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Code of Ethics and Personal Trading

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I. Code of Ethics – General Regulatory Requirements

A. On July 2, 2004, the Securities and Exchange Commission ("SEC") adopted Rule 204A-1 under the Investment Advisers Act of 1940 (the "Advisers Act"), which requires each registered investment adviser, and each investment adviser required to be registered under Section 203 of the Advisers Act, to adopt and implement a written code of ethics (a "Code").[1] The Code should be based on fiduciary principles and apply to all aspects of the adviser's business.[2]

B. Minimum Requirements. Under Rule 204A-1(a), each Code should, at a minimum, including the following:

1. Standard of Business Conduct. A standard (or standards) of business conduct that the adviser requires of its "supervised persons"[3], which standard must reflect the adviser's fiduciary obligations to its clients.

a. The rule does not require any particular standard of business conduct, but the adopting release sets forth the view that the Code is intended to be more than simply a set of procedures. It is intended to embody the values of the investment advisory organization and articulate the ethical conduct that each firm requires of its supervised persons. According to the Adopting Release, "a code of ethics should set out ideals for ethical conduct

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1 *Investment Adviser Code of Ethics; Final Rule*, Advisers Act Release No. IA-2256 (July 2, 2004) ["Adopting Release"].

2 The Investment Company Act of 1940 (the "Investment Company Act") has an analogous rule regarding code of ethics. Rule 17j-1(c)(1) under the Investment Company Act requires every registered investment company, and each investment adviser of or principal underwriter for such investment company, to adopt a written code of ethics containing provisions reasonably necessary to prevent its access persons from engaging in any act, practice or course of business prohibited by the general anti-fraud prohibition of Rule 17j-1. Rule 17j-1 requires, among other things, that the investment company's board approve the code and that periodic reports and certifications be provided to the board concerning the operation of the code and any material violations that occur.

3 Section 202(a)(25) of the Advisers Act defines "supervised person" as "any partner, officer, director (or other person occupying a similar status or performing similar functions), or employee of an investment adviser, or other person who provides investment advice on behalf of the investment adviser and is subject to the supervision and control of the investment adviser."

premised on fundamental principals of openness, integrity, honesty and trust. A good code of ethics should effectively convey to Supervised Persons the value the advisory firm places on ethical conduct, and should challenge Supervised Persons to live up not only to the letter of the law, but also to the ideals of the organization."

2. Compliance with Applicable Federal Securities Laws. Provisions requiring the adviser's supervised persons to comply with applicable federal securities laws. Note that Rule 204A-1(e)(4) defines the universe of federal securities laws that apply for this purpose.[4]

3. Personal Securities Trading. Provisions requiring an adviser's "access persons" (defined below) to report, and the adviser to review, their personal securities transactions and holdings periodically.

4. Reporting Violations of Code. Provisions requiring supervised persons to promptly report any violations of the Code to the chief compliance officer, his or her designee or other members of management. Most Codes also include so-called "whistleblower" protection stating that persons reporting violations in good faith will be protected against retribution.

5. Written Acknowledgment. Provisions requiring the Adviser to provide each of its supervised persons with a copy of its Code and any amendments and requiring those supervised persons to acknowledge receipt of the Code and any amendments in writing. In addition to written acknowledgements, investment advisers are encouraged to implement training to educate employees about the requirements of the Code and to sensitize employees to potential conflicts of interest associated with personal trading.

II. Personal Securities Trading

A. Definition of Access Persons

1. Rule 204A-1(e) defines an "access person" as any supervised person of the firm: (i) who has access to nonpublic information regarding any client's purchase or sale of securities, or nonpublic information regarding the portfolio holdings of any reportable fund; or (ii) who is involved in making securities recommendations to clients, or who has access to such recommendations that are nonpublic. If the investment adviser is primarily engaged in providing investment advice, all of the firm's directors, officers and partners are presumed to be access persons.[5] In the absence of information barriers or other controls designed to limit the flow of information, many investment advisers take an expansive view of the universe of employees that are deemed to be access persons.

