

US Securities and Exchange Commission
Office of Information Technology
Alexandria, VA

PRIVACY IMPACT ASSESSMENT (PIA)
Investment Adviser Registration Depository (IARD)



Division of Investment Management
Office of Investment Adviser Regulation

Privacy Impact Assessment
Investment Adviser Registration Depository (IARD)

CONTACT INFORMATION

1. Project Manager

██████████ IARD System Manager, Division of Investment Management, Office of Investment Adviser Regulation, ██████████

2. System Owner(s) (Name, Title, Organization, Telephone Number)

██████████ IARD System Manager, Division of Investment Management, Office of Investment Adviser Regulation, ██████████

GENERAL INFORMATION – System/Project Information

1. Name of Project or System.

Investment Adviser Registration Depository (IARD).

2. Description of Project or System.

IARD is a web-based electronic registration depository of information filed on Form ADV by investment advisers that eliminated the need for paper filings of Form ADV. IARD is used to help the SEC staff process applications for registration or exemption and related forms under the Investment Advisers Act of 1940 and to implement the Federal securities laws and rules. Sections 203(c) and 204 of the Advisers Act [15 U.S.C. §§ 80b-3(c) and 80b-4] authorize the SEC to collect the information required by Form ADV. The SEC collects the information for regulatory purposes, such as deciding whether to grant registration. Filing Form ADV is mandatory for advisers who are required to register with the SEC. The SEC maintains the information submitted on this form and makes it publicly available.

3. What is the purpose of the Project or System?

The IARD serves as a readily accessible database to receive, and respond to, inquiries regarding disciplinary actions, proceedings and public information about investment advisers and persons associated with investment advisers. Only limited personally identifiable information is collected by IARD which are (i) social security numbers (only for trusts usually) to identify legal entities when no other identifiers are available, (ii) private addresses if the advisory business is run from a private address since a location of the business is needed for OCIE inspections and correspondence from the SEC, and (iii) CRD numbers, which are assigned by FINRA, are provided to individuals who need to list an identification number on Form ADV (this number is automatically assigned by the system after a social security number and birth date for an individual are entered).

Any personal identifying information collected is required to positively identify the location, person, or entity as part of the registration and examination of investment advisers as provided under the Investment Advisers Act of 1940 and the rules the SEC has adopted thereunder.

4. Requested Operational Date?

The IARD system has been operational since 2001.

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- 5. System of Records Notice (SORN) number?**
SEC-10, Correspondence file Pertaining to Registered Investment Advisers, and SEC-50, Investment Adviser Records, are the existing system of record notice numbers related to IARD.
- 6. Is this an Exhibit 300 project or system? If yes, this PIA must be submitted to OMB.**
No.
- 7. Is this an agency's system or a contractor's system?**
Contractor system. Financial Industry Regulatory Authority (FINRA) Regulation, Inc. , a self-regulatory organization subject to SEC oversight, is the contractor.
- 8. What specific legal authorities, arrangements, and/or agreements defined the collection of data?**
Investment Advisers Act of 1940, section 204.

SECTION I – Data in the System

The following questions define the scope of the data collected and reasons for its collection as part of the system and/or technology being developed.

- 1. What data is to be collected?**
Form ADV and variant Form ADV data is collected. This includes name of investment advisers (usually a firm name, but it could be the name of an individual if the adviser is formed as a sole proprietorship), name of owners, birth date of individual owners (used solely to create a CRD number for use on the Form ADV), social security number of individual owners (used solely to create a CRD number for use on the Form ADV), social security number of a trust, mailing address of advisory business, telephone number of advisory business/Chief Compliance Officer/Contact employee, email address of Chief Compliance Officer/Contact employee, fax number of advisory, CRD number, SEC number, IRS tax number of owners (if no CRD number), Employer ID number of owners (if no CRD number), criminal/civil judicial/regulatory disclosures required by Item 11 of Form ADV for the advisory, employees, and certain affiliates of the adviser, year of birth/formal post high school education/business background/material disciplinary information of supervised employees providing investment advice (Form ADV Part 2B).
- 2. Is the Social Security Number (SSN) Collected?**
Yes. Social security numbers are collected in order to (1) assign a CRD number for use on the Form ADV by owners, (2) identify an owner that is a trust.
- 3. What are the sources of the data?**
Investment adviser businesses provide the information as part of a registration statement.
- 4. Why is the data being collected?**
Any personal identifying information collected is required to positively identify the location, person, or entity as part of the registration and examination of investment advisers as

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provided under the Investment Advisers Act of 1940 and the rules the SEC has adopted thereunder.

