



# THORNTON & ASSOCIATES

## 2015

### 3120/3130 Supervisory Controls Testing

Name of person conducting the audit? \_\_\_\_\_

Audit Date: \_\_\_\_\_

Name of Chief Compliance Officer ("CCO"): \_\_\_\_\_

Name of Senior Manager or Executive Representative of the broker dealer: \_\_\_\_\_

Number of Registered Employees: \_\_\_\_\_

Number of Registered Principals: \_\_\_\_\_

Number of Registered OSJ Offices: \_\_\_\_\_

Number of Registered Branch Offices: \_\_\_\_\_

Number of Unregistered Branch Offices: \_\_\_\_\_

#### General

Has the firm designated one or more principals who has established, maintained, and enforced a system of supervisory control policies?

Name of Principal: \_\_\_\_\_

Has the designated the CCO been identified on the FINRA Contact Questionnaire?

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

Is the person designated as maintaining the responsibility for updating the WSP qualified to perform this task?

<input type="checkbox"/>
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#### Written Supervisory Procedures

Does the firm have procedures that require a designated principal to test and verify that the firm's supervisory procedures and verify that they are reasonably designed with respect to the firm's business as required under rule 3120?

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

**Please indicate below if the firm's WSP address all of the rules and compliance areas listed below. Please note that this list is directly from the FINRA WSP Checklist.**

Designation of Chief Compliance Officer

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

CEO's Annual Certification

<input type="checkbox"/>
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Designation and Identification to NASD of Principal Responsible for Supervisory Controls

<input type="checkbox"/>
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Supervisory Control Procedures for Testing the Firm's Written Supervisory Procedures to Ensure that All Rules are Addressed

<input type="checkbox"/>
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Supervisory Control Procedures that Address Updating the Firm's Written Supervisory Procedures

<input type="checkbox"/>
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Designated Principal Annual Report to Senior Management on Firm's Supervisory Controls Procedures, Test Results, and Resulting Changes	<input type="checkbox"/>
Review and Supervision of Transmittal of Customer Funds or Securities	<input type="checkbox"/>
Supervision of Customer Changes of Address and Validation	<input type="checkbox"/>
Supervision of Customer Changes of Investment Objective and Validation	<input type="checkbox"/>
Does the firm have procedures designed to review and monitor the transmittal of funds or securities from customers to third party account?	<input type="checkbox"/>
Does the firm have procedures designed to review and monitor the transmittal of funds or securities from customer accounts to outside entities, e.g., banks?	<input type="checkbox"/>
Does the firm have procedures designed to review and monitor the transmittal of funds or securities from customer accounts to locations other than a customer's primary residence?	<input type="checkbox"/>
Does the firm have procedures designed to review and monitor the transmittal of funds or securities between customers and registered representatives?	<input type="checkbox"/>
Does the firm have procedures designed to review and monitor a customer change of address?	<input type="checkbox"/>
Does the firm have procedures designed to review and monitor a change in a customer's investment objectives?	<input type="checkbox"/>
Are the procedures designed to supervise the customer account activity conducted by any branch office managers, sales managers, regional/district sales managers or any person performing a similar supervisory function?	<input type="checkbox"/>

**Describe changes needed to the WSP as a result of this review:**

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	Yes	No
Does the firm have procedures that require an annual test that verifies that the firm's supervisory procedures are reasonably designed with respect to the firm's registered representative and associated personnel?	<input type="checkbox"/>	<input type="checkbox"/>
Does the firm have a process in place that amends supervisory procedures when the need is identified with such testing and verification?	<input type="checkbox"/>	<input type="checkbox"/>
Has the designated principal annually submitted to senior management a detailed report of the system of supervisory controls based on a formal testing of these systems?	<input type="checkbox"/>	<input type="checkbox"/>
Were there any significant exceptions identified in the annual report regarding the system of supervisory controls?	<input type="checkbox"/>	<input type="checkbox"/>

N/A

**If yes, please describe:**

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Has the designated principal submitted a corrective action response to any exceptions noted in the report that was submitted to senior management?

Yes	No	N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If yes, please describe:

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Has the report been submitted to the Board of Directors or the Audit Committee within 45 days of the date of execution of this certification?

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

Has the CEO approved the report?

<input type="checkbox"/>	<input type="checkbox"/>
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Describe how this approval was evidenced:

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### CEO/CEO Meeting and Report Review

Did the CCO and the senior member of management meet to discuss the issues noted in the 3130 Report?

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

Was their documentation of this meeting?

<input type="checkbox"/>	<input type="checkbox"/>
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Describe the evidence the firm will provide the regulators of what was discussed in the CEO/CCO meeting:

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Where there any significant changes or amendments to the firm's supervisory systems or the supervisory structure recommended at the conclusion of this meeting?

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

N/A

If yes, please describe the recommended changes below:

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**Annual Certification**

	Yes	No	N/A
Has the CEO made an annual certification to senior management?	<input type="checkbox"/>	<input type="checkbox"/>	
Does the certification contain language as required by Rule 3130?	<input type="checkbox"/>	<input type="checkbox"/>	
Has the CEO consulted with the appropriate personnel or outside providers to the extent deemed appropriate, in order to attest to the statement made in this certification?	<input type="checkbox"/>	<input type="checkbox"/>	
Did the firm report more than \$200 million in gross annual revenue in the past 12 months? <b>(If no, mark the rest of this section "N/A")</b>	<input type="checkbox"/>	<input type="checkbox"/>	
If yes, did the firm include in the 3120 Report to management the following:			
A tabulation of reports made to FINRA during the year regarding customer complaints and internal investigations	<input type="checkbox"/>	<input type="checkbox"/>	
A discussion of the prior year's compliance efforts, including procedures and educational programs, relating to trading and market activities, investment banking, antifraud and sales practices, finance and operations, supervision, and anti-money laundering.	<input type="checkbox"/>	<input type="checkbox"/>	

**Describe the preceding year's compliance efforts, including procedures and educational programs, in each of the following areas:**

(A) trading and market activities;

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(B) investment banking activities;

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(C) antifraud and sales practices;

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(D) finance and operations;

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(E) supervision; and

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(F) anti-money laundering.

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## Conclusion

Auditor comments and a description of deficiencies noted during this 3120 review:

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Describe any corrective actions takes to address the issues noted above:

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Signature of Auditor

Date \_\_\_\_ / \_\_\_\_ / \_\_\_\_