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4 Advisers Act Rule 204A-1(e)(4) defines "federal securities laws" to include the Securities Act of 1933, the Securities Exchange Act of 1934, the Sarbanes-Oxley Act of 2002, the Investment Company Act of 1940, the Investment Advisers Act of 1940, Title V of the Gramm-Leach-Bliley Act, any rules adopted by the SEC under any of these statutes, the Bank Secrecy Act as it applies to funds and investment advisers, and any rules adopted thereunder by the SEC or the Department of the Treasury.

5 Advisers Act Rule 204A-1(e)(1)(ii).

B. Reporting Requirements

1. Initial and Annual Holding Reports. The Code must require access persons to complete a report of their current securities holdings within 10 days of the time the individual becomes an access persons and at least once a year thereafter. The information must be current as of a date no more than 45 days prior to the date the report was submitted.

2. Quarterly Transaction Reports. The Code must require access persons to submit quarterly reports (within 30 days of the end of the quarter) of all personal securities transactions within the period. The quarterly transaction reports are required regardless of whether there was a trade that quarter.

Access persons may satisfy the quarterly reporting obligation by directing their broker-dealers to have account statements or confirmations sent directly to the investment adviser. Note, however, that account statements and confirmations do not satisfy the initial or annual holdings report requirement.

3. Exceptions from Reporting Requirements. Access persons are not required to submit:

a. Holdings reports and quarterly transaction reports for securities held in accounts over which the access person had no direct or indirect influence or control;

b. Quarterly transaction reports for transactions effected pursuant to an automatic investment plan; or

c. Quarterly transaction reports that would duplicate information included in account statements or confirmations.

4. Reportable Securities. Access persons must submit holdings and transaction reports for "reportable securities" in which the access person has, or acquires, any "direct or indirect beneficial ownership." The rule provides that beneficial ownership for these purposes should be interpreted in accordance with Rule 16a-1(a)(2) under the Securities Exchange Act of 1934.[6] The following securities are not treated as reportable securities:

a. Direct obligations of the United States government;

b. Bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments;

c. Shares of money market funds;

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[6] Exchange Act Rule 16a-1(a)(2) defines "beneficial owner" to mean any person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares a direct or indirect pecuniary interest in the relevant securities. The concept of "indirect pecuniary interest" extends to securities held by an Access Person's immediate family sharing the same household. *See* Exchange Act Rule 16a-1(a)(2)(ii)(A).

d. Shares of open-end funds, unless the adviser or a control affiliate acts as the investment adviser or principal underwriter for the fund; and

e. Shares of unit investment trusts that are invested exclusively in unaffiliated open-end funds.

In addition to the exceptions set forth in the rule, the SEC staff has taken the position that investments in qualified tuition programs established pursuant to Section 529 of the Internal Revenue Code of 1986 ("529 Plans") present little opportunity for the type of improper trading that access person reports are designed to uncover, and therefore investments in 529 Plans are not considered reportable securities under Rule 204A-1.[7] As a technical matter, shares in UIT exchange-traded funds are "reportable securities," whereas shares in open-end exchange-traded funds are not, in accordance with the exclusion found in Rule 204A-1(e)(10)(iv) under the Advisers Act. However, the SEC staff recommends treating shares in all exchange-traded funds as reportable securities subject to Rule 204A-1.[8]

C. Pre-Clearance. A Code must require pre-clearance before an access person obtains direct or indirect beneficial ownership in any security in an initial public offering or in a limited offering. A limited offering refers to private placements that are exempt from registration under Sections 4(2) or 4(5) of the Securities Act of 1933 or Rules 504, 505 and 506 thereunder.

1. Although the rule only requires pre-clearance for IPOs and limited offerings, it is not uncommon for investment advisers to adopt broader approaches, requiring pre-clearance for certain, or even all, securities transactions.

