV Form CRS (Part 3) Client Relationship Summary

- 4 Page disclosure (2 brokerage/2 Advisory)
- <https://adviserinfo.sec.gov/>
- Updated only when a material change happens
- Services Provided and Limitations
- Questions the client should ask the Advisor
- Conflicts of Interest
- Disciplinary info and how to find it
- Where to get more information about the firm



Disclosures

LMK ADV Disclosures Locations

- <https://www.lmkohn.com/>
- <https://adviserinfo.sec.gov/>
- Complysci



Discretion vs. Non-Discretion

Discretion – Client delegates trading permission

- Limited discretion
- LMK Investment Advisor Representative (IAR)
- Third-Party Manager (TPM)

Non-Discretion – Client must give permission

- Solicited



Advisory Program vs. Wrap Program

Advisory Program

- Percentage of assets under management
- Contract Agreement
- Small commission possible (cover cost of trading only)

Wrap Program

- One fee
- Contract Agreement
- No commissions or other fees can be charged



LMK Advisor vs. Third Party Manager (TPM)

LMK Advisor (IAR)

- Makes recommendation
- Trades
- Single client or multiple clients

TPM

- Makes recommendation
- Trades
- Includes non-LMK clients



LMK Investment Management Services

- Identification of financial problems
- Cash flow and budget management
- Tax planning
- Risk exposure review
- Investment management
- Education funding
- Retirement planning
- Estate planning
- Charitable goals
- Small business planning issues
- Special needs planning
- Other issues specific to the client

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LMK One Time Financial Plans

- Advisory Agreement
- Hourly Rate \$250, max \$3,500 to cost
- Disclosures delivery required
- Checks payable to LM Kohn
- Brokerage Account Fee Deduction



LMK Advisory Programs

- Unbundled Managed Account Solutions (UMAS) – Discretionary
- UMAS – Non-Discretionary
- RBC Advisor – Non-Discretionary
- RBC Unified Portfolio (UP) – Discretionary
- Consulting Solutions – Discretionary
- Investnet – Discretionary: UMAS – Discretionary
- Charles Schwab (TD) – Discretionary
- Third Party Managed – Discretionary
- ERISA Plan Sponsor or TPA – Non-Discretionary
- Fees Range .25%-3.00% – Advance or Arrear



UMAS – Discretionary

- Unbundled, A La Carta offering
- Wrap
 - TPM – TPM Sponsor
 - IAR – LMK Sponsor
- Non-Wrap
- LMK RIA Agreement
- Market Commentary
- Investment Policy Statement (IPS) Riskalyze
- Exclude Assets

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UMAS – Non-Discretionary

- Unbundled, A La Carta offering
- Wrap
 - IAR – LMK Sponsor
- Non-Wrap
- LMK RIA Agreement
- Risk Profile
- Exclude Assets



RBC Advisor – Non-Discretionary

- WRAP
- IAR
- RBC Sponsor
- LMK Advisor Agreement
- Statement of Investment Selection (SIS)
- Asset allocation strategy
- Advisory Master Service Agreement (AMSA) Client Source
- Cannot exclude assets



RBC Up – Discretionary

- Wrap
- TPM
- RBC Sponsor – Advisory Link
- LMK Advisory Agreement
- Statement of Investment Selection (SIS)
- Advisory Master Service Agreement (AMSA) Client Source
- Cannot exclude assets



Consulting Solutions – Discretionary

- Wrap
- TPM
- RBC Sponsor
- LMK Advisor Agreement
- TPM paperwork



Investnet: UMAS – Discretionary

- Wrap
- IAR
- TPM
- LMK Advisory Agreement
- Statement of Investment Selection (SIS)
- Investnet is Sponsor
- Exclude assets



Charles Schwab – Discretionary

- Wrap
- IAR
- TPM
- LMK Advisory Agreement
- Charles Schwab (TD) paperwork
- Investment Policy Statement (IPS) Riskalyze
- TPM paperwork
- Schwab custodian



