PRIVATE CLIENT SERVICES™

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A Registered Investment Advisor

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Private Client Services Compliance Manual

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For Internal Use Only

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Introduction

The SEC, FINRA, and other self-regulatory organizations (SROs) such as the Municipal Securities Rulemaking Board (MRSB), etc. have a statutory mandate to regulate the securities markets, brokerage firms, and the registered personnel of brokerage firms. SROs and the Exchanges have regulatory, inspection and enforcement powers to help monitor and maintain compliance with rules of fair practice for the industry and to promote the highest possible standards of business conduct for the benefit of investors, broker-dealers and issuers of securities. While the MSRB is an SRO with rulemaking authority concerning municipal securities, it has no inspection or enforcement authority; FINRA is charged with inspection responsibility and enforcement of the MSRB's rules.

On its website (www.finra.org) FINRA states the foundation of the securities industry is fair dealing with customers. Whether your work is with individuals, institutions, or business entities, a registered representative's obligation to this profession is to serve all customers with honesty and integrity by putting their interests first and foremost.

FINRA rules require you to observe high standards of commercial honor and just and equitable principles of trade. This includes the prohibition of any manipulative, deceptive or fraudulent actions.

Annually, FINRA issues its 'Regulatory and Exam Priorities' Letter. While priorities vary year to year, the general message is that most compliance matters can be alleviated when firms act in the best interests of their clients. You may access the most recent letter directly via FINRA's website (www.finra.org) or ask your supervising principal or the Compliance department for a copy. If you have questions or concerns you should bring them to the attention of your supervising principal and/or the Compliance Department.

The requirements throughout this Manual were not arbitrarily created by Private Client Services; they are instead primarily based on regulatory mandates from the SEC, FINRA and other regulatory bodies, and reflect the ever-increasing depth and demands of our industry's complex regulatory environment.

Private Client Services internal policies and procedures in conjunction with industry rules are in place to support the firm in meeting its regulatory obligations. They also seek to protect each associated person's livelihood, as risks of regulatory sanctions exists potentially against individuals acting in a manner contrary to the rules as well as the firm.

No single document can address every possible situation that you may face on a day-to-day basis. Therefore, it is important that you work closely with your Supervising Principal and Compliance, especially when you are not entirely certain of your responsibilities in a specific situation.

In addition to the material contained in this Manual, Private Client Services may have additional manuals, including operational instructions/guidance and other materials with which you must be familiar with in order to be in full compliance with regulatory obligations and internal compliance policies and procedures. If you have questions regarding any of the requirements given throughout this Manual, please bring them to the attention of your designated Supervising Principal. If you are uncertain who your immediate Supervisor is, please contact the Compliance Department immediately.

Our Compliance Department oversees activities undertaken by registered, and non-registered, personnel on behalf of our clients. As part of this role, Compliance reviews various activities to determine if they are conducted in an ethical and fair manner, in the best interest of our customers and in compliance with firm policy as well as regulatory obligations.

It is the responsibility of Compliance to issue internal policies, procedures and directives to ensure compliance with applicable regulatory and legal requirements and to maintain the highest possible ethical business standards. You are responsible for adhering to all such issuances.

Compliance is available to answer questions you may have, or to address areas of specific concern, especially at times when your designated Supervising Principal is not available to offer guidance, or when prior guidance given may still seem unclear.

Compliance plays a crucial role in helping the firm grow in tandem with a firm-wide environment that believes in, and acts in accordance with all applicable regulatory requirements.

Address Changes

A customer's legal residence address must be noted on the Customer Account Form. P.O. boxes are not permitted as the legal address. An additional mailing address may also be included. If the customer's legal residence address and any additional mailing addresses are in different states, the Representative may require registration in each state. For a non-natural entity (corporation, trust, etc.) account, the principal place of business, local office, or other physical location should be noted.

Address changes must be supplied to the Firm. For direct accounts, the Representative must also notify the vendor of the address change. Subsequent address changes to an existing account(s) do not require the Representative to obtain the customer(s) signature. These are the options for effecting an address change:

- Client(s) submit a postal service address change card.
- Client(s) signs an amended Customer Account Form and it is submitted by the Representative for processing; a copy of the CAF should be provided to the customer.
- Client(s) requests an address change via phone conversation with the Representative or leaves a voice message with Representative; the Representative should verbally confirm the address change request with the client if the request was left via voice message.
- Client(s) submits an address change request to the Representative via email. The Representative must verbally confirm the address change request with the client.

If possible, address change requests should be received, in writing, from the customer, with such documentation maintained in the client's files. All efforts should be made to obtain, in writing, address changes for each party of multiparty accounts, with documentation maintained in the clients' files.

Annual Compliance Meeting

Private Client Services is required to hold an Annual Compliance Meeting that MUST be completed by EVERY registered individual without exception. Sufficient notice/time will be provided in order to complete this required meeting (or course) which may be conducted via electronic delivery.

The Annual Compliance Meeting serves several functions:

- A review of our business and methods of operation, and related compliance issues.
- An opportunity for individuals to ask questions concerning compliance requirements, to which they will receive specific answers.
- A centralized manner for dissemination and a revisiting of relevant recent regulatory developments, firm policies and related information communicated to all participants.

- A general review of product implications from a compliance perspective (i.e., suitability, tax implications, liquidity, market impact, required disclosures, etc.) during these meetings and/or related training courses.

If you fail to attend/complete the Annual Compliance Meeting requirement, disciplinary action may result up to and including termination.

Arbitration: Forms U4

When signing a new or amended Form U4, you are affirming to its accuracy to the best of your knowledge as well as agreeing to the terms set forth within Section 15A of the Form U4 (Acknowledgement and Consent). As referenced in FINRA Rule 2263, you are advised to reference Item 5 within Section 15A on Form U4 as it contains a predispute arbitration clause which you should be aware of prior to signing the form.

If you have questions, speak with your Supervising Principal or Compliance.

Books and Records Maintenance

All books and records relating to a broker/dealer's securities business must be maintained for certain lengths of time, ranging from 3 to 6 years. The majority of these records are the responsibility of the firm. However, registered personnel are also required to maintain certain records, such as, but not limited to: individual client files, retail communication (formerly advertising) file, correspondence files, complaint file, and a registered representative/registration file.

It is imperative that you fully understand your responsibilities in terms of what books and records you are personally required to maintain. If you feel you have not been given sufficient training and/or information regarding the books and records you are responsible for, you must make it your business to become adequately informed so as not to inadvertently be in non-compliance.

A lack of understanding will not serve as an excuse in which regulators would accept. Furthermore, unless you have made it clear to your supervising principal that you are not fully aware of your books and records maintenance responsibilities, a lack of understanding may not serve as an excuse in which this firm will accept. It is ultimately your responsibility to seek information and guidance if you feel it is not being offered or if you remain unclear about any area of responsibility.

Certificates of Deposit

Certificates of Deposits (CDs) are typically issued by a bank directly to a customer, carry a fixed interest rate of a fixed duration of time, are insured by the FDIC against depository institutional insolvency, and as such, are generally considered a simple and conservative product with few risks.

However, non-traditional CD products are being offered to investors that are more complex and carry more risk. Some CDs have a maturity of several years - in some instances, as long as twenty years - and sometimes carry a higher yield than an FDIC-insured CD. They may also, however, have any number of additional features affecting the rate of return and degree of risk, such as variable interest rates, callability by the issuing bank, available for trade in a secondary market and subject to transaction costs not typically associated with a traditional CD.

Depending upon various factors, these non-traditional CD products can, from a legal standpoint, be considered securities. If you have any questions of whether this or any other product you are discussing with a client is a security, speak to your designated supervisor.

Regardless of whether a product is a security, all registered personnel must understand the product and be able to adequately, and clearly, disclose to customers all product characteristics and risk factors (e.g. possible loss of principal, call features, insurance issues, etc.)

All CD positions held through PCS' clearing firm, Pershing LLC, are priced using sources deemed to be reliable. Where it is not possible to attach a reasonable market valuation for CDs in a customer's account, Pershing will list 'N/A' for the current market value. Pershing also segregates CDs on the account statement and includes disclosure covering EACH of the following four points:

1) The secondary market for CDs is generally illiquid
2) An accurate market value could not be determined
3) The actual value of the CDs may be different from their purchase price
4) A significant loss of principal could result if CDs are sold prior to maturity

For information on additional regulatory concerns and FINRA recommendations regarding customer investments in non-traditional CD products, refer to FINRA Notice to Members 02-69 (www.finra.org) as well as information relating to FINRA Rule 2111 within this Manual.

Code of Ethics

Private Client Services has a simple, basic Code of Ethics, which is disseminated to all associated personnel. Activities by anyone violating the firm's Code of Ethics will not be tolerated.

- Every aspect of our business will be conducted in a fair, lawful and ethical manner. Sufficient internal controls are established to determine if reasonable efforts are taken to deter and detect activities which do not meet the highest standards of ethical behavior.
- Senior Management is committed to working with Compliance and all registered individuals to ensure the existence and awareness of a strong and committed compliance culture. Our leadership will instill ethical behavior throughout the firm and make it known that anyone acting in a manner less than what is expected will be sanctioned or terminated.
- Senior Management's leadership style will be to lead by example, creating an environment encouraging honesty and fair play by all associated persons in the conduct of his or her duties.
- Our customers will be offered only those pre-approved products/services which have been determined to be appropriate for their specific needs and which provide fair value.
- It is our obligation to respect and protect the right to privacy of all our clients.
- Confidential or proprietary information, obtained in the course of an individual's association or employment with Private Client Services is not to be used for personal gain or to be shared with others for personal benefit.
- All efforts are to be made to avoid actual or apparent conflicts of interest. Such a conflict may exist even when no actual wrongdoing occurs; the opportunity to act improperly may be sufficient to give the appearance of a conflict.
- Strict compliance with all laws and regulations governing the securities industry is paramount.
- Senior Management will continually evaluate to determine procedures are in place remain acceptable in terms of making determinations regarding the qualifications, experience and training of all individuals prior to assigning supervisory responsibilities.
- Individual persons not adhering to this Code of Ethics, as well as all other policies and directives issued

by Private Client Services during the course of activities undertaken on its behalf will be subject to sanctions including up to possible termination.

Senior Management, working with Compliance and all supervisory personnel, in an effort to ensure that the above Code of Ethics is maintained throughout the company, will strive to ensure that the supervisory policies and procedures contained in this document are undertaken to ensure the following:

- The best interests of our clients are foremost.
- Strict adherence to all regulatory requirements.
- Personnel are adequately trained to perform at the highest ethical, legal and professional standards.
- Only highly qualified, well-trained personnel will have review and/or supervisory responsibilities.
- Compliance and supervisory efforts, and follow-up activities, will be well-documented and maintained.
- Immediate attention will be given to any area in which our efforts are found to be deficient.
- Sufficient personnel is maintained to rapidly affect necessary actions.
- Associated persons are aware of the importance of all compliance efforts.

Cold Calling/Telemarketing

It is the general practice of Private Client Services to not permit its registered personnel to engage in cold calling activities as there are several strict rules mandated by the FCC which must be followed. As a result, failure to adhere to this prohibition will result in disciplinary action which could include possible termination.

Should you be advised that cold calling has become a permitted activity, you may not begin cold calling until you have been thoroughly trained and the prohibition has been removed from this Manual and replaced with appropriate requirements and procedures.

Communications with the Public

Background

FINRA Rule 2210 breaks down Communications with the Public into three categories:

- **Correspondence (Incoming and Outgoing)**
  Any written (including electronic) communication that is distributed or made available to 25 or fewer *'*retail investors'* within any 30 calendar-day period.

- **Retail communication**
  Any written (including electronic) communication that is distributed or made available to more than 25 *'*retail investors'* within any 30 calendar-day period.

- **Institutional communication**
  Includes written (including electronic) communications that are distributed or made available **only** to **'*institutional investors'*, but does not include a firm's internal communications.

***A 'Retail investor' is defined as any person other than an institutional investor, regardless of whether the person has an account with the broker-dealer.*

***** *A 'institutional investor" generally includes (a) a bank, savings and loan association, insurance company or registered investment company; (b) an investment adviser registered with either the SEC under Section 203 of the*

Advisers Act or with a state securities commission (or any agency or office performing like functions); or (c) any other entity (whether a natural person, corporation, partnership, trust or otherwise) with total assets of at least $50 million.

FINRA Regulatory Notices 12-29 and 13-03 may be reviewed for additional details and clarification.

Policy

Retail Communications

As required under FINRA Rule 2210(b)(1)(A) you are required to obtain a designated Advertising principal approval (i.e. PCS Compliance) of each Retail Communication before use. In addition to conducting a principal review for the Firm, the designated Advertising Principal will determine whether the material needs to be filed with FINRA prior to use. It is your responsibility to know when final approval is given (via an Approval Certificate) to your submission so it is not used until you are certain final approval is in effect.

Examples of Retail Communications include communications sent or likely to be seen by 25+ recipients within a 30 day period include: Group Emails, Form Letters, Market Commentary, Print or Online Advertising, Social Media Profile, Websites, Newsletters, etc. All proposed retail communications should be submitted via the Marketing Pro platform for review and approval prior to use. The Retail Communication itself as well as copy of the Approval Certificate must then be maintained in a corresponding Retail Communication file either electronically (outside of Marketing Pro) or in a physical file centrally by a branch office or by each individual representative.

Correspondence

Unlike Retail Communications, Correspondence does not require pre-approval, but does require post-review through oversight by a designated Supervising Principal in addition to ongoing maintenance of these communications in a Correspondence file.

Furthermore, correspondence is broken down into two more categories: Incoming v. Outgoing. As a best practice you should maintain these in separate correspondence files.

