

Disclosure of "Sub-Advisor" Relationships

Given the current challenges of the investment arena, you may decide to use the services of another investment advisor ("sub-advisor") to provide your firm with certain expertise or services that you will ultimately use on behalf of your clients. In this case, your firm would be a client of the sub-advisor. Or, perhaps you elect to have the sub-advisor provide services or expertise tailored to the needs of one or more of your firm's specific advisory clients. Alternately, your firm may be the 'sub-advisor' in either capacity to another investment advisor.

The investment advisor needs to disclose the relationship and services to its advisory clients. Both the advisory contract and Form ADV need to contain disclosures related to the use of sub-advisors and the nature of such sub-advisory agreements.

NCCI can assist in defining the disclosure needs; reviewing related documents; and guiding your firm in implementing "sub-advisor" relationships.