Third Party Managed – Discretionary

- Wrap
- IAR
- TPM
- LMK Advisory Agreement
- Investment Policy Statement (IPS) Riskalyze
- TPM paperwork



ERISA – Non-Discretionary

- Wrap
- TPM
- Client selects from a menu of fund options
- LMK Advisory Agreement
- Investment Policy Statement (IPS) Riskalyze
- TPM paperwork



LMK Programs - Third Party Manager (TPM)

Consulting Solutions

- Nuveen
- NWQ Investments

Investnet

- Astor
- Berkshire
- CLS
- Dynamic

Fidelity

- Pacific Financial Group

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Third Party Manager (TPM) - Programs

RBC Up

- American Funds / Vanguard
- Anchor Capital Advisors
- Blackrock
- Brandes
- Dimensional
- Diversified
- Federated
- Good Harbor
- Guide Portfolio
- Hahn
- RBC Income Select
- International Equity
- London Co
- New London
- RBC PAG
- PAG & Dimensional
- PAG & Vanguard
- Polen Capital Mgmt LLC
- Polen Focus Growth
- RBC Active
- RBC Diversified Income
- RBC Global
- RBC Guided Portfolio
- RBC Select Income
- RBC Specialty Portfolio Group / American Funds
- RBC Strategic ETF
- Richard Bernstein Advisors
- Russell Model Strategies
- Sage
- Vanguard 70/30
- Vanguard 80/20
- Vanguard S&P Series
- Vanguard / Blackrock
- Vanguard / DFA
- Wealthbridge
- Wedgewood



LMK Programs - Third Party Manager (TPM)

Charles Schwab

- Wakefield Asset

Third Party Managed

- 12th Street
- American Funds
- Bowling
- Cypress
- Empower Model
- Genoa Asset Management
- Mass Mutual
- Mench
- Nationwide Subaccount Managers
- Nuveen Asset Management
- Saratoga
- SEI
- Specialty Portfolios
- Vanguard

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Compliance

- RIA Manual
- Investment Advisor Act of 1940
- SEC 275.206(4)7 - Compliance Rule
- Principal Based Rules
- SEC 275.204A-1 - Code of Ethics
- <https://www.sec.gov/investment/laws-and-rules>



Compliance

- Commission to Advisory Conversions
- Client Meetings
- Reverse Churning
- Fee Billing
- Due Diligence
- Cash Balances
- Householding

Commission to Advisory Conversions

- Advisory or Institutional Class Funds only
- Other Class Funds must be sold or transferred
- Commission Account to Advisory Fee Conversion Form (>3 months)
- Assets can be excluded
- Must be a justified conversion (RegBI)
- Double Dipping



Client Meetings

- At Minimum Annually
- More frequent meetings can be negotiated
- Documented in LMK Dash or approved CRM
- Acknowledgement sent to client should be done



Reverse Churning

- Trades must be done in every account
- 18 months without a trade account should be remove from program
- Householding considered in lieu of trading
- Reasons for not trading should be recorded in LMK Dash



Fee Billing

- Its very important accounts are billed correctly
- Quarterly billing
- Advance
- Arrears
- LMK Advisory Agreement
- SIS
- Termination /ACAT



Due Diligence

- TPM reviews
- Allocation Drift
- Rebalancing
- Average Pricing

Cash Balances

- Fully Invested
- 3% Cash Max
- Reasons for large cash balance should be noted in LMK Dash



Householding

- Aggregate Accounts
- Price break fee schedule
- Negotiated Fee



Continuing Education (IAR CE)

Model Rule - NASAA

Every investment adviser representative registered under section 404 of the 2002 Act (or 201 of the 1956 Act) must complete the following IAR continuing education requirements each Reporting Period:

- Ethics and Professional Responsibility Requirement (6 Credits)
- Products and Practice Requirement (6 Credits)