Incoming Correspondence: While incoming email communications (i.e. email) are monitored/captured within the Firm's surveillance platform, all physical written correspondence (letters, cards, faxes, etc) received in relation to the business or services offered by Private Client Services must be maintained in a file and submitted to your designated Supervising Principal on a monthly basis. Any mail containing a complaint of any nature must immediately be forwarded to your designated Supervising Principal and PCS Compliance. Any checks received shall be immediately reported on the check log process using Docupace and before being forwarded onto or deposited at the Clearing Firm or approved third party product provider.

Outgoing Correspondence: While outgoing email communications (i.e email) are monitored/captured within the Firm's surveillance platform, all physical written correspondence (letters, cards, faxes, etc) sent in relation to the business or services offered by Private Client Services must be maintained in a file and submitted to your designated Supervising Principal on a monthly basis.

If you are not clear as to whether a document falls into a certain category, you should check with your designated Supervising Principal or Compliance before utilizing the material.

Currently, **all incoming and outgoing correspondence should be submitted** to your designated Supervising Principal via electronic upload to Docupace for post-review on a monthly basis in the

designated correspondence compliance folder. If no correspondence is sent or received for the month you no longer need to disclose that inactivity.

Institutional Communications

Private Client Services may not consider material to be a **Institutional Communication until it is first approved as such by a designated Supervising Principal or Compliance. Once a decision is made, the designated principal will determine whether the firm will require an agreement or incorporate a disclaimer prohibiting redistribution to persons who are not institutional investors. Copies of these communications must be maintained in a corresponding file just as Correspondence and Retail Communications.

General Content Standards

While FINRA Rules 2211 - 2216 and 2220 should be referenced for specific requirements and considerations related to each assigned product/topic, there are general content standards that apply to all communications (Retail/Institutional Communication and Correspondence) that must be adhered too.

(A) All communications must be based on principles of fair dealing and good faith, must be fair and balanced, and must provide a sound basis for evaluating the facts in regard to any particular security or type of security, industry, or service. No one may omit any material fact or qualification if the omission, in light of the context of the material presented, would cause the communications to be misleading.

(B) No one may make any false, exaggerated, unwarranted, promissory or misleading statement or claim in any communication. No one may publish, circulate or distribute any communication that the one knows or has reason to know contains any untrue statement of a material fact or is otherwise false or misleading.

(C) Information may be placed in a legend or footnote only in the event that such placement would not inhibit an investor's understanding of the communication.

(D) One must ensure statements are clear and not misleading within the context in which they are made, and that they provide balanced treatment of risks and potential benefits. Communications must be consistent with the risks of fluctuating prices and the uncertainty of dividends, rates of return and yield inherent to investments.

(E) One must consider the nature of the audience to which the communication will be directed and must provide details and explanations appropriate to the audience.

(F) Communications may not predict or project performance, imply that past performance will recur or make any exaggerated or unwarranted claim, opinion or forecast; provided, however, that this paragraph (d)(1)(F) does not prohibit:

(i) A hypothetical illustration of mathematical principles, provided that it does not predict or project the performance of an investment or investment strategy;

(ii) An investment analysis tool, or a written report produced by an investment analysis tool, that meets the requirements of FINRA Rule 2214; and

(iii) A price target contained in a research report on debt or equity securities, provided that the price target has a reasonable basis, the report discloses the valuation methods used to determine the price target, and the price target is accompanied by disclosure concerning the risks that may impede achievement of the price target.

Communications with the Public About Variable Life Insurance and Variable Annuities

In reference to special considerations and requirements when dealing with communications with the

public related to Variable Life Insurance and Variable Annuities (FINRA Rule 2211), the following must also be adhered to. All Retail Communications and correspondence must clearly describe the product as either a variable life insurance policy or a variable annuity, as applicable. Considering significant difference between mutual funds and variable products, communications must not represent of imply that the product being offered, or its underlying account is a mutual fund. Considering these products involve substantial charges and/or tax penalties for early withdrawals, there must be no representation that these are short-term, liquid investments. While insurance companies may provide specific guarantees (i.e. minimum death benefit or schedule of payments) the relative safety resulting from such a guarantee must not be overemphasized as it depends on the claims-paying ability of the issuing insurance company. There must be no implication that a guarantee applies to the investment return or principal value of the separate account nor of the insurance company's financial ratings applying to the separate account.

IMPORTANT NOTE REGARDING FINRA COMMUNICATION WITH THE PUBLIC RULES 2211 – 2216 and 2220: The information given in this Manual should not be interpreted as a representation of the entire set of rules dealing with communication with the public. For complete understanding, representatives should consult with their designated Supervising Principal and/or with Compliance if questions arise **prior** to distributing the communication.

Communications with the Public: Recommendations

FINRA Rules 2111 (Suitability) and 2210 (Communications with the Public) both deal with issues surrounding recommendations made by a registered representative.

This section relates solely to the Suitability rule (2111) and how your role under that Rule is impacted when recommendations are being made to customers. In addition to making sure communications are suitable to the targeted audience, recommendations must also be in the best interest of the investor further discussed in the Regulation Best Interest section of this manual.

From FINRA Regulatory Notice 11-02: *The determination of the existence of a recommendation has always been based on the facts and circumstances of the particular case.*

FINRA states that several guiding principles are relevant to determining whether a particular communication could be viewed as a recommendation for purposes of the suitability rule.

For instance, a communication's content, context and presentation are important aspects of the inquiry. The determination of whether a 'recommendation' has been made, moreover, is an objective rather than subjective inquiry.

An important factor in this regard is whether -- given its content, context and manner of presentation -- a particular communication from a firm or associated person to a customer reasonably would be viewed as a suggestion that the customer take action or refrain from taking action regarding a security or investment strategy. In addition, the more individually tailored the communication is to a particular customer or customers about a specific security or investment strategy, the more likely the communication will be viewed as a recommendation.

Furthermore, a series of actions that may not constitute recommendations when viewed individually may amount to a recommendation when considered in the aggregate. It also makes no difference whether the communication was initiated by a person or a computer software program.

These guiding principles, together with numerous litigated decisions and the facts and circumstances of any particular case, inform the determination of whether the communication is a recommendation for

purposes of FINRA's suitability rule.

As a registered representative, it is important that any time you are creating, reviewing, approving and/or disseminating correspondence you fully understand all the potential Rule 2111 suitability implications.

In addition to referencing FINRA Regulatory Notices 11-02 and 11-25, you should consult with your designated supervising principal if unsure whether an action to be taken would be deemed a recommendation and what suitability or best interest obligations you may have as a result.

Concentrated Accounts

Concentration, the antithesis of the well-diversified portfolio, is central to any suitability determination. The SEC and self-regulatory bodies have generally found recommendations to build a highly concentrated portfolio an unsuitable strategy. Diversifying your customer's assets and avoiding over-concentration in a limited number of stocks or asset classes is important. Even if the customer understands your recommendations and decides to follow them, that would not relieve you of your obligation to make reasonable recommendations. Disciplinary decisions suggest that the burden placed upon registered representatives to justify a recommended concentration increases as the type of security becomes more speculative. A potential risk to your relationship with a client involves over-concentration.

While concentration defies a precise definition, it may exist in many different scenarios, including where a significant percentage of client's assets are in a single security, or in a particular sector or in certain products. Before making a recommendation, you should consider all relevant factors such as the client's net worth, financial needs and objectives, including whether a proposed investment could present a concentration issue for that client. Concentration is an important aspect of the suitability determination. Keep in mind that suitable investments can become unsuitable when they constitute too large a portion of a client's portfolio. While a client may be suitable to own $10,000 or $25,000 worth of one security, he or she may not be suitable to hold $500,000 or $5,000,000 worth of the same security. This holds true even for large cap or blue chip companies since highly negative news could lead to material declines in any issuer's stock or the particular sector. Accordingly, you are encouraged to review accounts for situations involving concentrated positions and discuss the risks of such positions with the client and your designated Supervising Principal. In addition, you should review objectives with the client to ascertain whether the client understands and intends to assume the level of risk associated with the concentrated position.

If a client continues to build a concentration against your advice, you should speak with your designated Supervising Principal who may wish to consult with the Compliance Department.

Care should be taken whenever one position or industry sector dominates a client's holdings. Depending upon the industry sector and market conditions, a concentrated security position may be vulnerable to volatile price movements that may result in substantial losses and/or margin calls. While there are some investors for whom this style of investing may be suitable, special care should be taken to ensure that such clients are fully aware of and able to sustain the risks inherent in this style of investing. If a client wishes to maintain a large concentration in a particular security within a margin account, PCS may require higher maintenance margin. Required approval will depend on the position size, debit amount, nature of the security and other factors. Risk is intensified when clients have "all their eggs in one basket."

When clients have concentrated security positions, you should:

1. Document discussions with clients regarding diversification.

2. Seek advice from your designated Supervising Principal regarding investment strategies designed to protect concentrated positions in restricted or controlled securities.
3. Monitor research for negative commentary about specific industry sectors (e.g. airlines, insurance companies, etc.) and contact clients whose portfolios are weighted in those industry sectors.

Continuing Education Program

Each registered representative must fulfill two (2) separate Continuing Education requirements – (a) the Regulatory Element and (b) the Firm Element.

Regulatory Element

All individuals registered with FINRA are required to complete computer-based training programs given by FINRA. The required timeframe to complete this CE for those who become registered for the first time is 120 days after two years from the initial registration anniversary date and within 120 days of every three-year anniversary date thereafter.

Failure to complete this training within the required time mandated by FINRA will result in your becoming 'inactive,' a status prohibiting you from engaging in any activities requiring registration and prohibiting you from receiving any compensation for such activities. Any compensation withheld during an "inactive" period may not be held and paid after an individual completes the required CE. Continued failure to complete the Regulatory Element may result in your termination.

You will be advised by your Supervising Principal or Compliance near the beginning of each of your 120-day 'windows,' with additional reminders given as needed at different intervals (i.e. 90 days, 60 days and 30 days from the applicable CE window expiration date). It is up to you to schedule yourself for the training session and to successfully complete it. If you are not certain on how to go about scheduling your online session, contact your Supervising Principal or Compliance.

While you may not receive an individual score on the Regulatory Element Continuing Education upon completion, the firm receives an 'aggregate' score of all its registered personnel, indicating how they scored as a group, against industry standards. This information may be utilized to determine changes to our Firm Element Training Plan.

Firm Element

Registered personnel of Private Client Services are required to participate in an internally established Firm Element Training Program. In addition, training may be assigned to non-registered personnel where deemed appropriate. This online training may be assigned throughout the year and you will be advised by your Supervising Principal or Compliance as to what the Training Program entails including when it is offered and expected to be completed by.

Failure to complete Firm Element training by the specified date can result in sanctions including up to termination.

Customer Accounts

Changes to Accounts

Changes, additions or deletions to certain new account documentation must be received in writing, and signed by all parties to the account. In addition, in the event of an update to a customer's account information, we are required within 30-days to ensure that the customer receives the updated new account information. Speak with your Supervising Principal to learn what responsibilities you may have in meeting this requirement.

Death of a Customer

- Upon receiving notification of the death of a customer, all activity in the account must immediately cease until legal documents have been received designating the person who will resolve the affairs of the deceased.
- Upon receipt of applicable legal documents, the account title/registration must immediately be changed from the name of the deceased to the estate of the deceased or if applicable depending on the account type the deceased individual may need to be removed from the account registration (i.e. From Joint Account – JTWROS to an Individual Account).
- All discretionary trading authorizations or power-of-attorney given by the customer terminates immediately upon the death of that customer.
- All open orders must be immediately canceled, and transactions may not occur in the account until all necessary legal documents have been received and approved by Compliance and/or your Supervising Principal.

Unacceptable Accounts/Restrictions

- Minors acting in their own capacity
- Persons under any mental, or legal, incapacity
- Accounts for associated persons of other broker-dealers can be opened, but trading may be restricted until approval is obtained from the employing firm
- Accounts for associated persons of banks, trust companies, insurance companies and other financial institutions engaged in the purchase and sale of securities can be opened, but trading may be restricted until approval is obtained from the employing firm
- Margin accounts for fiduciaries such as executors or guardians acting as such and investment clubs
- International accounts - check with your Supervising Principal or Compliance to make a determination of which international accounts are currently prohibited

Customer Verification of New Account Information

In accordance with Exchange Act Rule 17a-3, the Firm utilizes it's Clearing Firm for account verification mailings. Clients are provided a New Account Welcome Kit at the time of account opening which provides them with a copy of their personal information the Firm has on file. A Confirmation of Changes to Account Information letter is mailed to the client at the time of account maintenance. Confirmation of Account Information (B&R Anniversary) Letter is mailed to clients every 36 months. Check with your Supervising Principal to learn what responsibilities you may have in meeting the above requirements. Certain exemptions to this rule may apply.

Each letter displays a statement that the customer should mark any corrections and return the account record and asks the customer to notify the Firm of any future changes to information.

A copy of each letter generated and mailed to the customer is saved within E-Document Suite in NetX360.

Customer Complaint Notification

We are required to supply each customer with information indicating where, and to whom, they may send a complaint. While the notification may be delivered by the firm through a variety of methods (i.e. statement stuffer, comment on account statements or confirmations, or at account opening), check with your Supervising Principal to learn what if any responsibilities you may have in providing such notification to your customer.