2. Many private fund advisers permit their employees to invest in private funds managed or sponsored by the investment adviser. Because interests in private funds would be considered "limited offerings" investment advisers may wish to consider expressly stating in their Codes that the approval of the employee's subscription agreement constitutes the requisite pre-clearance required under Advisers Act Rule 204A-1(e)(7).

III. Record Keeping Requirements

A. Advisers Act Rules 204-2(a)(12) and (13) requires advisers to maintain the following records for a period of five years, or as otherwise noted below:

1. A copy of any Code that is currently in effect or any Code that was in effect at any time within the prior five years, including any amendments thereto;

2. A record of any violation of the Code, and any actions taken in response to such violations;

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7 *See WilmerHale LLP*, SEC No-Action Letter (July 28, 2010).

8 *See National Compliance Service*, SEC No-Action Letter (Nov. 30, 2005).

3. A record of all written acknowledgements of receipt of the Code and any amendments for each person who is currently, or within the past five years was, a Supervised Person of the investment adviser;

4. A record of all holdings and quarterly transaction reports made by Access Persons, including any account statements or trade confirmations provided in lieu of transaction reports;

5. A record of the names of all current Access Persons, any persons who were Access Persons during the preceding five years; and

6. A record of any decision, and the reason supporting the decision, to approve an Access Person's participation in an IPO or limited offering for a period of five years from the end of the fiscal year in which the approval is granted.

IV. Form ADV Disclosure Requirements

A. Although not required under the rule, it is worth noting that Item 11.A of Form ADV, Part 2A requires investment advisers to briefly describe their Code and to explain that they will provide a copy of their Code to clients and prospective clients upon request. Items 11.B through 11.D also require disclosure of various conflicts of interest involving reportable securities that may be addressed through an adviser's Code.

V. Best Practices for Codes

In adopting the rule, the SEC mandated certain minimum standards. In doing so, it retained the flexibility of each investment adviser to adopt and implement additional controls that may be appropriate given the size and scope of the adviser's business. Notwithstanding this approach, there are a number of best practices – both related to personal securities trading and more general requirements – that the SEC has recommended be incorporated into Codes.[9]

A. Best Practices for Personal Securities Trading

1. Pre-Clearance. The SEC suggested that adviser require prior written approval before an Access Person can place any personal securities transactions. In practice, most advisers require pre-clearance of reportable securities. The SEC noted that pre-clearance procedures may also include reliance on automated solutions and suggested that those procedures identify who has authority to approve a trade request, the length of time an approval is valid, procedures for revoking an approval and procedures for verifying post-trade reports or duplicate confirmations against pre-clearance approvals. The Chief Compliance Officer or other persons responsible for pre-clearing personal trading should have their trades pre-cleared and reviewed by other officers of the adviser.

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[9] *See* Adopting Release at Section II.C.1.

2. Securities under Consideration. Prohibitions on personal trading in securities of issuers that the investment adviser is recommending or considering recommending for client portfolios.

3. Restricted Lists. Maintenance of restricted lists of issuers about which the adviser has inside information, and prohibitions on personal trading in securities of any issuers on the restricted list.

4. "Blackout" Periods. Blackout periods during which Access Persons are not permitted to engage in personal trading because client securities trades are being placed or recommendations are being made to clients. Many advisers use blackout periods to prevent Access Persons from trading ahead of clients or from trading on the same day client trades are placed.

5. Allocation of Investment Opportunities. The SEC suggested including Code provisions that reiterate that investment opportunities may be offered to clients before the adviser or its employees may act on them, as well as procedures to implement this principle.

6. Restrictions on Short-Term Trading. Prohibitions or restrictions on "short-swing" trading and market timing.

7. Restrictions on Brokers. In order to facilitate review, many investment advisers require their Access Persons to trade only through certain designated broker-dealers. For example, only those broker-dealers that provide electronic feeds that permit the investment adviser to reconcile trading activity with pre-clearance requests electronically through automated systems.