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Continuing Education (IAR CE)

- FINRA members
- Credentialing Organization Continuing Education Compliance
- No Carry-Forward
- Failure to Complete or Report
- Home State
- Unregistered Periods

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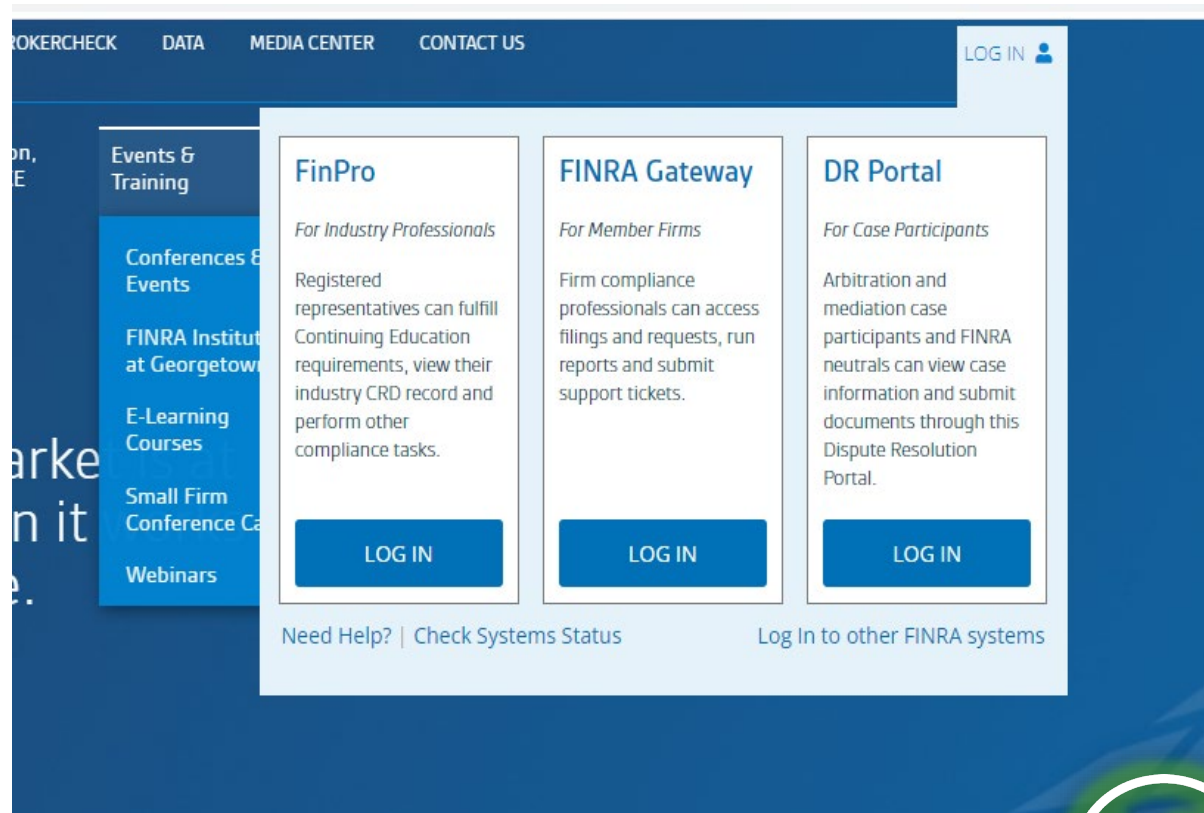
FINRA - FINPRO

- FINRA CRD system enhancement
- FINRA CE credits
- \$18 cost

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The screenshot shows the user profile for Andy Analyst in the Financial Professional Gateway. The header includes the title "Financial Professional Gateway" and navigation links for "My Account", "Help", and "Sign out". The profile information includes the name "Andy Analyst", CRD number "2267117", and roles "Broker" and "Investment Adviser". It also shows "Alternative Names: None" and "Continuing Education Status". Under "RR CE", it is marked "Satisfied" on 05/30/2022. Under "IAR CE", it is marked "IAR CE Required" by 12/30/2022. A link "Go to CE Section to Apply Regulatory Element Credit" and a "Need Help?" button are visible at the bottom of the profile section.