Advisory Accounts

You must have "reasonable grounds" for believing a fee-based program is appropriate for a particular customer, taking into account the services provided, projected cost to the customer, alternative fee structures available and the customer's fee structure preferences. You should have written documentation supporting the appropriateness of each fee-based account. Based on the customer's trading history, fee-based accounts may not be appropriate for "buy and hold" customers. If you disclosed a potential lower cost account is available, but the customer nevertheless opted for a fee-based account, you should document the fact that the customer chose a fee-based account for reasons other than cost. The use of margin, holding mutual funds or restricted stock, or recommending fee-based accounts to income oriented conservative or retired investors may not be appropriate. Always maintain complete notes in the client file or your contact management system to support an account conversion or managed account recommendation.

Customer Agreement Arbitration Clause

Customer agreements utilized that contain pre-dispute arbitration clauses must have such clauses highlighted, and include language - as required FINRA Rule 2268 - disclosing the nature of arbitration. The waiver of the customer's right to litigate disputes arising under the agreement must be plainly disclosed. Language contained in the agreement may not in any manner limit, or contradict, any self-regulatory organization's rules.

Rule 2268 requires that within 30 days of signing, a copy of the agreement containing any pre-dispute arbitration clause be given to the customer who shall acknowledge receipt thereof on the agreement or on a separate document.

Thereafter, within ten days of receipt of a customer request, we must provide the customer with a copy of the above-mentioned document.

Customer Age

A customer's age MUST be indicated on all accounts except institutional accounts. An account is NOT permitted for anyone under the age of majority UNLESS the account is carried as a custodian account.

An individual or joint account CANNOT be opened in the name of any person under the age of majority in his/her state of residence. To ascertain the age of majority in a prospective client's state of residence, contact Compliance or ask your Supervising Principal to obtain the information for you.

UGMA/UTMA

An account for the benefit of a minor may be opened by an adult custodian.

There are two types of custodial accounts for minors - those under the Uniform Gifts to Minors Act (UGMA), and those under the Uniform Transfers to Minors Act (UTMA). All of the states and U.S. territories have adopted either one, or both, of these Acts.

New account documentation must be completed to open an UGMA or UTMA account, and must include the following information:

- Minor's date of birth
- Minor's state of residence
- Minor's social security number

In states with laws modeled on UGMA, the account title must show as follows:

(Custodian's name) as custodian for (Minor's name) under the (State) UGMA

In states with laws modeled on UTMA, the account title must show as follows:

(Custodian's name) as custodian for (Minor's name) under the (State) UTMA

A transfer of property into an UGMA or UTMA account is a complete and irrevocable transfer of property to the minor. The transferor gives up all rights to the property meaning the transfer cannot be revoked.

UGMA /UTMA Custodial Account Transactions

- Only one custodian and one minor can be listed on an UGMA or UTMA account
- Joint custodians and/or joint minors are NOT permitted
- Powers of attorney giving discretionary authority over an UGMA or UTMA account to persons/entities other than professional money managers are PROHIBITED and will not be accepted
- UGMA or UTMA accounts are NOT eligible for margin trading
- Option trading activity is limited in UGMA or UTMA accounts to purchasing puts against long stock positions and selling covered calls

Customer Complaints

ALL complaints, verbal or written - including though via e-mail or by fax - must be brought to the IMMEDIATE attention of your Supervising Principal or Compliance.

You may NEVER negotiate a complaint on your own. This is for your protection, as well as the firm's. You will be given every opportunity to be involved in the complaint investigation, but the firm may not be able to protect you if you have entered into conversations concerning allegations without appropriate guidance and assistance.

During the investigation of any complaint, Compliance will want to discuss the matter with you and will want to see all relevant documentation. It is extremely important to always keep good notes and records so that in such an instance you will be able to back up your actions and enable Compliance, Legal and Senior Management to present your case accurately to the complainant.

Failure to IMMEDIATELY pass a complaint on to the appropriate party will create the likely possibility of

increased regulatory risk to you and may incur internal sanctions, including the possibility of termination.

If there is any question of whether a specific verbal or written statement constitutes an actual complaint, you should immediately bring the matter to the attention of your Supervising Principal or to Compliance.

Municipal Securities Complaints

Upon receipt of any complaint involving a Municipal Securities transaction, our compliance with MSRB Rule G-10 must be ensured. Rule G-10, requires that, upon receipt of a customer complaint concerning municipal securities, an investor brochure must be promptly sent to the customer.

Proof of sending the client the investor brochure must be attached to the complaint and maintained accordingly for recordkeeping purposes.

The MSRB investor brochures can be obtained online (www.msrb.org). While you should immediately report any complaints to your Supervising Principal or Compliance and not take any actions to respond to a complaint on your own it is your responsibility to understand who is responsible for supplying a customer with the investor brochure. Depending on the matter, it may be yours, or another individual or department within the firm (i.e. Operations or Compliance).

Customer Funds/Securities

Failure to adhere to the requirements concerning proper handling of customer funds/checks/securities may result in criminal charges as well as regulatory fines and sanctions.

Should customer funds (i.e. checks) or securities come into your possession, you must immediately transfer these items (i.e. to your supervising principal, to the fund or insurance company, 'home' office, cashier, etc.) no later than the next business day.

You are also required to enter check receipt and securities transaction information within Docupace. Instructions for doing so can be found on the Docupate tab within PCS's online Advisor Resource Center. This ongoing required maintenance and disclosure of checks and securities received may be done either on an individual registered representative basis or centrally for the entire branch office. If unsure on the most appropriate method for your office consult with your Supervising Principal on which method you determine fits your business needs the most.

All customer checks must be made payable to a third-party, as applicable (i.e., to an investment company, insurance company, an issuer, an issuer's escrow account, clearing firm, etc.). No customer checks are permitted to be made payable to the firm or to an associated person of the firm. If a customer submits a check made payable to the firm or associated person of the firm, it is to be immediately turned over to the individual's Supervising Principal who will, in turn, verify the check is entered onto our checks received/disbursed log and returned to the client, with re-issue instructions. Accepting at any time a customer check made payable to you could be considered grounds for immediate dismissal.

No client check, whether being returned to the customer or a disbursement check requested by the customer, may be hand-delivered to the customer by a Registered Representative. All disbursement checks must be requested and distributed by the product provider or custodian of the customer assets.

Customer Mail Retention

The firm may hold mail for a customer who will not be receiving mail at his or her usual address, provided that:

1. We receive written instructions from the customer that include the time period during which we are requested to hold mail.

2. If the requested time period included in the instructions is longer than three consecutive months (including any aggregation of time periods from prior requests), the customer's instructions must include an acceptable reason for the request (e.g., safety or security concerns). Convenience is not an acceptable reason for holding mail longer than three months.

The firm must advise the customer in writing of any alternate methods, such as email or access through a website, that the customer may use to receive or monitor account activity and information; and the firm will obtain the customer's confirmation of the receipt of such information; and verify at reasonable intervals that the customer's instructions still apply.

During the time that we hold mail for a customer, the firm must be able to communicate with the customer in a timely manner to provide important account information (e.g., privacy notices, the SIPC information disclosures required by Rule 2266), as necessary.

If you are responsible for holding any customer mail, you must not tamper with it, hold it without the customer's consent, or use it in any manner that would violate FINRA rules or the federal securities laws.

CUSTOMER ACCOUNTS: Consolidated Financial Account Reports

Private Client Services allows the use of data aggregators such as Albridge, Black Diamond, and other similar platforms as a means for generating a consolidated report upon approval by your designated Supervising Principal or a member of Private Client Services senior management or Compliance designee. Associated persons are prohibited from "producing" their own manually prepared reports including excel spreadsheets for distribution to the public. *(Distribution not only includes physical or electronic delivery but also includes sharing a report over a screen in person or via a video conference).*

If you are approved to use consolidated financial account reports (i.e. a single document combining information regarding most or all of a customer's financial holdings and/or performance, regardless of where those assets are held) you must be familiar with and in agreement to abide by the requirements attendant with such reports. (FINRA Regulatory Notice 10-19 provides additional detail which may be referenced.)

Consolidated reports may not be represented as a substitute for account statements required by SEC and FINRA rules.

Consolidated reports may not in any way be false or misleading. The reports must clearly delineate between information about assets held by this broker-dealer on behalf of the customer (those included on our books and records) and other external accounts or assets. In addition, all appropriate disclosures must be made based on the content of the report.

Our CCO, working with senior management, will determine, based on the complexity of consolidated financial reports issued by us and taking into account all risk factors, which of the following best practices

should be put into effect, and to what extent.

Clients must be made aware that they should maintain (and review) the original source documents that are integrated into the consolidated report rather than relying solely on the consolidated reports. For assets that are manually entered to an aggregator report tool (i.e. Albridge, Black Diamond, etc) to be included in a report and not fed directly from the source, corresponding supporting documentation should be maintained for verification purposes to evidence the value of those assets at the time they were entered into the report.

While not an exhaustive list based on the actual content within the report, when applicable the following disclosures at a minimum will be included in the design of the Consolidated Report:

- the Consolidated Report is provided for informational purposes as a courtesy and may include assets that we do not hold on the customer's behalf and which are not included in our books and records;
- the names of the entities which holds the assets;
- a statement clearly distinguishing between assets held or categories of assets held by each entity;
- the customer's account number at each entity included in the Report;
- Identification of assets held away that may not be covered by SIPC; and
- an explanation of how the aggregated values of the different types of assets were arithmetically derived from separate asset totals, if the Report provides such aggregate values.

Failure to follow the policies and procedures concerning Consolidated Financial Account Reports will result in disciplinary actions, including the possibility of termination.

CYBERSECURITY: Managing Threats Against our IT Systems

Private Client Services has developed a cybersecurity governance framework that supports informed decision making and escalation within the organization to identify and manage cybersecurity risks. It is your responsibility to fully understand the role you play in that framework. The firm has made available it's Information Security Policy internally through the online Advisor Resource Center www.pcsbd.net, which outlines specific considerations related to these matters among other information security concerns.

Given your specific responsibilities (speak to your designated Supervising Principal if you are uncertain of what they may be), you must ensure that everything possible is being done to protect our clients and our firm from the serious harm which would result from a successful cyberattack. Identifying threats when they occur or appear to have occurred is paramount. Information security incidents (actual or perceived) must be reported immediately to the Chief Compliance Officer or Information Technology department within Private Client Services.

Debt Securities

You are required to be familiar with all material aspects of any security you recommend to your clients.

Notice to Members 04-30 discusses regulatory concerns that, while the number of investors purchasing bonds or bond funds dramatically increased during certain market conditions, a corresponding regulatory study showed that 60 percent of investors did not understand that as interest rates rise, existing bond prices fall, and that long-term bonds are more exposed to interest rate risk than short-term bonds.

In light of the above as well as in conjunction with Regulation Best Interest, you must take the necessary

steps to inform your clients about the risks, as well as the rewards related to the debt securities being offered to determine whether the recommendation is suitable and in the best interest of the customer based on information contained within this Manual concerning FINRA Rule 2111 (the Suitability Rule) and Regulation Best Interest.

Notice to Members 04-30 may also be referenced in connection with bonds and bond funds. As a financial professional you should:

- Understand the terms, conditions, risks and rewards of bonds and bond funds we sell, performing a reasonable-basis suitability analysis;
- Make certain that a particular bond or bond fund is appropriate for a particular customer before recommending it, performing a customer-specific suitability (and best interest) analysis;
- Provide a balanced disclosure of the risks, costs and rewards associated with a particular bond or bond fund.

If you believe that you need additional training on any of the above issues, please bring the matter to the attention of your designated Supervisor.

Discretionary Accounts

*Private Client Services currently only allows limited trading discretion over client brokerage accounts.

Limited Trade Authorization for customer accounts:

Limited trade authorization will be permitted on a case by case basis and requires pre-approval from Senior Management for each advisor. Procedures and limitations are outlined in the PCS Written Supervisory Procedures section related to discretionary accounts. No discretion is allowed related to processing of money movements or other types of cash management for a customer account.

Registered Representative as Trustee

You may not act as a trustee for any customer account, or have any fiduciary interest (including as a POA, or Executor) in such account, without receiving permission from Compliance prior to opening the account. The only exception to this is with an account of an *immediate family member, but then you would still need to get permission from compliance before proceeding. Requests to act as a Trustee, POA, or Executor can be done by completing and submitting an Outside Business Activity (OBA) request.

(*The term 'immediate family member' includes parents, spouse, siblings, children, or any in-laws, as well as any other person you may materially support, directly or indirectly.)

Employee Accounts

Personal Securities Accounts

Upon being hired or associated by Private Client Services, you were required to disclose all securities accounts maintained by you and any family member for whom you have financial responsibility. The only exception is for mutual fund accounts not held at any broker-dealer in a general trading account under your name.

After your initial disclosure of this information, additional accounts are NOT permitted to be opened without PRIOR approval of the Compliance Department.

Upon receiving permission to maintain additional outside securities accounts, you are responsible for abiding by any requests to have duplicate confirms and statements sent to your designated Supervising Principal.

Research-Related Trading Restrictions

You must consult with your Supervising Principal to determine whether trading restrictions apply to securities that are the subject of a research report issued by Private Client Services. Employee and employee- related accounts are often prohibited, for a period of 24- to 48-hours, from effecting securities transactions where the employing broker-dealer has released material research opinions or recommendations.

Error Accounts

Access to Firm error accounts are restricted to specific back office individuals whereas an approval process is in place. Associated personnel are prohibited from adding a transaction to the 'error account' to cover up an unethical or illegal action. Any transactions transferred by any means from a customer account to an error account must be properly documented to show they are bona fide corrections, cancellations or errors.

Any breech of these guidelines can result in immediate termination.

