Meridian Capital Partners, LLC

Internal Audit & Compliance Division

Risk Management & Compliance Audit Report

SEC / FINRA Regulatory Compliance Program Review

Audit Period:	April 1, 2026 – June 30, 2026
Report Date:	July 15, 2026
Engagement Ref.:	IA-2026-Q2-047
Entity Reviewed:	Meridian Capital Partners, LLC (Broker-Dealer, CRD 118842)
Regulatory Scope:	SEC Rules 15c3-1 / 17a-4, FINRA Rules 3110 / 4511 / 2111
Classification:	Confidential – Board & Executive Committee

Prepared by the Meridian Internal Audit & Compliance Division
in coordination with Apex Risk Advisory (independent co-source reviewer)

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Confidential Audit Report

Executive Summary

The Meridian Internal Audit & Compliance Division completed its Q2 2026 review of the firm's risk management and regulatory compliance program, covering anti-money-laundering (AML) controls, net capital computation, Regulation Best Interest (Reg BI) supervision, books and records retention, business continuity planning, and governance/supervisory controls. The review was performed under the Institute of Internal Auditors (IIA) International Standards and incorporated targeted testing co-sourced with Apex Risk Advisory.

Overall Program Rating

80 / 100

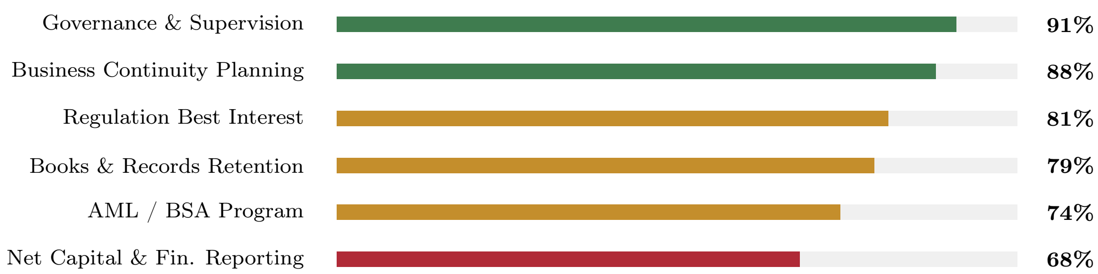
Needs Improvement – controls are largely designed adequately but two areas carry elevated exposure requiring remediation before the Q3 FINRA cycle exam.

Findings Snapshot

2	2	2
High	Medium	Low

6 findings total – 0 carried forward from Q1 2026

Composite scores by control area, based on design effectiveness and testing results (sample sizes detailed in Section 2):



Scope & Methodology

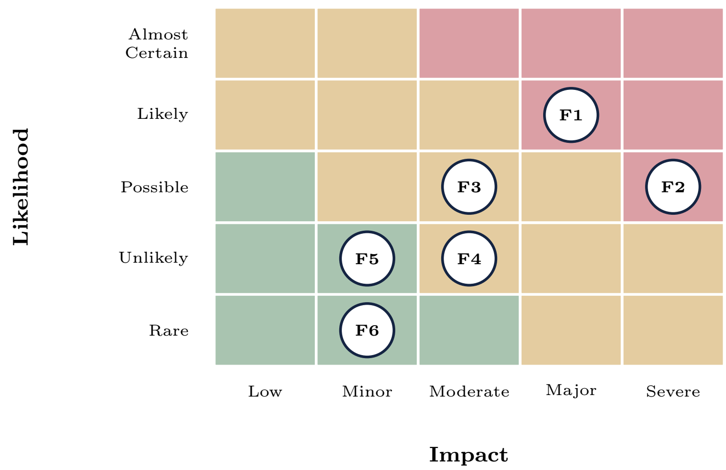
The audit assessed the design and operating effectiveness of controls supporting Meridian's obligations under SEC Rule 15c3-1 (net capital), SEC Rule 17a-4 (books and records), FINRA Rule 3110 (supervision), FINRA Rule 4511 (recordkeeping), and FINRA Rule 2111 / Regulation Best Interest. Fieldwork combined walkthroughs, control re-performance, and system-generated evidence pulled directly from Meridian's internal platforms:

- **Vertex** – order management and trade surveillance system of record
- **Synapse** – client onboarding, KYC, and CIP evidence repository
- **Nexa Prime** – core brokerage ledger and net capital calculation engine
- **Nimbus Cloud** – infrastructure and disaster-recovery hosting provider

Sampling followed a risk-based approach: high-risk populations (AML alerts, margin exceptions) were tested at 100% for the quarter; medium-risk populations used statistically valid samples ($n \geq 25$, 95% confidence, 5% tolerable exception rate); low-risk populations were tested judgmentally.

