



Wealthtender Voice of the Client Awards™

- Regulatory Due Diligence Guide -

Wealthtender prepared this resource to assist in your regulatory due diligence responsibilities of Wealthtender awards in coordination with your compliance team.

Please note: Although Wealthtender does not provide legal advice to financial advisors or wealth management firms, we are firmly committed to abiding by all regulatory requirements and offering resources and education that demonstrate how third-party ratings can be utilized by advisors and firms to strengthen their reputation and grow their business in a manner that satisfies regulatory requirements. Financial advisors should not utilize third-party ratings issued by Wealthtender or any other organization without first speaking with their compliance team for guidance and to understand firm-specific policies and procedures that require adherence in addition to regulatory requirements. Questions? Please contact yourfriends@wealthtender.com. We're always happy to help.

Prefer this template in Microsoft Word format? Send an email to yourfriends@wealthtender.com, and we'll send it right over.

Wealthtender Awards: Regulatory Due Diligence Guide

Both the SEC and FINRA provide important guidance that financial advisors must follow when publishing and promoting third-party ratings and awards. Just below, we summarize key provisions from the SEC Marketing Rule and FINRA Rule 2210 that must be followed to satisfy regulatory compliance requirements. This summary is not intended to be comprehensive and advisors should consult with their compliance officer for further guidance on regulatory matters and firm policies and procedures.

This document is divided into sections to assist with your due diligence responsibilities that may vary based on your registration with the SEC and/or FINRA. This document does not address any potential obligations for third-party ratings that may exist for state-registered advisors.

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[SEC Marketing Rule: Satisfying Third-Party Rating Due Diligence Requirements](#)

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SEC Marketing Rule: Third-Party Rating Due Diligence Requirements

The [SEC Marketing Rule](#) took effect on May 4, 2021, subject to an 18-month transition period. Since the November 2022 transition period deadline, all registered investment advisers (RIAs) and investment adviser representatives (IARs) regulated by the SEC must abide by the SEC Marketing Rule's provisions when promoting testimonials or third-party ratings/awards.

SEC ITEM 1: EQUALLY EASY - FAVORABLE AND UNFAVORABLE RESPONSES

The SEC Marketing Rule states that financial advisors must perform due diligence to establish "a reasonable basis to believe that any questionnaire or survey used in the preparation of the third-party rating is structured to make it equally easy for a participant to provide favorable and unfavorable responses, and is not designed or prepared to produce any predetermined result."

In its adopting release, the SEC states: "an adviser could satisfy the [due diligence] requirement by accessing the questionnaire or survey that was used in the preparation of the rating."

Wealthtender created this guide and accompanying [informational page with FAQs](#) to assist financial advisors and compliance professionals with satisfaction of the due diligence requirement for Wealthtender awards.

Effectively, the two due diligence questions and responses to satisfy this requirement can be summarized as follows:

SEC Question 1: Does the Wealthtender questionnaire or survey used in the preparation of its ratings/awards make it equally easy for a participant to provide favorable and unfavorable responses?

Wealthtender Response: Yes. The Wealthtender Voice of the Client Awards recognize financial advisors and wealth management firms that consistently receive superior client reviews. The Wealthtender review submission form (see screenshot on the following page) is designed to satisfy this regulatory requirement by making it equally easy for clients of financial advisors to provide favorable or unfavorable responses. Using the industry standard "five-star" rating system for client reviews, it is equally easy for a client to rate an advisor "1-star" or "5-stars". In addition, the labels and "helper text" displayed in the review form encourage "useful" and "genuine" responses to avoid the appearance of encouraging only "positive" responses.

SEC Question 2: Is the Wealthtender questionnaire or survey designed not to produce any predetermined result?

Wealthtender Response: Yes. The Wealthtender review submission form (see screenshot on the following page) is designed not to produce any predetermined result. Further, an individual client review itself cannot result in an advisor qualifying for a Wealthtender award. Only upon satisfying the criteria for the applicable Wealthtender award and receiving at least the minimum number of award-eligible reviews can an advisor qualify for a Wealthtender award.

Write a Review



lane Demo, CFZ®

Your overall rating



Title of your review

Summarize your review or highlight an interesting detail

Your review

Be specific. Share useful information about your relationship with this financial advisor to help other people learn more about them.