8. Duplicate Confirmations and Account Statements. Most investment advisers require their Access Persons to designate the Chief Compliance Officer or another designee as an authorized person to receive duplicate confirmations and account statements directly from the broker-dealer.

9. Prior Consideration of Conflicts. Procedures for reviewing initial and annual holdings reports to make sure new employees are not assigned to cover issuers, industries or sectors that present apparent conflicts of interest with their personal holdings.

B. Best Practices for Other Code Provisions

1. Insider Trading. Because an adviser's Code must include provisions requiring the adviser's supervised persons to comply with applicable federal securities laws, advisers often include insider trading provisions in their Code. Trading on the basis of material, non-public information acquired directly or indirectly from a confidential source is a violation of Rule 10b-5 under Section 10(b) of the Exchange Act, and thus, insider trading is a violation of the federal securities laws. In addition, Advisers Act Section 204A requires registered investment advisers to establish, maintain and enforce written policies and procedures reasonably designed, taking into consideration the nature of the investment adviser's business, to prevent the misuse of material, non-public information by such investment adviser or any associated person of the investment

adviser.[10] As a result, Codes often incorporate provisions designed to comply with Advisers Act Section 204A and various tools related to the prevention of insider trading, including:

a. Restricted Lists. Securities may be placed on restricted lists when a firm obtains material, non-public information concerning a company or investment, or enters into a relationship or confidentiality agreement that is likely to lead to the acquisition of material, non-public information. Once a security is placed on the restricted list, advisers generally prohibit Access Persons from trading in those securities, either on their own behalf or on the behalf of clients. Advisers may also consider the use of "watch lists" for business relationships that may present potential conflicts of interest, even if the adviser is not yet in possession of material, non-public information.

b. Information Barriers. Policies and procedures may be created to limit the flow of information within a firm or among affiliates. For example, some advisers prohibit investment-related conversations between personnel from different units within a firm or the limit the access of such personnel to technology or other systems containing investment-related information, client holdings and transactions or other non-public information.

2. Board Memberships. Many advisers prohibit their supervised persons from serving as directors of public companies because of possible conflicts of interest and the potential for the receipt of material, non-public information. Prior written approval is generally required in the case of service as an officer or director of a private company, including portfolio companies.

3. Outside Business Activities. An adviser's Code may discourage supervised persons from engaging in outside business or investment activities that could interfere with their duties to the adviser and its clients, or may require that employees obtain prior written approval before engaging in such activities.

4. Confidentiality. Code provisions generally reiterate the obligation of employees to maintain the confidentiality of client data and other sensitive non-public information entrusted to the adviser by its clients or vendors, except where disclosure is authorized by the adviser or required by law or regulation.

5. Gifts & Entertainment. An adviser's Code may contain provisions prohibiting its supervised persons from giving or accepting inappropriate gifts, favors, benefits or other things of value that could influence a client or prospective client's decision-making process or could raise doubts about whether the employee was acting in the best interests of its clients. Many advisers build restrictions on gifts and entertainment into their Codes or cross-reference separate policies.

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10 *See Staff Summary Report on Examinations of Information Barriers: Broker-Dealer Practices under Section 15(g) of the Securities Exchange Act of 1934*, Office of Compliance Inspections and Examination, U.S. Securities and Exchange Commission (Sept. 27, 2012) (discussing SEC staff observations from its examinations regarding potential sources of material, non-public information and related controls that broker-dealers have put in place to meet analogous regulatory obligations under Exchange Act Section 15(g)).

6. Political Contributions. Advisers Act Rule 206(4)-5 (the so-called "Pay to Play Rule") places stringent restrictions on an adviser's ability to influence the award of advisory business by making or soliciting political contributions to the government officials charged with awarding such business.