Fair Prices and Commissions

FINRA Rule 2121 states “in securities transactions, whether in "listed" or "unlisted" securities, if a member buys for his own account from his customer, or sells for his own account to his customer, he shall buy or sell at a price which is fair, taking into consideration all relevant circumstances, including market conditions with respect to such security at the time of the transaction, the expense involved, and the fact that he is entitled to a profit; and if he acts as agent for his customer in any such transaction, he shall not charge his customer more than a fair commission or service charge, taking into consideration all relevant circumstances, including market conditions with respect to such security at the time of the transaction, the expense of executing the order and the value of any service he may have rendered by reason of his experience in and knowledge of such security and the market therefor.”

FINRA further states “It shall be deemed a violation of Rule 2010 and Rule 2121 for a member to enter into any transaction with a customer in any security at any price not reasonably related to the current market price of the security or to charge a commission which is not reasonable.”

When determining the appropriateness of a mark-up, FINRA Rule 2121 and all supplementary materials should be reviewed. If you have any questions, you should bring them to the attention of a supervising principal.

Specific to Fixed Income, PCS has established a maximum Markup/Down schedule based on the number of years remaining until the bond(s) mature. This schedule may be referenced online through the Advisor Resource Center under the Forms Library/PCS Forms. Representatives must also consider the market price

of the bond at the time of the transaction as well as the effect of the markup on the yield. While the Markups/Downs may be discounted from the percentages listed in the schedule, they may not exceed the listed percentages set forth on the schedule.

False or Artificial Entries

False or artificial entries on any books, records or accounts, for any reason, are strictly PROHIBITED.

You are PROHIBITED from signing another individual's name, or requesting any other individual to sign another person's name, on any document affecting a client's account or any records of this firm. You may NOT accommodate any client requests to assist them, or their associates, by falsifying signatures on any documents or records. Any deviation from this policy may result in disciplinary action including up to IMMEDIATE TERMINATION.

FINRA Website

Private Client Services recommends you periodically review relevant information on FINRA's website (www.finra.org).

There is information offering insights into the rules and regulations governing your association with a FINRA member broker- dealer. In addition to finding material regarding your responsibilities to Private Client Services and our customers, you will learn about the firm's responsibilities to you. Any questions regarding this information should be directed to your Supervising Principal or Compliance.

Glossary

FINRA's website has an excellent glossary of investment-related terms that can be of great assistance in appropriately defining some of the often misused, or confusing, terminology.

AML Program

You should check FINRA's website for any clarifications of what is required under the USA PATRIOT Act and FINRA Rule 3310, regarding the detection and deterrence of money laundering and terrorist funding activities.

Front Running/Trading Ahead

Associated persons of Private Client Services are prohibited from buying, selling or recommending the purchase or sale of any security or a derivative thereof for any account in anticipation of a price change resulting from a contemplated or pending block transaction in the security or a derivative thereof for another account, or (b) the issuance of a research report, research rating change or other similar occurrence that could materially impact the market for a security. Customer orders take precedence over your own personal orders or members of your "immediate family".

"Immediate family member" means a person's parents, mother-in-law or father-in-law, spouse, brother or sister, brother-in-law or sister-in-law, son-in-law or daughter-in-law, and children, and any other individual to whom the person provides material support. "Material support" means directly or indirectly providing more than 25% of a person's income in the prior calendar year. Members of the immediate family living in the same household are deemed to be providing each other with material support.

You may not enter an order of the same security on the same day for your own or an immediate family-related account ahead of a public client's order that you solicited unless you attempted but were unable to contact the public client first. Trades may be reversed, and the public client will receive the better execution (unless the price difference is below de minimis amount of $25) if the associated person-owned or related account is found to have traded ahead. Characteristics of the order may also be considered (i.e., GTC, Stop Limit) along with attempts to contact the client the same day prior to entry of the employee-owned or related account order.

General Overview/Securities Transactions

As a registered representative, you must constantly bear in mind that your conduct is governed not just by Private Client Services, but also by a number of regulatory bodies (SEC, FINRA, NYSE, MSRB, other SROs and applicable state jurisdictions). While certain 'products' (i.e. options, municipals, etc.) have additional, product-specific sales practice requirements, all sales efforts and securities transactions must adhere to the rules, regulations and requirements overseeing sales practices, fiduciary responsibilities, best business practices and fair dealing with the public:

- All sales efforts must be viewed with respect to the suitability of the product when making a recommendation which is in the customer's best interest, rather than on the premise that the transaction will result in a profit for the customer and a commission for the firm.
- You must be adequately familiar with material product characteristics and applicable industry regulations prior to soliciting or effecting securities transactions.
- All fees and charges must be fair and reasonable.
- Products must be approved by Private Client Services prior to transactions being undertaken.
- Product questions or issues surrounding suitability or best interest obligations should be brought to the attention of your designated Supervising Principal prior to executing the transaction.

Advisory Accounts

You must have "reasonable grounds" for believing a fee-based program is in the best interest for a particular customer, taking into account the services provided, projected cost to the customer, alternative fee structures available and the customer's fee structure preferences. You should have written documentation supporting the appropriateness of each fee-based account. Based on the customer's trading history, fee-based accounts may not be appropriate for "buy and hold" customers. If you disclosed a potential lower cost account is available, but the customer nevertheless opted for a fee-based account, you should document the fact that the customer chose a fee-based account for reasons other than cost. The use of margin, holding mutual funds or restricted stock, or recommending fee-based accounts to income oriented conservative or retired investors may not be appropriate. You must maintain complete notes in the client file or your contact management system to support an account conversion or managed account recommendation.

Client Confidentiality

Confidential or proprietary information, obtained in the course of your registration with Private Client Services is not to be used for personal gain or to be shared with others for your personal benefit, or theirs.

It is your responsibility to respect and protect the right to privacy of all our clients.

Gifts and Gratuities

Conflicts of interest continue to be a significant concern for regulators, and the giving or receiving of gifts/gratuities is perceived to be a potential problem.

You and any member of your immediate family are prohibited from giving to any person, or receiving from any person items of value (gifts, gratuities, etc), in excess of one hundred dollars ($100) per individual per annual calendar year basis to any client, principal, proprietor, employee, agent or representative of another person where such item of value is in relation to the firm's business.

FINRA Rule 3220 applies only to those payments or gratuities that relate to the business of the employer of the recipient of the payment. In short, this rule is intended to protect against improprieties that might arise when a broker-dealer, or associated person, gives substantial gifts or monetary payments to certain persons without the knowledge of those persons' employer.

As referenced from Notice to Members 06-69, *'the prohibitions do not apply to personal gifts such as a wedding gift or a congratulatory gift for the birth of a child, provided that these gifts are not in relation to the business of the employer of the recipient. In determining whether a gift is in relation to the business of the employer of the recipient, you should consider a number of factors, including the nature of any pre-existing personal or family relationship between the person giving the gift and the recipient, and whether the registered representative paid for the gift. The analysis of whether a gift is in relation to the business of an employer is required in connection with all gifts; firms should not simply treat gifts given during any holiday season or for other life events as personal in nature.'*

Notice to Members 06-69 also states that, *'the rule does not apply to gifts of de minimis value (e.g., pens, notepads, or modest desk ornaments) or to promotional items of nominal value that display a firm's logo (e.g. umbrellas, tote bags or shirts). In order for a promotional item to fall within this exclusion, its value must be substantially below the $100 limit. FINRA also generally does not apply the prohibition in the rule to customary Lucite tombstones, plaques or other similar solely decorative items commemorating a business transaction, even when such items have a cost of more than $100.'*

Representatives of Private Client Services are required to submit a record of all gifts received and/or given in relation to business in a timely manner. Details needed are shown on the Gift log available on the Advisor Resource Center (www.pcsbd.net) as well as on Docupace and should be submitted for Managing Principal and Compliance post-review via the Docupace platform. If you have any questions about policies related to giving or receiving gifts you should discuss them with your Managing Principal or Compliance.

Additional Policy Matters

FINRA rules generally prohibit, with certain exceptions, a person associated with a broker dealer from directly or indirectly accepting **any** payments of any non-cash compensation (lunches, dinners, other "perks") in connection with variable contracts and investment company securities (i.e., product vendors).

However, the rules do carve out certain narrow and conditional exceptions to this blanket prohibition. Under the *de minimis* exception, an associated person may accept from a product sponsor: (1) gifts and entertainment that do not exceed an annual amount per person of $100.00 not pre-conditioned on the achievement of a sales target; (2) payment or reimbursement by product sponsors (i.e., free

transportation, lodging, meals) in connection with meetings held by the product sponsor for purposes of training or education of associated persons of a member (subject to very specific conditions which must be confirmed and documented); and (3) a product vendor may contribute to a representative's advertisement, client event and/or seminar (subject to very specific conditions which must be confirmed and documented). Any non-cash compensation arrangements will be reviewed to ensure consistency with the applicable requirements of Regulation Best Interest.

In order to comply with these rules/conditions, PCS requires that associated persons utilize the following PCS forms:

1. PCS Product Sponsor Training Meeting Approval Request Form. This form should be completed whenever a representative is invited to attend a product provider training meeting / conference/ offsite training meeting (breakfast, lunch, dinner). The form should be submitted to Compliance for review and approval (i.e. Docupace) prior to committing to the meeting.

2. PCS Client Event / Seminar/ Advertising Reimbursement Request Form. This form should be used to request approval for cost sharing / reimbursement from a product provider when sponsoring a client event, seminar, or advertising program. When a representative submits a seminar or advertisement for review through the Marketing Pro system it should be denoted whether cost sharing is intended for the item submitted. The approval of the material is separate from the Reimbursement Request Form which will have instructions to have the form completed and returned to your designated Supervisor prior to the event / use of the advertisement.

Government Securities

Any activities involving government securities must adhere to all FINRA sales practice requirements and conduct rules as they apply to all other securities transactions undertaken by registered individuals on behalf of Private Client Services. When making a recommendation our obligations under Regulation Best Interest must be followed as with any other investment recommendations.

High Yield Investments

Any recommendation of high-yield bonds and high-yield bond mutual funds that may have speculative characteristics and carry a risk premium in the form of a higher current yield requires a heightened suitable/best interest determination (i.e., the client must be aware of the significant risks posed by high yield bonds, in particular, in comparison to an investment grade bond). While investors often find the higher-yield attractive, such investments can present significant risks.

Any suitability or best interest determination questions must be discussed with your designated Supervising Principal PRIOR to the recommendation or execution of a high-yield bond or high-yield bond fund transaction.

Identity Theft Prevention - Safeguarding Customer Information

Regulation S-P ('Privacy') calls for all financial institutions to have policies and procedures in place that address the protection of customer information and records. There are, however, additional issues surrounding possible identity theft which are not covered in Reg S-P.

For instance, the fact that more and more individuals are telecommunicating or working part-time from

their homes or while on travel increases the possibilities of identity theft through lost laptops or through access by unauthorized individuals. Wireless connections ('Wi-Fi') may be more easily intercepted than those required to tap into a physical wire. Remote access to corporate networks through VPNs or other technology, while raising similar concerns, can more easily be addressed through the use of firewalls, routers, filters and other means to guard against intrusion.

As a registered representative of Private Client Services, it is important that you are mindful of the importance of safeguarding customer information, both that which you maintain on a computer and documents that you have in your office.

In terms of electronic safeguards, you must adhere to the policies and directions you receive from your supervising principal and Compliance.

In terms of your office and paper documents retained, they should not be left in the open when you are not at your desk or in the office. If you take documents into a jointly-shared space (such as a conference) do not leave (for instance going out for a quick lunch with the client) without being certain that all paper work containing client information has been securely put away.

There may be no other document as appealing to someone bent on identity theft than a New Account Form. It is your responsibility to treat all personal client information as carefully as you would treat your own. Identity theft is one of the most rapidly growing crimes, globally, and you have to be sure you are doing everything you possibly can to prevent one of your clients from becoming a victim.

INITIAL EQUITY PUBLIC OFFERINGS: Restrictions

Private Client Services prohibits the participation in any Initial Equity Public Offerings (IPOs) for its' registered representatives own accounts including those accounts held by immediate family members. This restriction applies to accounts held directly with Private Client Services as well as accounts held through a third party.

"Immediate family member" means a person's parents, mother-in-law or father-in-law, spouse, brother or sister, brother-in-law or sister-in-law, son-in-law or daughter-in-law, and children, and any other individual to whom the person provides material support. "Material support" means directly or indirectly providing more than 25% of a person's income in the prior calendar year. Members of the immediate family living in the same household are deemed to be providing each other with material support.

If you have any questions relating to Initial Public Offerings (IPO) including the general prohibitions pursuant to FINRA Rule 5130 you should bring them to the attention of your Supervising Principal and/or Compliance.

Insider Trading

Insider Trading Sign Off

Upon joining Private Client Services and annually thereafter all associated persons are required to attest to the firm's Code of Ethics which includes Insider Trading prohibitions.

In addition to reviewing and understanding the requirements put forth within the Code of Ethics you must:

- Maintain as confidential all business-related information in connection with your duties at Private Client

Services.

- Refrain from disclosing any inside information to any person.
- Refrain from trading or recommending on inside (non-public) information.

If you have information that one or more other persons are trading or recommending on material, non-public information or who may have provided such information to others who are not authorized to receive such information, you must immediately inform Compliance.

There may be outside persons authorized to receive such information in connection with one or more particular transactions, including individuals who are typically authorized to receive such information (including attorneys, accountants and investment bankers involved in the relevant transactions), however any questions regarding whether information may or may not be properly communicated to another person must be brought to the attention of Compliance prior to taking any action.

Investment Advisory Programs

If referring a customer to a third party asset management firm (TPAM) or outside investment adviser (IA), you must first determine whether the IA or TPAM has been reviewed and approved by Private Client Services. You may NOT refer a customer to any IA or TPAM that has not yet been approved.

You should ask your Supervising Principal for a current list of all approved IA/TPAM firms, their investment style, their location, minimum account size, etc.