Financial Professional Gateway My Account | Help | Sign out

Andy Analyst
CRD: 2267117

B Broker **IA** Investment Adviser

Alternative Names:
None

Continuing Education Status

RR CE: **Satisfied** ⓘ
on 05/30/2022

IAR CE: **IAR CE Required** ⓘ
by 12/30/2022

[Go to CE Section to Apply Regulatory Element Credit](#) **Need Help?**

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IAR Continuing Education

To learn more about IAR Continuing Education, please see [NASAA IAR CE Website](#). IAR CE requirement exists because one of the states that you are currently registered with has opted in to participate in IAR CE. [Click here](#) to view the list of participating states.

2022 **Incomplete** [Apply Regulatory Element Credit](#) Total Credits **2.0 of 12.0** Due Date **12/30/2022**

Course Provider	Course Name	Course ID	Completion Date	Credit Type	# of Credits
liMho8RjT8 5A4ztVWH6x	Mohd New	C98330	05/23/2022	Products & Practice	2.0


If you do not see a course you have completed, please contact your course provider.



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1 Program I... — 2 **Verify Con...** — 3 Proceed to Pay...

Verify Email

 Notifications will be sent to the email addresses below. Please update as necessary. Changes made are saved to your FinPro profile.

Personal Email*

Business Email (optional)




FINRA - FINPRO

1 Program I... — 2 Verify Con... — 3 Proceed to Pay...

PAYMENT METHOD

Bank Account

Credit Card



CHARGES

IARCE Reg Element Fees	\$18.00
Total	\$18.00

TERMS AND CONDITIONS

[I agree to the following terms and conditions.](#) ▼

Submit



FINRA - FINPRO

1 Program I... — 2 Verify Con... — 3 Proceed to Pay...

Zip Code
20850

United States

TERMS AND CONDITIONS

[I agree to the following terms and conditions.](#) ▼

Submit Payment



FINRA - FINPRO

About the program

NASAA will accept the securities industry CE Regulatory Element as an equivalent of the Products and Practices module of the IAR CE requirement.

Payment Terms for Individuals Paying by Credit Card or ACH

THIS PAYMENT AGREEMENT ("AGREEMENT") IS A LEGAL CONTRACT BETWEEN YOU AND THE FINANCIAL INDUSTRY REGULATORY AUTHORITY, INC. ("FINRA") AND SETS FORTH THE TERMS AND CONDITIONS GOVERNING THE PAYMENT FOR THE INVESTMENT ADVISER REGISTRATION CONTINUING EDUCATION (IAR CE) PROGRAM BY CREDIT CARD OR AUTOMATED CLEARING HOUSE (ACH). BY CLICKING THE "AGREE" BUTTON AT THE END OF THIS AGREEMENT, YOU ACKNOWLEDGE THAT YOU ACCEPT THE TERMS OF THIS AGREEMENT.

The fee to apply Regulatory Element to IAR CE for six credits of Product and Practices is nonrefundable and not transferable to another individual or entity. Partial payments for less than six credits will not be accepted. You must follow all FINRA procedures related to these forms of payment.

I agree to the terms and conditions

BACK

CONTINUE



FINRA - FINPRO

✓ Payment Success



IAR CE Product and Practices payment Request Confirmation

Thank you. Your payment of \$18.00 to apply the Regulatory Element to your IAR CE requirement has been successfully submitted to FINRA.

Your confirmation number is ICE360e2f793d2e.



You may wish to print this page and save your confirmation number for your records.

Once FINRA has processed your request, a confirmation will be emailed to email97@email97.com.

[OK](#)