7. Anti-bribery (FCPA). If an adviser conducts business in the international market, it is subject to various laws that prohibit the bribery of foreign public officials. Included in these laws is the United States Foreign Corrupt Practices Act, which prohibits payments and promises or offers to pay more money and other "things of value" to influence officials or governments outside the United States. In order to address these issues, an adviser's Code may contain provisions that prohibit all bribes, kickbacks or other inducements to government officials designed to influence sales or obtain favorable business arrangements or other improper advantages.

8. Sanctions. It is important the Code includes language making clear that a supervised person's violation of any provision of the Code may result in disciplinary action, up to and including termination. Generally the particular sanction imposed will be left to the discretion of the Chief Compliance Officer. In determining the appropriate sanction, the Chief Compliance Officer may consider the supervised person's job function and responsibilities, as well as the judgment displayed by the supervised person in violating the Code. Common disciplinary action may include, among other things, a warning, a letter of reprimand, the imposition of fines, suspension or limitations of personal trading privileges, disgorgement, suspension of employment, demotion or termination. The imposition of sanctions obviously has an employment law dimension, so any decisions about sanctions should include input from internal or external employment law counsel. Failure to comply with the Code may also result in a violation of the federal securities laws or other applicable laws.

VI. Compliance Testing Techniques

A. Annual Compliance Reviews. Advisers Act Rule 206(4)-7(b) requires investment advisers annually to review the adequacy of their policies and procedures and the effectiveness of their implementation. Among the areas that advisers should be testing under Advisers Act Rule 206(4)-7 is the personal securities trading activities of its supervised persons, including compliance with its Code and insider trading policies.

B. Periodic and Forensic Testing.[11] The following are examples of methods for testing policies and procedures relating to personal trading:

1. Review list of access persons to make sure it is up to date.

2. Sample quarterly transaction and annual holdings reports to ensure they were received in a timely fashion and that all access persons submitted the required reports.

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11 *See ComplianceAlert*, Office of Compliance Inspections and Examinations, U.S. Securities and Exchange Commission (July 2008) available at http://www.sec.gov/about/offices/ocie/complialert0708.htm (for additional information about best practices, including for internal compliance controls and compliance review and reporting, relating to personal securities trading).

3. Sample supervised persons' trading pre-approval forms with their account statements and confirms to ensure they traded on the terms and in the time frame approved.

4. Compare performance of client accounts with the performance of supervised persons' personal accounts to look for discrepancies indicating improper favoritism.

5. Compare number or percentage of profitable trades in personal accounts over a defined period of time to the average number or percentage of profitable trades in client accounts over the same period.

6. Compare supervised persons' personal trades with client trades to see if any inappropriate patterns or concerns emerge.

7. Sample waivers and exceptions granted under the Code to make sure that any such waivers or exceptions are appropriately documented.

VII. Enforcement Actions Focusing on Code of Ethics

The following is a summary of recent enforcement actions involving an investment adviser's failure to maintain or implement adequate policies and procedures and relating to its Code. Although these cases may involve a range of conduct, the summaries below focus on the allegations relating to codes of ethics and insider trading policies.

A. *In the Matter of Consultiva Internacional, Inc.*, Advisers Act Release No. 3441 (Aug. 3, 2012). The SEC alleged that Consultiva Internacional, Inc. ("Consultiva") failed to adopt and implement written compliance policies and procedures reasonably designed to prevent violations of the Advisers Act. During a 2005 examination, the SEC staff identified certain deficiencies, including the design of the firm's compliance manual, the competency of the chief compliance officers and certain inaccuracies and inconsistencies in its Form ADV. In a subsequent examination in 2010, the SEC staff found that Consultiva allegedly had not corrected these deficiencies. In addition, during the period from June 2005 through December 2010, Consultiva allegedly failed to properly enforce its written code of ethics because it did not collect and retain the required periodic securities reports from Consultiva's access persons. Specifically, Consultiva allegedly did not document whether it had obtained annual holdings reports from its access persons. During at least one quarter Consultiva allegedly did not time collect and review the quarterly transaction reports as required under its code of ethics. In addition, on at least one occasion, the chief compliance officer reviewed and signed off on his own quarterly report of personal securities transactions.