If you wish to utilize an IA/TPAM that is not on the current list, you should gather as much information about the firm as you can, including total assets under management, the date the firm was established, the number of full-time professional money managers, contact name, copy of their Form ADV, and submit it to your Supervising Principal for possible inclusion on the approved list. However, you may NOT refer any clients to this firm until Private Client Services has added them to the list of approved IA/TPAM firms.

IRA Rollovers

From Regulatory Notice 13-45: *A plan participant leaving an employer typically has four options (and may engage in a combination of these options): (1) leave the money in his former employer's plan, if permitted; (2) roll over the assets to his new employer's plan, if one is available and rollovers are permitted; (3) roll over to an IRA; or (4) cash out the account value.*

Each choice offers advantages and disadvantages, depending on desired investment options and services, fees and expenses, withdrawal options, required minimum distributions, tax treatment, and the investor's unique financial needs and retirement plans. The complexity of these choices may lead an investor to seek assistance from a financial adviser, including a broker-dealer. Investors also may be solicited by financial services firms, including broker-dealers, regarding IRAs and retirement services.

A recommendation that an investor roll over retirement plan assets to an IRA typically involves securities recommendations subject to FINRA rules. A firm's marketing of its IRA services also is subject to FINRA rules. Any recommendation to sell, purchase or hold securities must be suitable for the customer and the information that investors receive must be fair, balanced and not misleading. This Notice which may be referenced in its entirety www.finra.org provides specific guidance on these activities and is intended to help firms ensure that they have policies and procedures in place that are reasonably designed to achieve compliance with FINRA rules.

On December 18, 2020, the Department adopted PTE 2020-02, *Improving Investment Advice for Workers*

& Retirees, a new prohibited transaction exemption under ERISA and the Code for investment advice fiduciaries with respect to employee benefit plans and individual retirement accounts (IRAs). Investment advice fiduciaries who rely on the exemption must render advice that is in their plan and IRA customers' best interest in order to receive compensation that would otherwise be prohibited in the absence of an exemption, including commissions, 12b-1 fees, revenue sharing, and mark-ups and mark-downs in certain principal transactions.[1] The exemption expressly covers prohibited transactions resulting from rollover advice.

Private Client Services requires a client be provided the PCS Rollover Disclosure (available on the Forms Library on the PCS Advisor Resource Center under PCS Forms https://pcsbd.net/client-access-area/forms-library/) when rolling over assets from a qualified employer-sponsored retirement plan into an Individual Retirement Account (IRA, ROTH IRA, etc). The Disclosure lists potential advantages and disadvantages of the most commonly available options an investor may have in taking/investing distributions from the plan when leaving an employer.

As IRA Rollovers are carefully scrutinized by regulators, you must be certain to have sufficient suitability information and disclosure documentation in the client files prior to making a recommendation to initiate a rollover of a retirement plan into an IRA to determine whether it is in the client's best interest or not.

Know Your Customer: Retail

The FINRA Rule 2090 is commonly referred to as the 'Know Your Customer Rule. The rule mandates that reasonable due diligence should be used in regard to the opening and maintaining every account, to know (and retain) the essential facts concerning every customer and concerning the authority of each person acting on behalf of such customer.

To truly 'know your customer' you must endeavor to learn all essential facts relative to every order, every customer and every account you open or service. Suitability determinations and subsequent best interest recommendations are based on information disclosed to you upon opening of the account as well as ongoing updates made therein.

"Essential facts" relates to the "investor profile" information as outlined in FINRA Rule 2111, as follows: *A customer's investment profile includes, but is not limited to, the customer's age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, risk tolerance, and any other information the customer may disclose to the member or associated person in connection with such recommendation.* The following checklist represents the minimal amount of information that either must appear on a new account form or must be "obtained" and documented in some manner:

- Customer's full name and residential address
- Date of birth (customer must be of legal age)
- Name of employer - Is the employer a registered broker-dealer?
- Is the customer affiliated with FINRA?
- Other investment holdings
- Financial situation and needs
- Tax status
- Investment objectives
- Investment experience
- Investment time horizon

- Liquidity needs
- Risk tolerance
- Other information which may be relevant to take into account when making an investment recommendation

At account opening the Customer Account Form is essential and must be completed fully and accurately. Over time, just as our clients' financial circumstances and needs change over time, so should the information documenting this in the account record via a suitability update. It is important that you periodically speak with the client about their investment objective and the accuracy of certain information including income, employment status, occupation, net worth, marital status, dependents, etc. While having current information is necessary in providing suitable advice, it may also lead to additional business.

When making investment recommendations you must understand your client's investment objectives, risk tolerance, financial resources and level of sophistication and knowledge about financial matters and securities markets.

If at any time a customer wishes to undertake a transaction you consider unsuitable, you should discuss the trade with your Supervising Principal PRIOR TO EXECUTING THE TRADE and document in your client notes those concerns. You may be required to obtain a signed PCS Letter of Non-Solicitation form from the client.

Solicitation

Generally, a customer transaction is deemed to be 'solicited' when it is based on your advice. When a trade is solicited, the order should be accurately marked as such.

It is generally accepted in the industry that whenever a registered representative recommends a transaction or security, and the customer follows that recommendation, the resulting order must be marked solicited. It should be noted that an order resulting from providing a research report, positive evaluation or communication concerning a specific security should be deemed to be solicited. While the burden of suitability may feel somewhat less important in instances of unsolicited transactions, registered representatives may not be completely relieved of their suitability obligations and should consider discouraging a customer from making certain transactions which you believe may be contrary to the customer's best interest.

When soliciting clients, you are prohibited from making exaggerated claims, unwarranted superlatives or performance guarantees.

As always, you must have a reasonable basis for making all customer recommendations - such recommendations must be based on a thorough understanding of the client's disclosed investment objectives, financial resources, risk tolerance, and investment experience among other applicable information.

If a recommendation of general securities (i.e. Stocks, Bonds) is made, you should maintain a corresponding due diligence file containing sources of supporting documentation to show the rationale behind the recommendation (i.e. research report, industry publication/article, company financial overview, client notes, etc). The importance of maintaining this due diligence becomes especially important if your ever questioned as to why a specific recommendation was made later down the road.

Product Suitability

In order to make a valid suitability determination it is not only necessary to 'know the customer.' Equally important is a complete understanding of the product. This is especially true of variable products and mutual funds.

If you have any questions concerning any of the products in which you are engaged in offering to your customers, you should immediately bring them up with your Supervising Principal.

You may also want to make a note to Compliance that you would like to have more emphasis on a certain product or investment strategy in your Firm Element Continuing Education training.

Updating Client Information

It is not sufficient to 'initially' know your customer and not follow through on changes which may occur which directly alter suitability determinations and best interest recommendations.

You should make every effort to know your customer in reality, not just on paper. The initial new account form may indicate a particular salary level, certain dependents and other information which can change based on events such as career changes, changes in marital status, etc. SEC rules require that a client receive a copy of the new account information within 30 days of the account being opened and then again 36 months after account opening so that the information can be reviewed and corrected where applicable.

Your Supervising Principal can advise you as to Private Client Services requirements for updating customer account information according to the rules and requirements, but it is a good idea when you are recommending a transaction for a client account which has not been active for a period of time to quickly go over the information you have on hand, and to make notes concerning any material changes to which a suitability update form should be completed to update the client's profile.

Client Records

Although firms maintain books and records covering all transactions and all client information, each registered representative who handles customer accounts, in order to effectively and appropriately service any particular client, must also maintain individual complete, accurate and up to date records (i. e. 'client file,' 'logs,' etc.) of client information.

Reps not maintaining such records will not be able to effectively adhere to the 'know your customer' requirement and is a breach of company policy and industry standards.

Such information should minimally contain the following:

- Name of client
- Current address
- All requisite suitability information (to be maintained on a current basis)
- Access to all purchases and sales records - including trade date, security name, quantity, and price
- Security holdings
- 'Type' of account (i.e. cash, margin, discretionary), access to client statements
- Personal notes/meeting notes

Institutional Account Suitability Requirements

For purposes of clarifying the suitability obligations that our firm has to institutional investors, FINRA Rule

2111(b) requires associated persons to:

1) Have a reasonable basis to believe that the institutional customer is capable of evaluating investment risks independently, both in general and with regard to particular transactions and investment strategies involving a security or securities **and;**

2) The institutional customer affirmatively indicates that it is exercising independent judgment in evaluating the member's or associated person's recommendations. Where an institutional customer has delegated decision making authority to an agent, such as an investment adviser or a bank trust department, these factors shall be applied to the agent.

Therefore, you must determine, based on information available, the customer's capability of evaluating investment risk. If our customer is either not capable of evaluating investment risks or lacks sufficient capability to evaluate a particular product and its risks, our obligation under the suitability rule IS NOT diminished by the fact that we are dealing with an institutional customer.

If you have reasonable grounds for concluding that an institutional customer is making independent investment decisions and is capable of independently evaluating investment risks and our determination that the recommendation is appropriate for the particular client, then our obligation in determining suitability of a recommendation has been fulfilled.

Determining a Customer's Ability to Evaluate Risk Independently

Such a determination depends on your examination of the customer, including resources available to them to make informed decisions. Several factors relevant to making such a determination include (1) the use (by the customer) of one or more consultants, investment advisers or bank trust departments; (2) the general level of experience of the customer in financial markets and specific experience with the type of instruments under consideration; (3) the customer's ability to understand the economic features and risks of the security involved; (4) the customer's ability to independently evaluate how market developments might affect the security; and (5) the complexity or the security of securities involved.

Determining a Customer's Ability to Make Independent Investment Decisions

Several considerations would be called for, including but not necessarily limited to (1) any written or oral understanding that exists between the broker/dealer and the customer regarding the nature of their relationship and the services to be rendered by the broker/dealer; (2) a pattern of accepting or rejecting recommendations of the broker/dealer; (3) the customer's use of ideas, suggestions, market views and information obtained from other broker/dealers and/or market professionals, specifically those relating to the same type of securities; and (4) the extent to which the broker/dealer has received from the customer current comprehensive portfolio information in connection with the discussion of recommended transactions.

Legal Proceedings and Investigations

You are required to notify your Supervising Principal and/or Compliance immediately if you are EVER involved in any of the following:

- The subject of any investigation or inquiry by any federal or state authority or self-regulatory organization (SRO)
- Requested to testify before or provide documents to any federal or state authority or SRO
- A defendant or a respondent in any civil, administrative or arbitration matter

- The subject of any subpoena, censure, injunction, suspension, fine, cease and desist order or any other sanction imposed by any federal or state authority or SRO
- The subject of any bankruptcy proceeding
- The subject of any oral or written complaint by a client or any claim for damages by a client
- The subject of any arrest, summons, arraignment, indictment, conviction or guilty plea to any criminal offense - either misdemeanor or felony - other than a minor traffic violation

If any event occurs about which you are unclear regarding your disclosure requirements, you must immediately discuss the matter with your Supervising Principal and/or Compliance.

Failure to fully comply with the above disclosure requirements may not only place your association with this firm in jeopardy, but may also result in the finding of wrongdoing by a regulatory body.

Letterhead and Business Cards

Letterhead or business cards may NOT be used UNLESS they are approved by Compliance. If you need any changes made to your letterhead or business cards, please make those known to your Supervising Principal and/or Compliance through a submission into the Marketing Pro online platform. You may NOT create new copies of letterhead or business cards without submitting the revised version for prior review and approval.

Prior approval is not necessary for additional copies of previously approved letterhead or business cards if no changes are being made to the initially approved documents. Any changes, even minor, must receive PRIOR approval.

Limited Partnerships

Limited Partnership Rollup Transactions

Private Client Services does not currently participate in these securities and/or transactions. In the event Senior Management elects to participate in the future, PCS will first confirm that any limited partnership rollup transactions in which we engage meet all the requirements of applicable FINRA rules.

If a customer raises the issue of a rollup with you, you should speak with your Supervising Principal.

FINRA Rule 2310(b)(6)(A) prohibits participation in the solicitation of votes or tenders from limited partners in connection with a limited partnership rollup transaction, regardless of the resulting entity form (i.e. partnership, real estate investment trust or corporation) except under certain specific circumstances.

Liquefied Home Equity Recommendations

No associated personnel may make recommendations to an existing or potential customer to liquefy their home equity in order to purchase securities. Liquefied Home Equity is not an acceptable source of funds for securities purchases.

Loans Between Registered Persons and Customers

FINRA Rule 3240 prohibits registered persons of broker-dealers from borrowing money from or lending money to a customer. The scope of this rule is limited to lending arrangements between registered persons and their customers, rather than customers of the broker-dealer. It is our responsibility to determine whether a particular registered individual represents or services a customer.

No employee or associated person may borrow money from or lend money to any Private Client Services client or other associated person unless:

1. the customer or other associated person or employee is a member of such person's immediate family *(see definition below), or*
2. the customer is a financial institution regularly engaged in the business of providing credit, financing, or loans, or other entity or person that regularly arranges or extends credit in the ordinary course of business.

No prior approval is required for items 1 and 2.

Certain other limited circumstances may be permissible in accordance with FINRA Rule 3240. If an employee or associated person wishes to pursue one of the permissible exemptions provided by the rule they must seek prior approval of the Compliance Department and await an approval or denial decision.

The term immediate family in this context shall include parents, grandparents, mother-in-law or father-in-law, husband or wife, brother or sister, brother-in-law or sister-in-law, son-in law or daughter-in-law, children, grandchildren, cousin, aunt or uncle, or niece or nephew, and shall also include any other person whom the registered person supports, directly or indirectly, to a material extent.

Your failure to adhere to the requirements under Rule 3240, or with this firm's specific internal policies regarding loans between registered persons and customers, may result in sanctions including up to termination.

