

U.S. Securities and Exchange Commission

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



**July 8, 2014**

**Privacy Impact Assessment**  
Investment Adviser Registration Depository (IARD)  
(subsystem Private Fund Reporting Depository (PFRD))

**General Information**

1. Name of Project or System.  
Investment Adviser Registration Depository (IARD)
2. Describe the project and its purpose or function in the SEC's IT environment.  
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.

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.

PFRD (Private Fund Reporting Depository) is an IARD sub-system of information filed on Form PF by SEC-registered investment advisers that advise one or more private funds and have at least \$150 million in private fund assets under management . PFRD is used to collect non-public information under the Investment Advisers Act of 1940 and to implement the Federal securities laws and rules. Section 204(b) of the Advisers Act [15 U.S.C. §80b-4(b)] authorizes the SEC to collect the information required by Form PF.

The information collected on Form PF is designed to facilitate the Financial Stability Oversight Council's (FSOC) monitoring of systemic risk in the private fund industry and to assist FSOC in determining whether and how to deploy its regulatory tools with respect to nonbank financial companies. The SEC and CFTC may also use information collected on Form PF in their regulatory programs, including examinations, investigations and investor protection efforts relating to private fund advisers. Filing Form PF is mandatory for advisers

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that satisfy the criteria described in Instruction 1 to the Form [17 C.F.R. §275.204(b)-1]. The SEC does not intend to make public information reported on Form PF that is identifiable to any particular adviser or private fund, although the SEC may use Form PF information in an enforcement action. Only limited PII is collected on the signatory of the form, i.e. name, title, email address, and telephone number, by Form PF or contained in PFRD.

IARD is a contractor system. Financial Industry Regulatory Authority (FINRA) Regulation, Inc., a self-regulatory organization subject to SEC oversight, is the contractor.

3. Requested Operational Date? The IARD system has been operational since 2001. The PFRD subsystem has been operational since 2012. The IARD PIA was last completed on July 11, 2011. This PIA is being updated to reflect the collection of Form PF in the PFRD, which is a subsystem of the IARD system.
4. System of Records Notice (SORN) number? SEC-10, Correspondence file Pertaining to Registered Investment Advisers, and SEC-50, Investment Adviser Records.
5. Is this an Exhibit 300 project or system?  No  Yes
6. What specific legal authorities, arrangements, and/or agreements allow the collection of this information? Investment Advisers Act of 1940, section 204.

**Specific Questions**

**SECTION I - Data in the System**

1. What data about individuals could be collected, generated, or retained?  
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).  
  
Form PF collects full name (same as name filed on Form ADV) and SEC number; name; email address; and contact number of individual signing on behalf of firm or related persons.
2. Does the project/system use or collect the social security number (SSN)? (This includes truncated SSNs)

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No.

Yes. If yes, provide the function of the SSN and the legal authority to collect.

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. The authority to collect the SSN is the Investment Advisers Act of 1940.

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 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 and Form PF) or a secure, XML filing (Form PF) through the IARD system. The IARD system is based upon the CRD (Central Registration Depository) system for broker-dealers owned and operated by FINRA.

**SECTION II - Attributes of the Data (use and accuracy)**

1. Describe the 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?  No  Yes If yes, please explain:

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

IARD and PFRD are depositories of data from Form ADV and Form PF. The data collected is that entered by the investment adviser. It would be fraudulent to file inaccurate information on Form ADV and Form PF.

**SECTION III - Sharing Practices**

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

No  Yes If yes, please list organization(s): IARD data (except for social security numbers, private residence addresses, and contact information for Chief Compliance Officer/Contact employee) is publicly available through IAPD (investment adviser public disclosure) website [www.adviserinfo.sec.gov](http://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

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

PFRD contains limited PII on the signatory page, i.e., name, email address, and telephone number of the individual signing on behalf of the firm or related persons. Access to this data is controlled by established policies and procedures for Form PF.

2. Will the data be shared with any external organizations?  
 No  Yes If yes, please list organizations(s): External recipients including State agencies, FBI, and the Department of Labor access the data via the IARD. PFRD data is shared with other agencies, such as FSOC, under an MOU and a data sharing protocol. How is the data transmitted or disclosed to external organization(s)? Data is obtained online through IAPD using an Internet Web browser based application or by logging into IARD online via a secure Internet Web browser-based application. PFRD data is downloaded in a secure, encrypted method.
3. How is the shared data secured by external recipients?  
The IARD system has undergone a security assessment and authorization review, which describes the IT security requirements and procedures required by federal law and policy to ensure that the information is appropriately secured. Access to PFRD data is secured by policies and procedures contained in an MOU and a data sharing protocol with FSOC. FSOC has undergone a security assessment and authorization review by the SEC.
4. Does the project/system process or access PII in any other SEC system?  
 No  
 Yes. If yes, list system(s). 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**

1. What privacy notice was provided to the different individuals prior to collection of data?  
(Check all that apply)  
 Privacy Act Statement  System of Records Notice  Privacy Impact Assessment  
 Web Privacy Policy  Notice was not provided to individuals prior to collection
2. Do individuals have the opportunity and/or right to decline to provide data?  
 Yes  No  N/A  
Please explain: 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?

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Yes  No  N/A

Please explain: No, the information is required by law or SEC rule to be provided and is public information. 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.

**SECTION V - Access to Data (administrative and technological controls)**

1. Has the retention schedule been established by the National Archives and Records Administration (NARA)?  
 No If no, please explain:  
 Yes If yes, list retention period: 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.
  
2. 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.
  
3. Has a system security plan been completed for the information system(s) supporting the project?  
 Yes If yes, please provide date SA&A was completed:  
 No If the project does not trigger the SA&A requirement, state that along with an explanation: The most recent Authority to Operation (ATO) for IARD was granted on 7/17/2013. PFRD was given a targeted SA&A in 2012 and a special PFRD ATO was issued on 6/5/2012. However, since PFRD was included as a subsystem of IARD during the 2013 SA&A, the ATO for PFRD is also 7/17/2013.
  
4. Is the system exposed to the Internet without going through VPN?  
 No  
 Yes If yes, Is secure authentication required?  No  Yes; and  
Is the session encrypted?  No  Yes
  
5. Are there regular (ie. periodic, recurring, etc.) PII data extractions from the system?  
 No  
 Yes If yes, please explain: 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 folder 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.

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6. 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.
7. How is access to the data by a user determined? 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 cannot access aggregated reports of the data), and administrator access (user can add, delete, or change a user's access rights). Access procedures are documented in Attachment 5, “Management And Administration” of the IARD Contract SECHQ1-09-C-0114. PFRD access has its own access level and access to this data is controlled by PFRD policies and procedures.  
Are procedures documented?  Yes  No
8. How are the actual 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.
9. What auditing measures/controls and technical safeguards are in place to prevent misuse (e.g., unauthorized browsing) of 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 SA&A documentation and the IARD Contract SECHQ1-09-C-0114.

**SECTION VI - Privacy Analysis**

Given the amount and type of data being collected, discuss what privacy risks were identified and how they were mitigated.

Social security numbers are the most sensitive personal identifiable information on IARD. These numbers are redacted both on the internal IARD and on external, public IARD systems. CRD numbers are assigned to individuals for use on the Form ADV to add an extra layer of protection to essentially remove social security numbers from appearing on the Form ADV. Special access to review social security numbers is available and is provided on a need to know basis only.

Private residential addresses are redacted from the public site. These addresses may be disclosed per a FOIA request as the adviser is conducting business from this location.

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Since the data collected is public and disseminated publicly through the IARD website, 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 and Form PF is approved by SEC rule.