The SEC found that Consultiva violated Advisers Act Sections 206(4) and 204A and Rules 206(4)-7 and 204A-1 thereunder. Consultiva was ordered to pay a civil money penalty of $35,000, engage an independent consultant, post a copy of the SEC order on its website and send it to clients, among other things.

B. 2011 Compliance Rule Cases

On November 28, 2011, the SEC announced three enforcement actions involving the failure to adopt and implement appropriate compliance policies and procedures and the failure to remediate

deficiencies brought to their attention during SEC examinations.[12] These cases send a message that the failure to adopt and implement appropriate policies and procedures is itself a violation under the Advisers Act, even in the absence of a substantive violation. Robert Khuzami, Director of the SEC's Division of Enforcement at the time emphasized the importance of proactively identifying firms with weaker or non-existent compliance controls by noting that "[n]ot all compliance failures result in fraud, but many frauds take root in compliance deficiencies."

1. *OMNI Investment Advisors Inc. and Gary R. Beynon*, Advisers Act No. 3323 (Nov. 28, 2011). The SEC alleged that OMNI and its owner Gary R. Beynon, failed to adopt and implement a written compliance policies and procedures and that for a two year period between September 2008 and August 2011, the firm had no compliance program or chief compliance officer. Beynon, who served as the firm's chief compliance officer beginning in November 2010 was living in Brazil on a religious mission. As a result, he allegedly failed to perform virtually any compliance responsibilities after being named chief compliance officer. In response to a subpoena, OMNI produced client advisory agreements with Beynon's signature evidencing his supervisory approval when, in fact, Beynon had never reviewed the agreements. Beynon backdated his signature on those agreements one day before the documents were produced to the SEC. In addition, OMNI allegedly failed to enforce its code of ethics.

The SEC found that, among other things, OMNI violated Advisers Act Sections 206(4) and 204A and Rules 206(4)-7 and 204A-1 thereunder and Beynon aided and abetted and caused those violations. Beynon agreed to pay a $50,000 penalty and to be permanently barred from acting within the securities industry in any compliance or supervisory capacity and from associating with any investment company. OMNI agreed to provide a copy of the proceeding to all of its former clients between September 2008 and August 2011.

2. *In the Matter of Feltl & Company, Inc.,* Advisers Act Release No. 3325 (Nov. 28, 2011). The SEC alleged that the firm the firm failed to adopt and implement written compliance policies and procedures required to support its advisory business. Among the criticisms of the compliance program was that the firm maintained a single compliance manual that was focused almost exclusively on the firm's brokerage business. The compliance manual did not address all of the areas required under Rule 206(4)-7 and the firm had not conducted an annual compliance review as required under that rule. The failure to adopt and implement appropriate compliance policies and procedures allegedly resulted in the firm engaging in approximately 1,634 principal transactions without obtaining client consent. The firm also allegedly charged undisclosed brokerage commissions for its wrap accounts. In addition, the firm allegedly failed to adopt a written code of ethics as required under Rule 204A-1. Although the chief compliance officer collected and reviewed account statements and trade confirmations for personal accounts held outside of the firm and reviewed personal trades in account held inside the firm daily, the firm did not require its employees to submit annual holdings reports.

The SEC found that, among other things, Feltl violated Advisers Act Sections 206(4) and 204A and Rules 206(4)-7 and 204A-1 thereunder. Feltl was censured and order to pay disgorgement of

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12 *SEC Penalizes Investment Advisers for Compliance Failures*, SEC Press Release No. 2011-248 (Nov. 28, 2011) available at http://www.sec.gov/news/press/2011/2011-248.htm.

$142,527 plus prejudgment interest and civil money penalties of $50,000. The firm was also required to engage a compliance consultant to perform a comprehensive review of its policies and procedures, post a copy of the SEC order on its website and send it to existing clients, among other things.