LOST STOCKHOLDERS

It is important for you to know what, if any responsibilities you have in fulfilling the requirements under SEC's Exchange Act Rule 17Ad-17 regarding the necessity of searching for holders of securities with whom we have lost contact and providing notifications to persons who have not negotiated checks that have been sent to them.

The firm works very closely with our Clearing Firm on this process and depends upon their Lost Security Holder guidelines to comply with the various steps required by the SEC Rule. Once a returned mail event has occurred and logged at the Clearing Firm, two searches are conducted to locate the client(s). If you are unclear as to whether or not you have any responsibilities in this area, you should speak to your designated Supervising Principal or to Compliance.

Margin Accounts

Representatives must take reasonable steps to ensure that clients have an adequate understanding of the margin process and that they have the necessary financial resources and account holdings to justify the margin balance. Margin accounts involve higher levels of risk and potential reward than cash accounts, depending on a number of factors, including leverage used and types of transactions.

The Federal Reserve Board's Regulation T regulates the extension of credit by broker-dealers to customers.

The Firm allows margin accounts to be established pursuant to procedures established by the Firm and its clearing firm. In order to open a margin account, a *Margin Agreement* must be completed and signed by all owners. Representatives must submit the copy of the *Margin Agreement* to their Designated Supervising Principal or Operations Principal for approval. Prior to establishing a margin account, the clearing firm may require a credit check.

Representatives are required to provide the client with a copy of the completed *Margin Agreement*, including the Margin Disclosure language mandated by FINRA Rule 2264. The latter information outlines the conditions under which interest will be charged to the client's account, the annual rate of interest, how debit balances are determined and the methods of computing interest. Evidence of providing the disclosure statement should be maintained in the client file.

The minimum suitability requirements to open a margin account are as follows:

- Annual Income: $50,000 +*
- Liquid Net Worth: $50,000 +
- Primary Investment Objective: Growth and/or Aggressive Growth;
- Risk Tolerance: Moderate or higher
- Years of Experience: Three (3) years minimum.

**An exception may be made for clients who have an annual income of $25,000 or more, provided the client has a liquid net worth of at least $100,000 and the Designated Supervising Principal confirms in writing with the Representative that the objective of placing margin on the account is overdraft protection. This also assumes that all other minimum margin requirements are met. Other exception requests should be reviewed by Senior Management of the Firm.*

Upon receipt of a margin call notification, you should consult with your supervising principal or other appropriate individual prior to proceeding with further activity in the account.

Market Manipulation

It is PROHIBITED for any individual involved in the securities business to participate in any type of activity which might be construed as a manipulation of financial markets.

It is further PROHIBITED to circulate any rumors including those sensational in nature to effect market conditions.

Activities that affect the underlying price of a security for reasons other than supply and demand, or other factors generally affecting the markets, can be construed as 'market manipulation.'

As an associated person with Private Client Services, you must remain watchful for potential, or actual, manipulation of markets. You notify your designated supervisor of any notice from a product provider (i.e. mutual fund company) regarding possible market timing. Changing an account or Registered Representative number to evade detection of market timing or manipulation is prohibited. Failure to comply would be subject to severe sanctions.

Mergers and Acquisitions

It is the current policy of Private Client Services to PROHIBIT it's associated persons from performing any Mergers and Acquisition (M&A) related services.

Money Laundering Detection and Deterrence

Required Registered Representative Training

Money laundering occurs any time illegally obtained assets enter or are moved around the financial system. Many people think money laundering is limited to the deposit of cash into banks, and that its more often associated with drug trafficking. While the deposit of drug cash proceeds is money laundering, it is actually just a fraction of the money laundering that occurs in the financial markets each year. In reality, money laundering occurs when the proceeds of any crime are moved through the financial system in an attempt to disguise the true origin of the proceeds. For our purposes, some of these crimes include (but are not limited to):

- Drug trafficking
- Illegal arms sales
- Terrorist financing
- Securities fraud schemes
- Insurance fraud
- Insider trading and market manipulation
- Racketeering
- Corruption
- Check fraud
- Embezzlement
- Forgery
- Tax evasion

Wire transfers, collateralized loans, mutual fund accounts, brokerage accounts, and insurance policies are some of the vehicles used to launder money.

All associated persons are responsible for having a general understanding of money laundering and immediately reporting suspected activities to the Private Client Services AML Officer.

FINRA Rule 3310 requires appropriate personnel receive Anti-Money Laundering Training. Senior Management and Compliance are responsible for jointly overseeing Private Client Services overall Anti-Money Laundering Program. If anything in the AML training program is unclear or if you have questions after you have completed the required training, you should contact your immediate supervising principal or the Compliance Department.

Private Client Services' COMMITMENT TO ANTI-MONEY LAUNDERING EFFORTS

We are committed to maintaining a strong internal program to detect and deter any instances of money laundering as well as any activities that facilitate money laundering or the funding of terrorist or criminal activities.

As a registered representative of Private Client Services, you are a part of those efforts, in fact the 'front line of defense.' Senior Management looks to you to greatly assist in their efforts to comply with all laws

and regulations designed to combat money laundering, including the reporting of (a) currency transactions, (b) utilization of certain monetary instruments and (c) suspicious activities.

If you have not completed your Anti-Money Laundering Training or if you are not aware of the requirements under our AML Program, you must take immediate steps to become completely familiar with both.

As your activities are a direct part of the firm's overall AML program, a complete understanding should be had all of your responsibilities under the program. You must make every effort to become fully educated as to your responsibilities under The USA PATRIOT Act and FINRA Rule 3310. In addition to this Compliance Manual please reference the PCS AML Manual for additional AML considerations and requirements.

Acceptance of Currency

The acceptance of currency is prohibited by Private Client Services. With this currency prohibition in place, it is important that you understand that failure to comply could result in your termination. There could also be criminal ramifications.

Client Identification Program ('CIP')

As client identity verification is a critical first step in preventing money laundering, you must be familiar with our client identity verification procedures, with special emphasis on any risk-based procedures in place. Remember, you are the front-line of defense against money laundering!

CIP Definitions of a 'Customer'

The first step you must take is to determine who your customers are under the CIP regulations. Essentially, the final CIP regulations define a 'customer' as an account holder. Excluded from the CIP definition of 'customer' are:

- Financial institutions regulated by a Federal regulator, as defined by the Bank Secrecy Act, i.e. broker-dealers, banks, branches of foreign banks, trust companies, commodities futures merchants, mutual funds etc.;
- Banks, thrifts, credit unions, and trust companies regulated by a state regulator;
- Government agencies and instrumentalities i.e. states, cities, towns etc.;
- Companies that are publicly traded in the U.S., but only to the extent of their domestic operations. Therefore, CIP regulations will apply to any foreign offices, affiliates, or subsidiaries of such entities that open new accounts;
- Persons that have an existing account with this firm (provided you have a reasonable belief that you know the true identity of the customer).

Speak to Compliance or your supervising principal if you have any questions on the definition of 'customer.'

CIP Definitions of an 'Account'

An 'account' means a formal relationship with Private Client Services established to effect securities transactions. Excluded from this definition are:

- Any accounts acquired by Private Client Services through a merger, acquisition, purchase of asset or liabilities;
- An account opened for the purpose of establishing an employee benefit plan under ERISA.

Speak to Compliance or your supervisor if you have any questions on the definition of an 'account.'

Minimal Account Opening CIP Information

Prior to opening a new account, Private Client Services minimally requires the following CIP customer information (in addition to any other documents we currently require, such as letters of authorization, corporate resolutions, partnership agreements, etc.). Keep in mind additional information other than the minimum CIP information listed below is still required on the Customer Account Form:

1. Name
2. Date of birth (for individuals)
3. Address
   a. For an individual, a residential or business street address
   b. For an individual who does not have a residential or business address an Army Post Office or Fleet Post Office box number, or the residential or business street address of next of kin or of another contact individual; or
   c. For a person other than an individual, a principal place of business, local office or other physical location; and
4. Identification number
   a. For a US person, a taxpayer ID number; or
   b. For a non-US person, one or more of the following types of information that allows Private Client Services to establish a reasonable belief that we know the identity:

1. Taxpayer ID number
2. Passport number and country of issuance
3. Alien ID card number or,
4. Number and country of issuance of other government issued ID card showing evidence of nationality or residence and bearing a photograph

Consult with your supervising principal or Compliance to determine if Private Client Services allows any exceptions for customers who have applied for, but have not yet received, a taxpayer identification number.

Verification of Identity - Documentary vs. Non-Documentary

It's critical for you to be familiar with Private Client Services' AML policies and procedures to determine which documentary and/or non-documentary methods will be used to verify your client's identity. Consult with your supervisor, Compliance, or the PCS AML Manual to determine if documentary method(s) are to be used for verifying customer identification and, if so, which of the following documents are permitted or required:

- For persons, an unexpired driver's license, passport, or other government issued identification bearing a photograph and evidencing residence
- For entities, documents showing the existence of the entity, such as certified articles of incorporation, partnership agreements, government issued business license, trust agreement or other similar documents

When customers are unable to meet the above documentary requirements, prior to opening the account, you must consult with your supervising principal or Compliance to determine appropriate actions to take. These actions may include, but are not limited to, refusal to open the account, account restrictions, or establishing parameters that would later result in the closing of an account.

If you are to use non-documentary methods to verify customer identity, check with your supervising principal or Compliance to determine which methods are used, as one or more of the following may be

required:

- Comparison of customer data with information provided by a vendor
- Checking a public database to verify customer information
- Checking bank or other references
- Obtaining financial statements
- Customer contact

Customer Notice

Private Client Services' CIP includes a requirement to provide adequate notice to customers that certain information is being requested for the purposes of verifying their identity. Consult with your supervising principal to determine what, if any, responsibilities you have in complying with this CIP provision.

Comparison with Government Lists

Private Client Services' CIP requires us to check all new accounts for OFAC List matches at the time of account opening (or within a reasonable period of time afterwards.) Consult with your supervising principal to determine what, if any, responsibilities you have in complying with this CIP provision.

Recordkeeping

CIP information must be recorded on appropriate new account or other similar forms. On such forms, you must describe any customer document relied upon in obtaining CIP information and record certain information including identification numbers, the place of issuance, the date of issuance and expiration. You must also describe any other measures you have taken to verify a customer's identity such as a reference check or customer contact. If any substantive discrepancies occur during the CIP information gathering process, you must inform your supervisor or Compliance, noting the discrepancy and providing a description of the resolution in the customer's file.

AML Red Flags

Red flags that signal possible money laundering or terrorist financing include, but are not limited to:

- Frequent large purchases, with payment coming from bank accounts of foreign bank accounts or third parties, followed by redemptions and the wiring of funds to a foreign bank account or an unrelated third party (these transactions will often be out of character for that particular product i.e. high turnover in a mutual fund account);
- Multiple receipt and disbursements of funds, typically wires, with little correlation to security transactions in the account; in particular, when these wires are to or from a known bank secrecy, tax haven, or money laundering center i.e. Jersey Channel or Cayman Islands etc.
- Transactions that are 'structured' to avoid the Cash Transaction Reporting ('CTR') requirements i.e. purchases paid for with multiple near-cash instruments, such as money orders or traveler checks, totaling just under the $10,000 reporting trigger;
- Transactions that are inconsistent with the customer's financial status as captured in new account documents i.e. a purchase that exceeds a customer's stated net worth or income;
- Reluctance or unreasonable delay in providing provide new account data;
- Lack of concern on the part of the investor with the investment risks and commissions;
- Regulatory inquiries relating to account;
- Questions about concealing transactions from government.
- Business comes to you, (i.e. walk in/call in, media report, radio, print ad, internet-based inquiry.) Be extremely cautious about high dollar accounts.

- The customer exhibits unusual concern for secrecy, particularly with respect to his or her identity, type of business, assets, or dealings with firms.
- Customer inquires about firm's operational policies and procedures regarding funding accounts and disbursements from account. Example: customer wants to know about the firms Bank Secrecy Act, 3rd party check/wire, or identity verification policies.
- Customer doesn't inquire into your background, years in business, education, tenure with firm, investment philosophy, etc.
- Customer doesn't inquire or is indifferent regarding fees, commissions, and/or risk.
- Client is indifferent on sales recommendations or their trading lacks any basis, strategy or sense. The customer wishes to engage in transactions lacking business sense, apparent investment strategy, or which are inconsistent with the customer's stated business/investment objectives. Trading activity is used as "smoke" by money launders. "Smoke" is creating the illusion of being a legitimate investor.
- PO Box or mail drop as the address. When an unusual number is in the client mailing address, question the client about it. Example: Jon Doe, 444 Main St **435**, Anywhere USA. Ask the client, "Is that an apartment number?"
- Source of funds is suspect. Upon request, the customer refuses to identify or fails to indicate a legitimate source for his or her funds and other assets.
- Questionable background in community. The customer, or a person publicly associated with the customer, has a questionable background including prior criminal convictions.
- Geographic separation in relation to branch office. Use extreme caution when this is client initiated. [Example: Representative in Kentucky is approached by a business owner in California]
- For "entity" accounts, the client has trouble describing the nature of their business or operations or they seem unknowledgeable in their industry
- Multiple accounts with numerous inter-account transfers for no apparent reason. For no apparent reason, the customer has multiple accounts under a single or multiple names with a large number of inter-account or third party transfers.
- Foreign Connection. For account where the account holder or any beneficial owner is a non-US citizen. Deposits and disbursements with an international source/destination. Use extreme caution for nonresident aliens with a US address
- Client has sudden or unexpected need for funds. Be highly speculative of relationships less than a year old. Clients many times have a seemingly legitimate explanation; a house closing, a business deal they can't pass on, helping a relative or friend out of a situation, or none of your business. Don't dismiss suspicion on the fact that there will still be value left in the account (cash/securities) after the transaction. Money Launders know the game and are willing to take a haircut on their money to avoid short-term detection.
- Wire transfers to high-risk countries commonly associated as being money laundering havens or having lax banking laws and regulations. (High Risk Countries posted on Compliance Department homepage)
- Deposits followed by short-term disbursement
- High volume of money transactions (check, ATM, wire, ACH) in relation to investing transactions.
- Numerous deposits of cashier's checks aggregating to significant sums.
- Inflows and outflows well beyond the known income or resources of the client Receipt or disbursement of funds inconsistent with the customer's known business activities and financial situation (i.e., large deposits, receipts or disbursements of funds from or to entities with no logical relation to the customer's business).
- Client avoids house/business visits and always seems to come to you or meet in a location of than their residence or place of business.
- Address changes. Be cautious of account changes shortly after the account is opened (<30 days). Numerous address changes are also suspicious.

