



2025 Kitces IAR Ethics CE Day

The background of the slide is a dark gray to black field with a complex network of white lines and dots, resembling a molecular structure or a digital network. A vertical red bar is positioned to the left of the text box.

**Promoting Your RIA
Compliantly Under the
SEC Marketing Rule Using
Rankings, Testimonials,
and Endorsements**



A note on...

Ethics

A note on...

Enforcement

General Prohibitions

1. Untrue statements of material fact – including omissions of material facts
2. No reasonable basis to believe statement can be substantiated
3. No information that could cause an untrue or misleading implication
4. Fair and balanced treatment of benefits and material risks
5. Fair and balanced treatment of specific investment advice
6. Fair and balanced treatment of performance results
7. “An advertisement may not be materially misleading”

Definitions and Rules

advertisement:

any direct or indirect communication an investment adviser makes that: (i) offers the investment adviser's investment advisory services with regard to securities to prospective clients or private fund investors, or (ii) offers new investment advisory services with regard to securities to current clients or private fund investors.

Testimonials

- Existing clients
- Obtaining testimonials
 - “Fair and balanced”
- Advertising testimonials
 - Disclosure requirements
 - Status as client
 - Compensation and terms (direct or indirect)
 - Conflicts of interest

Endorsements

- Anyone other than a current client (formerly known as solicitors)
- Requirements
 - Written agreement
 - Terms of compensation
 - Disclosure of conflicts of interest
- Eligibility
 - No bad actors/disqualified persons



Third-Party Ratings, Rankings, and Awards

Third-Party Ratings, Rankings, and Awards

- Disclosure of rating criteria
- Disclosure of rating provider
- Time period/date provided
- Compensation (direct or indirect)
- Ask:
 - How long has it been since I received this?
 - Am I listing the correct award name?
 - Am I maintaining records of methodologies?

Performance Advertising and Hypothetical Performance

Performance Advertising Guidelines

- Requirements for presenting past performance data.
- Guidelines for performance comparisons and data presentation.

Hypothetical Performance

- Definition and regulatory requirements.
- Disclosure of assumptions and limitations.

Best Practices

- Creating accurate and compliant performance advertisements.

Ethical Considerations

- Legal and ethical duty as an investment professional
- Materially misleading content
- Disclosure of conflicts of interest
- “Fair and balanced”
- Substantiation of claims

Ethical Considerations

- Avoid implication of SEC approval
- Ongoing monitoring and use
- Recordkeeping obligations
- Prominence of disclosures
- Implementation into processes and procedures
- Compliance oversight and staff training

Questions?