Your name (publicly displayed with your review)

e.g. first and last name, first name only, or 'anonymous'

Your email (never shared publicly)

Used only to contact you and confirm your relationship to this financial advisor.

[Submit Review](#)

By clicking submit, you acknowledge this review is based on your own experience and reflects your genuine opinion. You also agree to our [review policy](#), [privacy policy](#), and [terms and conditions](#), and give this financial advisor permission to publicly display your review on their website.

SEC ITEM 2: NOT A RELATED PERSON

The SEC Marketing Rule defines a “third-party rating” as a “rating or ranking of an investment adviser provided by a person who is not a related person* (as defined in the Form ADV Glossary of Terms), and such person provides such ratings or rankings in the ordinary course of its business.”

In its Adopting Release, the SEC goes on to state “This definition is intended to permit advisers to use third-party ratings, subject to conditions, when the ratings are conducted in the ordinary course of business. We continue to believe that the ordinary course of business requirement would largely correspond to persons with the experience to develop and promote ratings based on relevant criteria. It would also distinguish third-party ratings from testimonials and endorsements that resemble third-party ratings, but that are not made by persons who are in the business of providing ratings or rankings. The requirement that the provider not be an adviser’s related person* will avoid the risk that certain affiliations could result in a biased rating.”

* Related Person Definition: From the SEC Marketing Rule Adopting Release: [An adviser’s “related person” is defined in Form ADV’s Glossary of Terms as “any *advisory affiliate* and any *person* that is under common *control* with your firm.” Italicized terms are defined in the Form ADV Glossary. We believe that a rating by a person under common control with the adviser could present the same bias towards the adviser as a rating by an adviser’s other advisory affiliates.]

Wealthtender Response: Neither Wealthtender nor its employees are under common control with any financial advisor or wealth management firm.

SEC ITEM 3: DISCLOSURES REQUIRED WHEN PROMOTING THIRD-PARTY RATINGS

The SEC Marketing Rule requires that a) financial advisors “clearly and prominently disclose”, or b) financial advisors “reasonably believe that the third-party rating issuer clearly and prominently discloses”:

- The date on which the rating was given and the period of time upon which the rating was based
- The identity of the third-party that created and tabulated the rating
- (If applicable) That compensation (cash or non-cash) has been provided directly or indirectly by the financial advisor in connection with obtaining or using the third-party rating

To satisfy the requirement to “clearly and prominently” display disclosures, it’s important to note these disclosures must be displayed alongside or in very close proximity to the published rating/award. Financial advisors cannot link to disclosures on another page to satisfy this requirement.

Wealthtender Response: Wealthtender only publishes Wealthtender awards on Wealthtender profiles of qualifying advisors and wealth management firms after the qualifying advisor/firm a) accepts their award and b) either acknowledges the default disclosures that Wealthtender publishes to satisfy the SEC “clear and prominent” disclosure requirements or provides alternative disclosures to satisfy disclosure requirements. (Please note that Wealthtender’s default disclosure language also includes language to satisfy FINRA Rule 2210 disclosure requirements discussed later in this guide.)

SEC ITEM 4: NOT FALSE OR MISLEADING

The SEC Marketing Rule prohibits the publication or promotion of ratings/awards that could be considered false or misleading. Here are a few examples of advertisements featuring ratings/awards that could be considered false or misleading (even when appropriate disclosures are otherwise provided):

- Promoting a rating based on services that a financial advisor no longer provides or has materially changed
- Advertising that a financial advisor is ‘highly rated’ without disclosing that the rating is solely based on a metric like ‘assets under management’
- Promoting an award that was earned based on the qualifications of a financial advisor no longer employed by the firm

Wealthtender Response: Wealthtender, in its sole discretion or in response to a written request from a pending/past Wealthtender award recipient, may choose not to issue an award (or to rescind a previously issued award) in circumstances that indicate the rating could be deemed false or misleading.

FINRA Rule 2210: Third-Party Rating Due Diligence Requirements

Financial advisors who are registered representatives of broker-dealers must abide by [FINRA Rule 2210](#) that governs communications with the public, including the use of third-party ratings and awards. Financial advisors who are dually SEC and FINRA registered must abide by all SEC Marketing Rule Requirements, in addition to the regulations prescribed by FINRA Rule 2210. Many of FINRA’s requirements are similar to those found in the SEC Marketing Rule, therefore best practices include establishing a compliance program for third-party ratings and awards designed to satisfy the requirements of both the SEC Marketing Rule and FINRA Rule 2210.