- Customer seems to be acting on behalf of someone else. How can you tell? Client often avoids answering questions and when pressed for answer many times she needs to “get back to you”
- Unexplained or sudden extensive wire activity, especially in accounts that had little or no previous activity.
- A high level of transfers or other fund transactions with very low levels of securities transactions.
- Repeated requests for exceptions to cash or traveler’s checks and money order deposit policies.

If you become aware of any of the above 'red flags,' you must immediately alert your supervising principal or Compliance. It is important to understand that the final determination as to whether or not the action is reportable or even actually suspicious upon further investigation is not yours to make.

Suspicious Activity Reporting ('SAR') Requirements

Under the USA PATRIOT Act and FINRA Rule 3310, we are required to file SARs. If you are not certain of what our policy is on SAR filings, and what role you are required to take concerning such filings, it is your responsibility to find out and to ensure that you fully understand the issues surrounding SARs and how they are treated.

It is important to know that all SARs are confidential and MAY NOT BE DISCLOSED to any person (including the prospect or customer) involved in the transaction. If you encounter any suspicious activity, either within an already-established account, or during the process of opening a new account, you must IMMEDIATELY make your suspicions known to the AML Officer, Compliance or your supervising principal.

Reporting Violations of Private Client Services AML Compliance Program

Senior Management encourages and expects you to report any suspected violations of its AML Compliance Program. Such reporting is confidential and a strict company-wide policy is in place expressly prohibiting any such retaliation.

Municipal Securities (including 529 College Savings Plans)

You must be comfortable with describing to customers the general characteristics of all municipal securities we offer, and you must be thoroughly knowledgeable of, and in a position to adequately disclose, all important features that may impact an individual’s decision to purchase or sell a particular product. These include, but are not necessarily limited to tax consequences, pricing, credit agency ratings, yield related information, call features (if applicable), and maturity.

If you are uncertain of any of these matters, you should discuss your questions with your Supervising Principal.

The following are key points you should be aware of when conducting any municipal securities business.

- As with any security recommendation, a suitable or best interest determination must be made PRIOR to recommending a municipal security transaction (in accordance with FINRA Rule 2111 and Regulation BI). You must record evidence of the determination, and any other information used - or considered to be reasonable, and necessary for making recommendations to customers - on the client’s new account documentation forms.
- For any new municipal security offerings, you are responsible for complying with all internal procedures to provide purchasers with the issuer’s final official statement by settlement date.
- In the event that a final official statement is not prepared, you must comply with procedures that require a purchaser to receive a preliminary official statement accompanied by a notice that no final official

statement is being prepared. The requirements of MSRB Rule G-32 apply to all municipal dealers that sell any new issue municipal security, including those dealers that are not managing or sole underwriters.

- If you are involved in municipal securities transactions, you must comply with MSRB Rule G-37 regarding 'pay-to-play restrictions', by promptly reporting, in writing, all political contributions to Compliance. MSRB Rule G-37 places certain restrictions/requirements upon Private Client Services including limitations on business activities triggered by political contributions.

While it is important that you bring any questions regarding municipal securities transactions to the attention of your Supervising Principal or Private Client Services Municipal Securities Principal, you should also access the MSRB website, where you can review applicable MSRB rules (www.msrb.org).

Section 529 College Savings Plans

Section 529 College Savings Plans are *higher education savings plan trusts established under Section 529(b) of the Internal Revenue Code as 'qualified tuition programs.' Through these plans, individuals may make investments for the purpose of accumulating savings for qualifying higher education costs of beneficiaries. The plans include interests in pooled investment funds under trusts established by states or local governmental entities, as well as higher education savings plan trusts established by states. The plans have investment features similar to mutual funds or variable annuities. **One recent change as a result of the 2017 Tax Cuts and Jobs Act, certain distributions from 529 plans may now be used to pay up to a total of $10,000 of tuition per beneficiary each year at an elementary or secondary (k-12) public, private or religious school of the beneficary's choosing.*

The SEC's Division of Market Regulation has stated that certain Section 529 College Savings Plans established by states, or local governmental entities, are municipal fund securities and thus accordingly purchase and sale of state-sponsored Section 529 Plans are also governed by MSRB rules.

The 529 college savings plans (529 plans) are financial products designed to help parents and others save and invest for higher education. The plans offer families the opportunity to obtain tax-free growth and distribution of the money they save and invest for college costs. They are named after the section of the tax code that gave them their special tax-advantaged status.

The 529 plans are sold in two ways. The first is 'direct-sold,' in which an investor buys an interest in the college saving plan directly from the state that sponsors the plan or from the plan's program manager, with no sales person involved. The second is 'adviser-sold,' in which investors buy an interest in a college saving plan through an investment adviser, brokerage firm, or bank, generally paying a sales load or fee.

The regulators focus particularly on issues involving fair and balanced disclosure of the risks as well as the potential rewards of investing in 529 plans, prominent disclosure of sales charges and other fees, and an accurate depiction of the tax consequences of investing in these products.

The 529 plans present all of the potential suitability, disclosure and other sales practice issues as do mutual funds. In fact, these products from an investor's point of view look very much like mutual funds. Their very benefits, such as in-state tax deductions for applicable states and fee reductions, present additional disclosure and other sales practice issues, further confusing investors.

Some states offer favorable tax treatment or other benefits to their own residents in relation to their state's own 529 College Savings Plans. As a result, disclosure at or prior to the time of trade should include whether:

a) depending upon the laws of the home state of the customer or designated beneficiary, favorable state tax treatment or other benefits offered by such home state for investing in 529 college savings plans may be available only if the customer invests in the home state's 529 college savings plan;
b) any state-based benefit offered with respect to a particular 529 college savings plan should be one of many appropriately weighted factors to be considered in making an investment decision;
c) the customer should consult with his or her financial, tax or other adviser to learn more about how state-based benefits (including any limitations) would apply to the customer's specific circumstances and also may wish to contact his or her home state or any other 529 college savings plan to learn more about the features, benefits and limitations of that state's 529 college savings plan.

This disclosure obligation known as the "out-of-state disclosure" may be met if it appears in the program disclosure document so long as it is delivered to the customer at or prior to the time of trade and is displayed in the document reasonably likely to be seen by a customer.

The number and variations of 529 plans complicate the choices for investors and the sales process for those selling the plans. First, while federal tax advantages are standard to all college savings plans, state tax treatment of 529 plans varies from state to state and can be an important consideration for investors in deciding which plan to select.

The variations in fees the plans charge can also be confusing to investors. All 529 plans charge fees and expenses and investors have to look carefully to compare them. These costs not only vary among 529 plans but also can vary within a single 529 plan. Fees may include enrollment charges, annual maintenance fees, sales loads, deferred sales charges paid when investors withdraw their money, administration and management fees and underlying fund expenses.

Another complicating factor can be the plans' share classes. Some broker-sold college savings plans, like some mutual funds, have different share classes. Often referred to as Class A or C shares, each class has different fees and expenses. PCS has developed guidelines that should be considered when discussing share class selection with an investor. The guideline is connected to the age of the beneficiary of the plan since the time horizon for the investment is directly connected to the age of the beneficiary and the time the account has to be invested prior to distribution. The firm guideline is:

- If the age of the beneficiary is 10 or younger at the time the account is established, A-Shares should generally be selected for the investments within the plan.
- If the age of the beneficiary is 11 or older at the time the account is established, C-Shares should be generally selected for the investments within the plan.

Exceptions to these guidelines may be made including when using funds for elementary education instead of higher education, may require additional explanation.

Subsequent recommended purchases in established 529 plans must be suitable and in the best interest for the customer/account and take into account the expenses incurred. Depending on whether breakpoints are available on A-shares, it may be in the best interest of the account for subsequent investments to be made in C-shares once the beneficiary turns 11 years old. The principal reviewing these purchases will evaluate subsequent investments during the review process to determine suitability and whether the recommendation was in the best interest of the client.

In some instances sales of an out-of-state plan may be suitable and in the client's best interest. For example, the underlying investment companies offered by the in-state plan could provide inferior portfolio management, or a relatively limited array of investment choices. The fees associated with the in-state plan could be very high. And, of course, in some states the in-state plan may not even provide a

state tax deduction or other benefit. You must consider a variety of factors, in addition to the possible availability of in-state benefits, before making the recommendation.

The 529 college-savings plans can be confusing to both brokers and investors. You must be fully able to explain to customers the complexities of these plans. Matching a client with a 529 can be a complicated task and it does not help either brokers or investors that there is no standardized disclosure among the plans.

As no two plans are alike, you need to understand and convey to your customers the following four factors:

1. Contribution limits vary by state.
2. State tax advantages vary from state to state and may depend on whether you are a resident of the state sponsoring the plan.
3. Investment options vary greatly - from high-risk stock funds, to funds that contain a mix of stocks and bonds, to conservative investments that contain money market or short-term bond funds. Most plans offer age- or enrollment-based investments that grow more conservatively over time, as the beneficiary gets closer to using the proceeds to pay for college expenses. Many plans also offer static investments where assets are typically invested in a set allocation of one or more mutual funds.
4. Fees and expenses vary greatly, even among plans offered within the same state.

In addition, individuals engaged in 529 transactions have access to the MSRB manual (also available as a link on the PCS Advisor Resource Center) further outlining 529 Plan related rules and other related guidance.

Mutual Funds

Registered Representatives must be comfortable describing to customers the general characteristics of ALL mutual funds we offer, and you must be thoroughly knowledgeable of, and in a position to appropriately disclose all fees, possible tax consequences and other important features that may impact an individual's decision to purchase a particular product.

- When recommending mutual fund transactions, you must be aware of the information required to be obtained and considered for suitability or best interest purposes (FINRA Rule 2111 and Regulation BI).
- When recommending mutual funds, registered personnel should ensure that investors understand the concept of total return. When explaining total return, registered personnel must explain that total return measures overall performance of a mutual fund, whereas current yield is based only on interest or dividend income received by the fund.
- The starting point for any recommendation of a mutual fund to a customer is to clearly define the investor's objectives and financial situation. Attention should be given to funds having multiple fee structures to determine that not only is the type of fund being matched to the investor's objective, but also to ensure that the appropriate fee structure has been recommended.
- Prospectuses and approved materials should be shared with the public and general conversations regarding performance, portfolio structure, etc. should be held.
- Suitability or Best Interest considerations are the final determining factors regarding what investment vehicles are appropriate for a particular client.
- When reviewing mutual fund transactions, Supervising Principals will be sensitive to any patterns of purchases and solicitations that may be indicative of potential suitability problems.

Prospectus Delivery

Point of Sale - A prospectus must be delivered to each customer buying shares of a mutual fund. The prospectus delivery, which must be accomplished before the transaction settles, is handled either directly by the registered individual dealing with the customer or by our clearing firm.

While the fund may be sending out the full or summary prospectus, delivery is OUR responsibility, and we must undertake sufficient due diligence to ensure that our responsibility is met, regardless of who is actually undertaking the action.

You must document all mutual fund recommendations.

Breakpoints/Rights of Accumulation/Letters of Intent

Many front-end-load mutual funds offer breakpoints, rights of accumulation and letters of intent as a means of reducing front-end sales fees normally charged to investors. You are required to understand all these discount features and to be able to explain them to customers in full, PRIOR to making any sale.

You are REQUIRED to alert clients close to a breakpoint that they can receive a reduced sales charge by either purchasing some additional shares or availing themselves of the benefits found under a 'Letter of Intent' or 'Rights of Accumulation.'

Your failure to appropriately advise clients of discount features and to knowingly recommend an investment amount just under the breakpoint in order to receive a higher commission will subject you to disciplinary action for failing to act in accordance with just and equitable principles of trade. For clients to take advantage of the commission discounts available under a 'Letter of Intent' or 'Rights of Accumulation,' it is your obligation to systematically link the related accounts. Accounts of an individual are NOT to be AUTOMATICALLY linked to those of their spouse, minor children and/or IRAs UNLESS the specific fund prospectus permits such linking.

Splitting

Recommending the purchase of more than one mutual fund, having the client's investment split among the funds, may cause the customers to miss mutual fund breakpoints and, therefore, not receive discounts that they would have received if their entire investment were placed in only one mutual fund.

You are advised to be aware of these situations and to inform your clients of the missed breakpoint before proceeding with a split transaction.

Switching

While a switch includes moving from any one packaged product (sold via prospectus i.e UIT, Mutual Fund, Annuity, etc) to another within a specified time period (i.e 45 days), a mutual fund "switch" is the sale, and subsequent purchase, of a mutual fund. Generally speaking, mutual funds are designed as long-term investments. Short-term, in-and-out trading or switching between families of funds (i.e., many funds under a single management company) that results, or could result, in additional commission charges, or which could establish new required holding periods is STRICTLY PROHIBITED by both Private Client Services and by regulatory standards.