5. What technologies will be used to collect the data?

The data will be collected through a secure, online web-form (Form ADV) through the IARD system. The IARD system is based upon the CRD (Central Registration Depository) system for broker-dealers owned and operated by FINRA.

6. Does a personal identifier retrieve the data?

No. IARD can only search the database by name of the investment adviser, CRD number, or SEC file number.

SECTION II – Attributes of the Data (use and accuracy)

The following questions delineate the uses and accuracy of the data.

1. Describe all uses of the data.

The information collected is used consistent with the routine uses outlined in SORNs SEC-10 and SEC-50. Any personal identifiable information collected is used for identification of owners or the adviser in relation to reviewing the registration requests, conducting inspections and examinations of the investment adviser, and enforcement actions against the investment adviser.

2. Does the system analyze data to assist users in identifying previously unknown areas of note, concern, or pattern? (Sometimes referred to as data mining).

No. IARD is a depository of data from Form ADV. No new data is created.

3. How will the data collected from individuals or derived by the system be checked for accuracy?

IARD is a depository of data from Form ADV. The data collected is that entered by the investment adviser. It would be fraudulent to file inaccurate information on Form ADV.

SECTION III – Sharing Practices

The following questions define the content, scope, and authority for information sharing, internally and externally, which includes Federal, state and local government, and the private sector.

1. Will the data be shared with any internal or external organizations?

Yes. IARD data (except for social security numbers and private residence addresses) is publicly available through IAPD (investment adviser public disclosure) website www.adviserinfo.sec.gov. All SEC divisions and offices may use IARD data, but OCIE, IM, OIEA, and Enforcement are the primary users. Other government agencies may access and use the data including State agencies, FBI, and the Department of Labor. Investment Adviser Act of 1940, section 204 provides that the SEC shall have a “readily accessible electronic or other process, to receive and promptly respond to inquiries regarding registration information (including disciplinary actions, regulatory, judicial, and arbitration proceedings, and other

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information required by law or rule to be reported) involving investment advisers and persons associated with investment advisers.”

- 2. How is the data transmitted or disclosed to the internal or external organization?**
Data is obtained online through IARD using an Internet Web browser based application or by logging into IARD online via a secure Internet Web browser-based application..
- 3. How is the shared data secured by external recipients?**
External recipients including State agencies, FBI, and the Department of Labor access the data via the IARD.
The IARD system has undergone a certification and accreditation review which describes the IT security requirements and procedures required by federal law and policy to ensure that the information is appropriately secured.
- 4. Does the system receive or share Personally Identifiable Information (PII) with any other SEC systems, including systems hosted by an SEC contractor?**
The IARD system may share information with FINRA’s CRD system when the adviser is also registered as a broker-dealer (dual registrant, registered on CRD system and IARD system).

SECTION IV – Notice to Individuals to Decline/Consent Use

The following questions address actions taken to provide notice to individuals of their right to consent/ decline to collection and use of information.

- 1. Was notice provided to the different individuals prior to collection of data?**
Yes. The Form ADV contains a Federal Information Law and Requirements section about the collection and use of the data and a SEC’s Collection of Information section about the purpose and use of the information.
- 2. Do individuals have the opportunity and/or right to decline to provide data?**
No, the information is required by law or SEC rule to be provided.
- 3. Do individuals have the right to consent to particular uses of the data? If so, how does the individual exercise the right?**
No, the information is required by law or SEC rule to be provided and is public information.

SECTION V – Access to Data (administrative and technological controls)

The following questions describe administrative controls, technical safeguards and security measures.

- 1. Has the retention schedule been established by the SEC Records Officer? If so, what is the retention period for the data in the system?**
Currently, all filings on the IARD system are active, none are archived. These records will be maintained until they become inactive, at which time they will be retired or destroyed in accordance with records schedules of the United States Securities and Exchange Commission as approved by the National Archives and Records Administration.