This summary is not intended to be comprehensive and advisors should consult with their Supervisory Principal for further guidance on regulatory matters, including understanding the approval process, recordkeeping requirements and steps to comply with firm policies and procedures.

FINRA ITEM 1: CONTENT STANDARDS

It is important for financial advisors regulated by FINRA (registered representatives) to ensure any promotion of third-party ratings and awards meet the Content Standards (General Standards) established in FINRA Rule 2210, including:

- Avoidance of statements or claims that could be considered false, exaggerated, unwarranted, promissory, misleading, or include any untrue statement
- Avoidance of any presentation of a rating or an award that explicitly or implicitly predicts or projects what future performance may be or that past performance will recur
- Considerations regarding the nature of the audience where a rating or award is published, and ensuring relevant details and explanations are audience-appropriate
- Placement of disclosures and details in areas that ensure the audience will understand how this supporting content is relevant to their understanding of the rating/award

Wealthtender Response: Wealthtender only publishes Wealthtender awards on Wealthtender profiles of qualifying advisors and wealth management firms after the qualifying advisor/firm a) accepts their award and b) either acknowledges the default disclosures that Wealthtender publishes to satisfy both the SEC “clear and prominent” disclosure requirements and FINRA Rule 2210 disclosure requirements, or provides alternative disclosures to satisfy disclosure requirements. Wealthtender does not publish any references to performance or other statements/claims that could risk violating FINRA Content Standards.

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FINRA ITEM 2: DISCLOSURES REQUIRED WHEN PROMOTING THIRD-PARTY RATINGS

FINRA requires that advertisements and communications to a retail audience promoting third-party ratings prominently disclose the name of the advisor and/or their firm, the name of the organization that issued the rating/award, and the nature of the relationship between the advisor and the third-party rating firm.

Additionally, because third-party ratings/awards could be construed as a form of ‘testimonial’, financial advisors should incorporate the disclosure requirements for testimonials outlined in FINRA Rule 2210 as a matter of good practice, including:

- The fact that the rating/award, often assessed with a historical lens, may not be representative of the experience of all past or future customers,
- The fact that the rating/award should not be construed as a guarantee of future performance or success, and
- If more than \$100 in value is paid to be considered for the award or to promote the award, the fact that payment was made for the rating/award

Further, financial advisors must ensure that any promotion of ratings/awards are approved by an appropriately qualified Registered Principal before use or filing with FINRA’s Advertising Regulation Department.

Wealthtender Response: Wealthtender only publishes Wealthtender awards on Wealthtender profiles of qualifying advisors and wealth management firms after the qualifying advisor/firm a) accepts their award and b) either acknowledges the default disclosures that Wealthtender publishes to satisfy both the SEC “clear and prominent” disclosure requirements and FINRA Rule 2210 disclosure requirements, or provides alternative disclosures to satisfy disclosure requirements.

Wealthtender Awards: Regulatory Due Diligence Checklist

To satisfy regulatory due diligence requirements, it is important you can answer “yes” to each of the following questions. The information provided by Wealthtender in the prior pages of this document are intended to ensure you feel confident in your ability to answer “yes” to each question.

SEC Marketing Rule: Satisfying Third-Party Rating Due Diligence Requirements

Yes/No: Does the Wealthtender questionnaire or survey used in the preparation of its ratings/awards make it equally easy for a participant to provide favorable and unfavorable responses?

Yes/No: Is the Wealthtender questionnaire or survey designed not to produce any predetermined result?

Yes/No: Can we attest that Wealthtender is not considered a “related person” to our firm?

Yes/No: Is the Wealthtender award displayed on our Wealthtender profile page accompanied by the “clear and prominent” disclosures required by the SEC Marketing Rule to satisfy disclosure requirements?

Yes/No: Can we affirm that the criteria we satisfied to qualify for the Wealthtender award remains relevant and cannot be considered false or misleading?

(If Applicable) FINRA Rule 2210: Satisfying Third-Party Rating Due Diligence Requirements

Yes/No: Does the Wealthtender award displayed on our Wealthtender profile page meet the Content Standards (General Standards) established in FINRA Rule 2210?

Yes/No: Is the Wealthtender award displayed on our Wealthtender profile page accompanied by the disclosures required by FINRA Rule 2210 to satisfy disclosure requirements?