3. *In the Matter of Asset Advisors, LLC*, Advisers Act Release No. 3324 (Nov. 28, 2011). The SEC alleged that the firm adopted written policies and procedures and a code of ethics only after an initial SEC examination in 2007. The firm subsequently adopted written policies and procedures, but did not fully implement them and did not conduct an adequate annual review. Similarly, the firm adopted a code of ethics at the behest of the SEC staff in response to deficiencies noted in the 2007 examination, but failed to adequately abide by the code. The firm allegedly failed to amend its compliance manual to reflect SEC staff comments from a subsequent 2010 examination until 2011 when the Enforcement division opened an investigation. Prior to March 2011, the firm allegedly did not collect quarterly transaction reports from its access persons and did not pre-clear transactions in initial public offerings or limited offerings.

The SEC found that the firm violated Advisers Act Sections 206(4) and 204A and Rules 206(4)-7 and 204A-1 thereunder. The firm agreed to pay a $20,000 civil money penalty, cease operations, withdraw its registration as an investment adviser and, with client consent, move advisory accounts to a firm with an established compliance program.

C. *In the Matter of Belsen Gettey, LLC, Terry M. Deru and Andrew W. Limpert*, Advisers Act Release No. 3212 (May 31, 2011); In the Matter of Belsen Gettey, LLC, Terry M. Deru and Andrew W. Limpert, Advisers Act Release No. 3431, (July 11, 2012). The SEC alleged that Belsen Gettey, LLC, a registered investment adviser ("Gettey"), Deru, an investment adviser representative, and a direct owner and control person of Gettey who also served as chief compliance officer; and Limpert, a former member, direct owner and control person of Gettey failed to adopt and enforce adequate policies and procedures to address conflicts of interest associated with recommending investments in which its associated persons had a financial interest. Among other things, the SEC alleged that Gettey, acting through Deru and Limpert, failed to follow or enforce the insider trading restrictions contained in its code of ethics. Specifically, Gettey's code of ethics stated that it would place a company's securities on a "restricted list" or "watch list" when an employee possessed material, non-public information about the company. In addition, the code of ethics stated that if an employee served on the board of directors of a public company, Gettey would implement an appropriate procedure to isolate such person from making decisions relating to the company's securities. Gettey failed to enforce this policy with respect to Deru who sat on the board of directors of public companies, and as such, had access to material non-public information.

The SEC found that, among other things, Gettey violated and Deru aided and abetted and caused Gettey's violations of Advisers Act Sections 206(4) and 204A and Rules 206(4)-7 and 204A-1 thereunder. Deru was ordered to pay $177,596.96 in disgorgement and civil money penalties and was barred from association with any member of the securities industry with a right to reapply subject to applicable law. Gettey's registration as an investment adviser was revoked.

D. *Wunderlich Securities Inc., Tracy L. Wiswall and Gary K. Wunderlich, Jr.*, Advisers Act Release No. 3211 (May 27, 2011). The SEC found that, among other things, Wunderlich Securities, Inc. ("WSI") allegedly failed to maintain a written code of ethics for more than a year after its

registration as an investment adviser. WSI allegedly did not put in place a written code of ethics until the SEC began a review in April 2008 even though a consultant hired to assist Wiswall pointed out in September 2007 that WSI needed a code of ethics.

Among other things, the SEC found that WSI violated, and Wiswall, its chief compliance officer, and Wunderlich, its chief executive officer, aided and abetted and caused WSI's violation of, Advisers Act Section 204A and Rule 204A-1 thereunder, which requires a registered investment adviser to maintain and enforce a written code of ethics. The SEC required WSI, Wiswall and Wunderlich to retain an independent consultant; imposed civil money penalties of $125,000, $50,000 and $45,000 to WSI, Wiswall and Wunderlich, respectively, and censured WSI, Wiswall and Wunderlich.

