**ACRES (Advisor/Client Relationship Equitable Split) Agreement Checklist**

The ACRES Agreement is designed to allow firms and their advisors to set the terms for whether and how a departing advisor can solicit clients within 3 different categories of client relationships – firm clients, individual advisor clients, and joint clients. Importantly, the sample ACRES Agreement requires firms and advisors to fill in several sections based on their agreed-upon understanding of which type of clients fall into which category as well as the permissible actions of each party toward clients in each category.

While many parts of the sample agreement include standardized language (that can be changed if desired), this checklist highlights the sections of the ACRES Agreement that require the firm and/or advisor input. By using the checklist, firms and advisors can ensure that they do not leave any fields unaddressed when completing the ACRES Agreement.

[ ]  **Exhibit A: Client Categories**: For each client description, the firm and advisor will select the 1 of the 3 client categories to which clients that match that description will be assigned. Note that there is the option to include additional client descriptions if desired. While this is an Exhibit at the end of the agreement, clarity about Client Categories, and the types of client scenarios that fall within each, is foundational to the agreement, so it is strongly encouraged that firms and advisors complete this section first.

[ ]  **Section 1.5**: Check 1 of the 3 boxes to show which category a client would fall into if they are not specifically assigned to a client category

[ ]  **Section 2.2.4**: This section allows the firm and advisor to specify the client categories (if any) for which the advisor can solicit clients without restriction if they leave the firm (unless they are terminated for cause). Check the box for any client categories where the advisor would *not* be restricted (i.e., *is* permitted to solicit clients) after termination.

[ ]  **Section 2.2.5**: This section allows the firm and advisor to specify, in the event the advisor *is* terminated for cause, the client categories (if any) for which the advisor can still solicit clients without restriction. It may simply be the same as the preceding section 2.2.4, or the parties may choose to set different conditions for solicitation in the event of termination for cause.

[ ]  **Section 2.3**: This section allows the firm and advisor to indicate the client categories (if any) for which the advisor will be required to compensate the firm if a client follows them and the advisor services that client after leaving the firm (unless the advisor was terminated for cause). If the client category is one for which solicitation was permitted, the advisor would owe separation compensation payments for clients they solicited as well as any others; for a client category where solicitation is not permitted, the advisor would only owe separation compensation payments for clients who voluntarily followed the advisor without being solicited. Ultimately, payments are triggered based on whether the advisor (directly, or indirectly via their advisory firm) services a client of their former firm. For each client category that is checked, the firm and advisor will also need to fill in the blank to record the client revenue multiple used to value the amount of separation compensation payments owed based on revenue that transitioned for that category (e.g., 1.5X trailing 12-month gross revenue).

[ ]  **Section 2.4**: This section allows the firm and advisor to indicate alternative separation compensation payments for post-separation service by the advisor, by client category, in cases where the advisor is terminated for cause (as advisory firms may wish to set alternative arrangements for involuntary terminations here in Section 2.4, as compared to voluntary separations described in Section 2.3). For each client category that is checked, the firm and advisor will also need to fill in the blank to record the client revenue multiple used for that category (e.g., 1.5X trailing 12-month gross revenue).

[ ]  **Section 2.5**: This section includes 4 blanks for the parties to complete in order to record the remaining terms and timing of separation compensation payments. This section only needs to be completed if the parties elect separation compensation payments for at least one client category in Section 2.3 and/or Section 2.4.

[ ]  **Section 2.7.1**: This section allows the firm and advisor to choose the client categories for which the advisor can retain a copy of certain client information upon leaving the firm. The parties will check 1 of the 3 boxes if the advisor will be permitted to retain the information of certain client categories, or none of the boxes if they will not be permitted to retain the listed client information types for clients in any category.

[ ]  **Section 4.1**: This section allows the firm and advisor to select a city and state for dispute resolution processes if they are not held virtually. In practice, most parties choose either the home city and state of the firm, or the advisor, as mutually agreed upon, for geographic convenience.

[ ]  **Section 5.1**: The blank in this section is filled in by the firm and advisor with the name of the selected state under whose laws by which the agreement is governed. Typically, this is the home state of the firm, or the advisor, as mutually agreed upon.

[ ]  **Signature Page**: Note that there are separate sections for the firm and advisor to complete and sign, respectively.

[ ]  **Exhibit B: List of Clients**: This section allows the firm and advisor to assign the advisor’s current clients to 1 of the 3 client categories in the event that the agreement is being implemented for an existing advisor or in the case of a new advisor joining the firm who may be bringing existing client relationships.