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§ 275.206(4)-7 Compliance procedures and practices.

If you are an investment adviser registered or required to be registered under section 203 of the Investment Advisers Act of 1940 ([15 U.S.C. 80b-3](#)), it shall be unlawful within the meaning of section 206 of the Act ([15 U.S.C. 80b-6](#)) for you to provide investment advice to clients unless you:

- (a) *Policies and procedures.* Adopt and implement written policies and procedures reasonably designed to prevent violation, by you and your supervised persons, of the Act and the rules that the Commission has adopted under the Act;
- (b) *Annual review.* Review, no less frequently than annually, the adequacy of the policies and procedures established pursuant to this section and the effectiveness of their implementation; and
- (c) *Chief compliance officer.* Designate an individual (who is a supervised person) responsible for administering the policies and procedures that you adopt under paragraph (a) of this section.

[[68 FR 74730](#), Dec. 24, 2003]