E. *Aletheia Research and Management, Inc.*, Advisers Act Release No. 3197, (May 9, 2011). The SEC found that Aletheia Research and Management, Inc. ("Aletheia") and two of its principals, Eichler and Peikin, among other things, failed to make or retain copies of employee acknowledgements of receipt of Aletheia's code of ethics, even after being warned in two SEC deficiency letters of that requirement.

The SEC found that the firm's failure to make and keep copies of the acknowledgements required by its code of ethics violated Section 204(a) of the Advisers Act and Rule 204-2(a)(12) thereunder. The SEC censured Aletheia, Eichler and Peikin, and imposed civil money penalties of $200,000 on Aletheia and $100,000 each on Eichler and Peikin.

F. *AXA Rosenberg Group LLC, AXA Rosenberg Investment Management LLC and Barr Rosenberg Research Center LLC*, Advisers Act Release No. 3149 (Feb. 3, 2011). The SEC alleged that AXA Rosenberg Group LLC ("AXA"), the holding company of two SEC-registered investment advisers: Barr Rosenberg Research Center ("BRRC"), which developed a code for a quantitative investment model (the "Model"), and AXA Rosenberg Investment Management LLC ("ARIM"), an institutional money manager that used the Model to manage client portfolios, failed to disclose an error in the Model's code for months after it was discovered in June 2009. As a result AXA, BRRC and ARIM provided investors inaccurate information about the Model's performance and capabilities. This error adversely impacted 608 of 1421 client portfolios managed by AXA and allegedly caused $216,806,864 in losses. AXA's code of ethics, which applied to ARIM and BRRC, provided that AXA and its related entities were committed to "conducting its business according to a high standard of honesty and fairness." In not disclosing and escalating the error to senior management, BRRC employees did not comply with these policies and procedures.

The SEC found that AXA violated Securities Act Sections 17(a)(2) and 17(a)(3), ARIM violated Advisers Act Section 206(2) and BRRC violated Advisers Act Sections 206(4) and 206(2) and Rule 206(4)-7 thereunder. The SEC ordered AXA to maintain a Global Compliance and Ethics Oversight Committee ("Global Compliance Committee") for all matters relating to its Code of Ethics, Escalation Policy, and compliance policies and procedures, which was instructed to hold quarterly meetings to review relevant violations or potential violations of the foregoing policies and procedures and any such violation to AXA's Global CEO and Board of Directors. AXA, BRCC and ARIM were also censured and ordered to pay a civil money penalty of $25 million.

G. *Consulting Services Group, LLC and Joe D. Meals*, Advisers Act Release No. 2669 (Oct 4, 2007). The SEC charged that Consulting Services Group, LLC ("CSG"), a registered investment adviser, had maintained a code of ethics prior to the implementation of Rule 204A-1, but its code did not require supervised persons to execute a written acknowledgement. Following an examination and receipt of a deficiency letter that reminded CSG of the adoption and required compliance date of Rule 204A-1, CSG's Chief Compliance Officer, Joe Meals, revised CSG's code of ethics to include a provision requiring a written acknowledgement. Mr. Meals then instructed CSG's supervised persons to sign and back-date written acknowledgement forms. These actions made it appear as if CSG had timely compiled with the provisions of Rule 204A-1. Upon request by SEC Staff, Mr. Meals then produced the acknowledgement forms to the SEC as evidence of CSG's compliance with Rule 204A-1. CSG also purchased and used a pre-packaged compliance manual that was not tailored to its unique business.

The SEC found that CSG violated Sections 204 and 206(4) of the Advisers Act and Rules 204-2(a)(12), 204A-1(a)(5) and 206(4)-7 thereunder, and Mr. Meals willfully aided and abetted and caused these violations. CSG and Mr. Meals agreed to pay civil money penalties of $20,000 and $10,000, respectively. Mr. Meals was barred from association in a compliance capacity with any broker, dealer or investment adviser.