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2. What are the procedures for identification and disposition of the data at the end of the retention period?

The data will be identified and disposed of using the procedures stated above .

3. Describe the privacy training provided to users either generally or specifically relevant to the program or system?

All SEC staff and contractors receive annual privacy awareness training, which outlines their roles and responsibilities for properly handling and protecting PII.

4. Will SEC Contractors have access to the system?

Yes, section H.8 Privacy Act and H.9 System Display of Public Notices are included the contract to operate IARD (see contract SECHQ1-09-C-0114).

5. Is the data secured in accordance with FISMA requirements? If yes, when was Certification & Accreditation last completed?

A certification and accreditation was completed in 2010. Contract SECHQ1-09-C-0114 contains clauses regarding compliance with FISMA.

6. Is the system exposed to the Internet without going through VPN?

- If YES, is secure authentication required and is the session encrypted?

The public side of the system, IAPD, is open to the public. The filing side and regulatory side of the system requires an ID and password to access and is a secure, encrypted portal.

7. Are there regular (i.e., periodic, recurring, etc.) data extractions from the system?

- If YES, describe the location of the extraction.

SEC staff may occasionally extract data to generate reports. These manual extracts are maintained in accordance with SEC's policies and procedures for securing PII data extraction, including securing the extracts in a designated file folders on the office's J drive, which access is limited to SEC staff with a need to know. In addition, data extracts are deleted or destroyed after 90 days, unless a business need warrants additional holding of the data extract e.g., ongoing examination or investigation. Transmission of any data extracts is done via a secure method or connection, e.g., Outlook encryption tool, SMAIL.

8. Which user group(s) will have access to the system?

All SEC divisions and offices may use IARD data, but OCIE, IM, OIEA, and Enforcement are the primary users. Other government agencies may access and use the data including State agencies, FBI, and the Department of Labor. , . .

9. How is access to the data by a user determined? Are procedures documented?

The types of access to IARD are: standard regulator access (view-only access), work queue access (user can change the registration status of an investment adviser, ie. Approved, revoked, etc. – SEC's Branch of Registrations and Examinations in OCIE uses this level of access), Form U6 filing access (user can file a U6 if needed – SEC's Office of Secretary may use this access level), query access (view-only access that can not access aggregated reports of the data), and administrator access (user can add, delete, or change a users access rights).

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Yes, access procedures are documented in Attachment 5, "Management And Administration" of the IARD Contract SECHQ1-09-C-0114.

10. How are the assignments of roles and rules verified?

Section 1.7 "Regulator Access" of the IARD Contract delineates the procedures for assigning, terminating and verifying access to the IARD. Administrator access requires supervisor approval and contractor review per the contract.

11. What auditing measures/controls and technical safeguards are in place to prevent misuse (e.g., unauthorized browsing) of the data?

FINRA is responsible for implementing steps to control access, use, disclosure, modification, and destruction of information. Such steps shall include, at a minimum, identification and authentication of users and security controls that detect unauthorized access attempts. FINRA is also required to establish an access control policy which includes features or procedures that enforce access control measures that provide each user with access to the information to which they are entitled and no more. Other specifics regarding technical safeguards are described in the C&A documentation and the IARD Contract SECHQ1-09-C-0114.

SECTION VI - Privacy Analysis

This section discusses the analysis that was performed to identify any potential privacy risks in the system and the evaluation of any alternatives to mitigate such risks.

Social security numbers is the most sensitive personal identifiable information on IARD. These numbers are redacted both on the internal IARD and external, public IAPD systems. CRD numbers are assigned to individuals for use on the Form ADV to add an extra layer to essentially remove social security numbers from appearing on the Form ADV.

Private residence addresses are redacted from the public site. These addresses would be disclosed per a FOIA request to our knowledge though as the adviser is conducting business from this location.

Since the data collected is public and disseminated publicly through a website (IAPD) except for social security numbers and private residence addresses, the larger focus on security was the integrity of the data to eliminate the possibility of data corruption or deletion. A secure portal to the webform is created each time a filer accesses IARD to view or file information. All data collected through IARD by Form ADV is approved by SEC rule.