Risk Heat Map

Findings are plotted below by likelihood of recurrence and potential regulatory / financial impact, consistent with Meridian's Enterprise Risk Management framework.



Compliance Testing Results

Regulatory Area	Test Performed	Sample	Exceptions	Result
AML / BSA (FINRA 3310)	CDD escalation timeliness on flagged Synapse alerts	100% (Q2)	6	Partial
Net Capital (SEC 15c3-1)	Reconciliation of Nexa Prime ledger to net capital filing	12 filings	3	Fail
Reg BI (FINRA 2111)	Disclosure Form CRS delivery & documentation	30 accounts	4	Partial
Books & Records (17a-4)	WORM configuration on Synapse retained records	40 records	5	Partial
Business Continuity	BCP annual test execution & sign-off	1 cycle	1	Pass*
Supervision (FINRA 3110)	OBA disclosure logging in Vertex compliance module	22 reps	2	Pass*

*Pass with minor exceptions noted – see Findings F5 and F6.

Detailed Findings

F1 – AML Exception Handling Delays ⚠ HIGH

Condition: Six of six sampled Synapse AML alerts requiring enhanced due diligence were escalated to the BSA Officer more than 5 business days after generation (policy requires 2 days); average delay was 7.4 days.
Cause: The alert queue lacks an automated SLA countdown, and the sole reviewer covering EDD escalations was on leave for three weeks during the quarter with no backup assigned.
Impact: Delayed escalation increases the risk of undetected suspicious activity and exposes the firm to FINRA Rule 3310 deficiency findings.
Recommendation: Configure automated SLA alerts in Synapse and cross-train a second BSA analyst as backup reviewer.

F2 – Net Capital Reconciliation Gap ⚠ HIGH

Condition: Three of twelve monthly net capital filings showed unreconciled variances between the Nexa Prime ledger and the filed FOCUS report, ranging from $41,000 to $118,000, with no documented explanation retained.
Cause: A manual journal-entry adjustment step in the month-end close is not captured by the automated reconciliation script introduced in Q4 2025.
Impact: Unreconciled variances create risk of an inaccurate net capital computation and potential SEC Rule 15c3-1 early-warning notification failure.
Recommendation: Extend the reconciliation script to ingest manual journal entries and require CFO sign-off on any variance exceeding $10,000 before filing.

F3 – Reg BI Disclosure Gaps ⚠ MEDIUM

4 of 30 sampled accounts lacked a dated, signed Form CRS acknowledgment in Synapse at account opening. Recommend a hard system gate blocking trade entry until Form CRS delivery is confirmed.

F4 – Records Retention (WORM) ⚠ MEDIUM

5 of 40 sampled Synapse records were stored on rewritable volumes rather than the WORM-compliant archive required by SEC Rule 17a-4(f). Recommend migrating the affected document classes and auditing storage policy quarterly.

F5 – BCP Test Documentation ✔ LOW

The FY2026 business continuity test executed on schedule via Nimbus Cloud failover, but the after-action report was not signed off by the Business Continuity Committee within the required 10-day window.

F6 – OBA Disclosure Logging ✔ LOW

2 of 22 sampled representatives had outside business activities approved via email but not logged in the Vertex compliance module, creating an incomplete supervisory record.

Remediation Plan

ID	Finding	Owner	Target Date	Status
F1	AML exception handling delays	R. Donovan (CCO)	Aug 15, 2026	In Progress
F2	Net capital reconciliation gap	CFO Office	Aug 31, 2026	In Progress
F3	Reg BI disclosure gaps	E. Petrova (Risk)	Sep 15, 2026	Open
F4	WORM records retention	IT / Synapse Admin	Sep 30, 2026	Open
F5	BCP sign-off documentation	M. Whitfield (IA)	Aug 1, 2026	Open
F6	OBA disclosure logging	Supervision Team	Aug 15, 2026	Open

Findings F1 and F2 are designated **high priority** and will be re-tested by Internal Audit prior to the Q3 2026 FINRA cycle exam window. All remediation owners are required to submit interim status updates to the Audit Committee at each monthly compliance meeting.

Sign-Off

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Rachel Donovan, Chief Compliance Officer	Marcus Whitfield, Director of Internal Audit	Date