

North American KTRADE Alliance, LLC.

ASPPA Retirement Plan Service Provider Certification



ASPPA Recordkeeping Services Definition

Bookkeeping for retirement plans' trading transactions and individuals' accounts (the major activity in recordkeeping).

ASPPA is the American Society for Pension Professionals & Actuaries.

Notes to Report

The information contained in this report is a summary of an assessment conducted by CEFEX, Centre for Fiduciary Excellence, LLC. The report is suitable for public distribution at the discretion of the certified firm. To confirm the registration of this firm, please visit www.cefex.org, where a listing of all currently registered firms can be viewed.

SECTION 1 – FIRM INFORMATION

CEFEX File No.: CFX10133
Firm Name: North American KTRADE Alliance, LLC.
Address: 1500 North Oak Road, Plymouth, IN 46563 USA
Phone: 574-936-6200

SECTION 2 – ASSESSMENT DETAILS

Dates and Participants Representing CEFEX:

Date of Registration: 2016.12.22
Type of Assessment: Renewal

Assessment Team:

Position	Name	Company
Lead Analyst	Richard N. Carpenter	USVI Pensions Inc.

Attestation

The Lead Analyst is independent of the registered firm. He/she has not been employed or compensated by the registered firm for a period of at least 2 years prior and 6 months following this assessment, for the purposes of providing fiduciary consulting services. The Lead Analyst is an Accredited Investment Fiduciary Analyst (AIFA®) and has the adequate expertise and proficiency to perform this assessment. The Analyst must also hold at least one of the following ASPPA designations: Qualified 401(k) Administrator (QKA), Qualified Pension Consultant (QPA), Certified Pension Consultant (CPC) or Fellow, Society of Pension Actuaries (FSPA).

Purpose and Scope of this Assessment:

To evaluate the firm’s conformance to the practices and associated criteria as defined in the document “*Standard of Practice for Retirement Plan Service Providers*” (the Standard) for the declared scope of registration.

The scope of registration is as follows:

Recordkeeping through multiple alliances

Summary of Assessment Methodology:

The assessment requires that the Analyst plan and perform a review of a representative sample of the firm’s written records, interviews with appropriate personnel of the firm and, on a test basis, evidence supporting the actions taken by the firm in providing services to its clients.

Assessment elements include:

- Document review including organization chart, financial statements, partnership agreements, mission statement, business plan, succession plan, client materials, risk management policy, service agreements, vendor agreements, operational flow charts, policy manuals, Conflict of Interest manual, SAS70 Type 2 audit report (if applicable), sales/marketing policy, proof of insurance, and trading procedures.
- Historical review of operations including number of vehicles and staff turnover.
- Review of client types including concentration.
- Review of affiliations and/or alliances with other Service Providers.
- Review of Information Technology including record retention policy, maintenance plan, development plan, disaster recovery plan, and security measures.
- Review of human resource functions including job descriptions, staff credentials and training programs.
- Financial statement analysis, as described in Section 3 below.

SECTION 3 - ASSESSMENT FINDINGS

All of the Practices within the Standard were assessed and considered to be adequately implemented, as listed below. A full copy of the Standard, which includes criteria for the fulfillment of each Practice, can be downloaded from www.cefex.org, or viewed by clicking on the firm's on-line CEFEX certificate.

No.	Standard of Practice	Conformity
1.1	Senior management demonstrates expertise in its field, and there is a clear succession plan in place.	√
1.2	There are clear lines of authority and accountability, and the mission, operations, and resources operate in a coherent manner.	√
1.3	The organization has the capacity to service its client base.	√
1.4	Information systems and technology have a strong infrastructure, staff support and are adequately secured.	√
1.5	The organization has developed programs to attract, retain, train and motivate employees.	√
1.6	There is a formal structure supporting effective procedural and operational oversight.	√
1.7	There is an effective risk-management process to manage the organization's business risk.	√
2.1	The organization provides disclosures which demonstrate that there are adequate resources to sustain operations.	√
2.2	The organization maintains defined business strategies which support its competitive positioning.	√
2.3	There is an effective process for allocating and managing both internal and external resources and vendors.	√
2.4	There is adequate and appropriate disclosure and delineation of the cost of services provided to each client serviced.	√
2.5	The organization has responsible and ethical reporting, marketing, and sales practices.	√
3.1.	Trading and cashiering systems, processes and procedures are defined and documented.	√
3.2	Trade processing and cashiering are done in a timely and accurate manner.	√

3.3	Recordkeeping and administrative information is readily available, disclosed and accessible to authorized parties for prudent selection and monitoring of the service provider.	√
3.4	Administration activities are performed in a timely and accurate manner.	√
4.1	There is a process to periodically review the organization's effectiveness in meeting its client responsibilities.	√

Comment on Practice 2.1: The organization provides disclosures which demonstrate that there are adequate resources to sustain operations.

The CEFEX assessment requests indicators of corporate stability including years of operation, capitalization, and audited financial statements at the firm. If independently audited or reviewed financial statements are not available, the CEFEX assessment seeks evidence for Practice 2.1 by reviewing compiled financial statements and/or the firm's tax returns. The analysis compares calculated indicators to industry indicators aggregated by the Risk Management Association ("RMA"). The indicators comprise 14 financial ratios for liquidity, coverage, leverage and operations, most commonly used by commercial bank loan committees to assess the credit worthiness of loan applicants. The comparison to other recordkeeping and administration firms helps determine whether or not the firm has sufficient resources to operate.

Also, any substantial discrepancy (ie. greater than 10%) between the candidate's compiled statements and its tax returns may cause a more detailed investigation by the CEFEX Analyst. A discrepancy may reduce the reliability of a candidate's financial statements.

Comment on Practice 2.4: There is adequate and appropriate disclosure and delineation of the cost of services provided to each client serviced.

Responsible fiduciaries should review information regarding fees and potential conflicts when engaging a retirement plan service provider. To comply with best practices, companies should provide disclosures to existing and potential clients in areas such as compensation and conflicts of interest. The CEFEX Assessment includes a review of the Service Provider's service agreement, marketing material and invoices to verify whether it is making appropriate disclosures.

SECTION 4 - ASSESSMENT CONCLUSIONS AND RECOMMENDATION

Based on the findings obtained during the Assessment, the firm is in substantial conformity to the Standard, and is recommended for CEFEX registration.

This assessment has been reviewed by the CEFEX Registration Committee in order to maintain impartiality and consistency in the registration process. For details on the complete assessment process, please visit www.cefex.org.

Note regarding CEFEX certification:

The CEFEX certificate has been awarded following the successful completion of an assessment to the standard referenced above. It may not address all of the products/services provided by the firm. The terms and conditions governing the issuance of the CEFEX certificate are contained in the Agreement between CEFEX and the firm. The certificate is the property of CEFEX, is valid for 1 year from the Date of Current Registration shown, and can be renewed annually. The certification is not a source of legal or investment advice, a financial audit or expression of opinion regarding the completeness or accuracy of financial statements, a compliance or regulatory audit, a guarantee that the firm is in compliance with applicable fiduciary laws or standards, or a guarantee that the firm is adhering to the standard with respect to any specific client.