

Compliance and Procedures Manuals: Create, Review, and Update

Written Supervisory Procedures Manual

Every Broker-Dealer must develop and maintain written procedures that define the supervisory process the firm implements to comply with the securities rules and regulations of the SEC, NASD, MSRB and state(s). This compendium is known as the firm's "Written Supervisory Procedures" manual, and it must be tailored to the firm, its products, offices and supervisory personnel.

The Written Supervisory Procedures manual is a guidebook for use by supervisory personnel in performing their supervisory functions. In addition to a description of what a firm is required to do, it further defines "Who" does "What", "When" something is to be done, and "How" it is evidenced that it has been done.

The manual is not a static document. NASD rules require someone review the manual and the firm's supervisory system to determine that the system in place is still accurate and adequate, and to recommend changes as appropriate. The manual must address the business the firm conducts - no more, no less. The regulators require the firm to perform according to the conduct described in its written supervisory procedures manual. As such, the firm's manual must be specific to the firm.

NCCI reviews and revises Written Supervisory Procedures manuals to include the most current rule requirements and related procedures. We produce manuals in a "Who" does "What" "When" and "How" format for easy reference and simple use. And, because of the overall structure, our manuals are easily amended when necessary.

If you need your first Written Supervisory Procedures Manual as part of your Broker-Dealer application, NCCI offers an excellent product.

Operating Procedures Manual

No Broker-Dealer is currently required by regulation to have an "Operating Procedures Manual" or a "Policy and Procedures Manual." Depending on its size, a firm may find one or the other useful. These manuals are different from a Written Supervisory Procedures Manual in that the former defines each job at a firm in functional terms, while the latter defines a firm's supervisory system.

If your firm has grown such that it employs a number of operations personnel, as well as a growing list of registered professionals, it may be advisable to consider a firm specific Procedures Manual.

It establishes how your registered representatives set up accounts, what documents they need to open an account, how they are to enter orders, prepare and send communications, etc. Essentially, it describes the "back office" functions of your firm in a manner that facilitates simplified cross training or job substitution for personnel on leave, vacation or otherwise absent.

Since it describes the procedures of job functions specific to your firm, it must accurately describe what is done and what you want to be done at your firm.

NCCI has been creating firm specific Procedures Manuals since 1987. We work closely with management and staff to create a manual that describes each job function accurately and completely. Once completed, manuals may be given to any one of your associated persons as an instructional resource on how you want business processed and work performed.