Under certain circumstances, however, a switch may be reasonable and justifiable. Questions regarding switching should be discussed with your Supervising Principal PRIOR to recommending/executing a transaction involving a switch.

It is important to consider the original source of funds used for the purchase of a mutual fund when identifying mutual fund switches.

If a switch is approved, a 'Switch Letter' (i.e. PCS Securities Purchase Form) must be obtained from the customer and kept in the client file. The Securities Purchase form is used when a switch presents itself to document the circumstances and rationale of the switch.

At the time of the transaction, all mutual fund switches resulting in a charge to the client, or a new required holding period, must be fully disclosed to the client.

Negative Response Letters

The lack of response to a negative response letter does not permit us to automatically exchange shares unless we have on file prior written authorization from the customer permitting us to exercise discretion in the account.

No associated personnel are permitted to send out such negative response letters without receiving prior approval from our CCO or designee.

Selling Dividends

FINRA's Conduct Rules PROHIBIT 'selling dividends' - that is, the practice whereby representation is made to the client that an advantage would be gained in purchasing a mutual fund in anticipation of a dividend distribution.

Deferred Sales Charges

Deferred sales charges are disclosed on the front of a customer's purchase confirmation. It is a violation to state, or imply, to an investor that an investment company with a contingent deferred sales charge is a no-load fund. Investors purchasing a no-load or no-initial-load fund must be made aware of existing redemption sales charges.

It is an unfair sales practice and an omission of material information to state that there is no initial load without giving a complete explanation of the nature of any contingent deferred sales load (i.e., a sales load that is charged on redemption on a declining-percentage-basis annually.

It is your responsibility to ensure the client's understanding of all the various charges made by mutual funds to defray expenses, regardless of whether they are deducted from the investor's initial purchase payment, charged upon redemption, or levied against the net assets of the fund.

Key Points Regarding Mutual Funds

All registered personnel engaged in mutual fund transactions and those responsible for overseeing individuals engaged in such activities, must ensure the following:

- A complete and balanced disclosure is made to investors regarding the distinctions among classes of a multi- class fund or feeders of a master-feeder fund.
- When presenting an expense ratio as an advantage of a particular fund, the customer is explained the ratio in the context of, and compared with, other mutual fund expense ratios.
- Registered personnel adhere to the prohibition against representing, either orally or in writing, an

investment company as being no-load or having no sales charges if the investment company has a front-end or deferred sales charge or whose total charges against net assets to provide for sales-related expenses and/or service fees exceed .25 of one percent of average net assets per annum.

- Registered personnel do not make an offer or sale of securities of an investment company with an asset-based sales charge UNLESS the prospectus discloses that long-term shareholders may pay more than the economic equivalent of the maximum front-end sales charges permitted (see FINRA Rule 2341). Such disclosure shall be adjacent to the fee table in the front section of the prospectus.
- When a fund portfolio may include financial derivatives, these have been fully disclosed, and all potential risks have been clearly explained.
- When performance information is presented, the concepts of total return, yield and distribution rates have been explained to the investor.
- Materials designed for internal or dealer-only use must not distributed in any manner to the public, either orally or in writing.

Execution of Investment Company Portfolio Transactions

FINRA Rule 2341 prohibits any sort of reciprocal or *quid pro quo* arrangements regarding the sale of mutual funds:

We may not:

- Offer incentive or additional compensation for the sales of shares of specific investment companies based on the amount of brokerage commissions received or expected from any source, including bonuses, preferred compensation lists, sales incentive campaigns or contests or any other method of compensation that provided an incentive to favor or disfavor any one investment company or family of funds
- Create recommended, selected or preferred lists of investment companies if such companies are selected on the basis of brokerage commissions received or expected to be received
- Grant to any affiliated persons any participation in brokerage commissions received by us from portfolio transactions of a mutual fund whose shares are sold by us, or from any covered amount, if such commissions are directed by or identified with such investment company or any covered account
- Use sales of shares of a mutual fund in negotiating the price of or the amount of commissions to be paid on a portfolio transaction of an investment company or of any covered account, whether the transaction is executed in an OTC market or elsewhere

No-Load

It is prohibited to represent, either orally or in writing, an investment company as being no-load or having no sales charges if the investment company has a front-end or deferred sales charge or whose total charges against net assets to provide for sales-related expenses and/or service fees exceed .25 of 1% of average net assets per annum.

NAV Mutual Fund Transactions

All mutual fund transactions offered to clients at NAV must actually be purchased at NAV. If there is ever an instance where a front end load sales charge was paid on a purchase which was to have been done at NAV, the transaction must be canceled and corrected to reflect the proper price.

NAV Transfer Programs

While many mutual funds have discontinued their NAV Transfer privileges, you are responsible for knowing which of the funds offered by this broker-dealer DO permit such privileges.

NAV transfers enable client dollars to be switched from one load-fund group to another at NAV, thereby avoiding an additional round of sales charges.

This matter is only of concern when you have undertaken a transaction in a front-end loaded A share for which the commission has not been waived.

As such a transaction would require a switch letter (i.e. Securities Purchase form) which is then reviewed, a determination could be made regarding whether the fund into which the money is being invested has an NAV Transfer Program, and if the customer did, in fact, receive NAV purchase price.

For any A share transaction for which a commission was received, you must ensure that if the decision was made to transfer a client's funds via an NAV Transfer Program, the purchase was, in fact, made at NAV.

Mutual Fund Reinstatements

Many mutual funds have a reinstatement policy that allows investors to reinvest proceeds from sales in shares of the fund without paying a front-end sales charge. Generally, the reinstatement must occur within a specified period of time (e.g., 90 days) and must be in the same share class of that fund, or another fund within the same fund family.

You must disclose to mutual fund investors the reinstatement policies of the fund they have purchased.

Also, upon a client sale of any, or all, of a mutual fund holding, you must again notify them of the fund's reinstatement policy.

Asset-Based Sales Charge

No offer or sale of securities of an investment company with an asset-based sales charge may be made UNLESS the prospectus discloses that long-term shareholders may pay more than the economic equivalent of the maximum front-end sales charges permitted (see FINRA Rule 2341). Such disclosure should be adjacent to the fee table in the front section of the prospectus.

Prohibition Against Late Trading and Market Timing

Rules under the Investment Company Act, and specifically Rule 22c-1(a),- generally require that redeemable securities of investment companies (i.e., mutual fund shares) be sold and redeemed at a price based on the net asset value (NAV) of the fund computed after the receipt of orders to purchase.

It is a violation for a registered representative to knowingly or recklessly effect mutual fund transactions that are priced based on NAV that is computed PRIOR to the time the order to purchase or redeem was given by the customer. This practice translates into an after-the-close mutual fund purchase or redemption and is referred to as "late trading".

Furthermore, it is a violation to knowingly or recklessly facilitate certain mutual fund transactions, such as market timing transactions, in conjunction with, or with the acquiescence of, a mutual fund sponsor, fund administrator, investment adviser, underwriter, or any other affiliated person where those other parties acted contrary to a representation made in the prospectus or statement of additional information pursuant to which the mutual fund shares are offered.

By way of reference, you should know that many late trading and market timing abuses uncovered by the regulators have typically involved the following types of accounts/activity:

1. Institutional clients (hedge funds, in particular)
2. Mutual fund transactions exceeding $10,000
3. Spikes in transaction volume caused by in-and-out trading patterns (investors engaged in mutual fund trading are also likely to be those undertaking other prohibited activities). When mutual funds discover in- and-out trading patterns, they often make notification that such practices are prohibited and indicate that the fund will no longer accept a specific representative's number, account number or other indicator.

PCS will block accounts of identified market timers to prevent further market timing/frequent trading.

If you become aware of any potentially abusive transactions, it is your responsibility to IMMEDIATELY alert your Supervising Principal or Compliance.

As a registered representative, it is obligatory that you notify your designated supervisor of any notice from a mutual fund company regarding possible market timing, or changing account or Registered Representative number to evade detection of market timing or manipulation. Failure to do so is strictly prohibited and subject to severe sanctions.

Principal-Protected Funds

Prior to offering any such funds, otherwise known as “principal protection,” “capital preservation” or “guaranteed” funds, you must be fully aware how such funds work and the potential costs or risks the investor may face. Questions regarding these products should be discussed with your Supervising Principal.

Common Characteristics

Guaranteed Principal - Most principal-protected funds guarantee the initial investment minus any front-end sales charge, even if the stock markets fall. In many cases, the guarantee is backed by an insurance policy.

Lock-Up Period - If the investor sells any shares in the fund prior to the end of the “guarantee period” - a period of anywhere from 5 to 10 years - the investor loses the guarantee on those shares and could lose money if the share price has fallen since the initial investment.

A Mixture of Bonds and Stocks - Most principal-protected funds invest a portion of the fund in zero-coupon bonds and other debt securities, and a portion in stocks and other equity investments during the guarantee period. To ensure guarantee of the fund, many may be almost entirely invested in zero-coupon bonds or other debt securities when interest rates are low and equity markets are volatile. As this allocation provides less exposure to the markets, it may eliminate or greatly reduce any potential gains the fund can achieve from subsequent gains in the market, and may also increase the risk to the fund of rising interest rates, which generally cause bond prices to fall.

Higher Fees - Total annual fees deducted from the investor’s holdings (i.e., expense ratio) are typically higher than that of non-protected funds. In addition, many also impose sales charges, plus redemption/penalty fees for early withdrawals, which may be significant.

If you feel that you have not received sufficient training on principal-protected funds and need additional

guidance or training contact your Supervising Principal.

Suitability Issues for Multi-Class Mutual Funds

As a registered representative, you have a duty to make suitable mutual fund recommendations which are in the best interest of your customer, which entails a full understanding of issues involving multi-class funds. In a multi-class structure, each class of shares invests in the same portfolio of securities, but may be sold through different distribution arrangements and may entail different expense levels. Likewise, different classes of shares may result in different sales compensation being paid to broker-dealers and their registered personnel.

Although the purchase of certain fund classes may allow an investor to avoid paying a front-end sales load, the cost imposed by a class's higher expenses may outweigh this benefit, particularly with respect to large dollar purchases.

The impact on an investor's long-term results that breakpoints, rights of accumulation, and letters of intent may have when they reduce the sales charges paid on purchases of share classes that impose front-end sales charges must be taken into account whenever higher-expense classes of mutual fund shares are being discussed with a client.

Class A Shares

While many more share classes have developed over the years, historically, Broker-sold mutual funds often have offered three common share classes. One class, generally designated as Class A Shares, may impose a front-end sales load, but may impose either no - or a low - ongoing fee to pay for sales and marketing expenses -referred to as a Rule 12b-1 fee. Often, breakpoints in the sales load structure will cause the front-end load percentage to decrease as the investment amount increases.

In addition, investors may take advantage of other methods to decrease the sales load paid on subsequent purchases, such as through rights of accumulation and letters of intent.

Class B Shares

A second class, often designated as Class B Shares, may not impose a front-end sales charge however, impose a Contingent Deferred Sales Charge (CDSC) on share redemptions and a relatively high 12b-1 fee. **Private Client Services' current policy prohibits the purchase of Class B Share mutual funds.**

Class C Shares

A third class, often designated as Class C shares, may impose neither a front-end nor a back-end sales load, but may impose a relatively high 12b-1 fee.

Some mutual funds offer classes that impose no front-end or back-end sales charges and a relatively low 12b-1 fee, but may only offer such classes to retirement plans or institutional investors.

Effective June 1, 2021, Private Client Services has set limits for total current C-Share holdings allowed to not exceed $500,000 per individual, $750,000 per household, and no more than $500,000 in one fund family's Class C-Shares. Current holdings will not need to be liquidated if these amounts have already been exceeded prior to the effective date of June 1, 2021, however no additional C-Share assets may be added. Purchases causing the individual, household or fund family to exceed the limit are subject to cancellation, and any loss may be charged to the Registered Representative. Questions may be directed

to your assigned Managing Principal or the Compliance Department.

Additional Class Designations

You should be aware that fund sponsors may also choose class designations and expense structures other than those described above.

Regulatory Concerns

In determining whether a fund is suitable and in the best interest for an investor, firms and registered representatives should consider the fund's expense ratio and sales charges as well as its investment objectives among other factors.

Additionally, you are prohibited from selling mutual fund shares in dollar amounts just below the sales charge breakpoint in order to increase compensation. These principles apply equally to recommending a particular fund share class to an investor.

Full Disclosure

We are responsible for ensuring that all potential mutual fund investors are given a complete, comprehensive description of share-class characteristics to allow them to make an educated choice regarding the class that is best suited to their investment needs. As a registered person of this firm, you represent our front-line of compliance and, therefore, must be completely familiar with any mutual fund class you recommend.

Various Classes and Their Impact on Breakpoints, Rights of Accumulation or Letters of Intent

It is critical that you are aware of the ramifications for recommending C-shares to investors who seek to purchase in large amounts and who would incur significantly lower sales charges for Class A-share purchases due to the availability of breakpoints, rights of accumulation, or letters of intent. Share class decisions must be made to determine if the expenses associated with the class are in line with the client's goals and objectives. For instance long-term investments placed into C-Share funds may result in higher overall costs as compared to other share classes in the same fund. The availability of lower costs with A-Shares breakpoints, rights of accumulation and letters of intent should be considered with large C-share purchases. Likewise, short-term investments placed into A-share funds may result in higher costs as compared to C-share funds.

Cash and Non-Cash Compensation

Non-cash compensation (including but not limited to merchandise, gifts, prizes, travel expenses, meals and lodging) offered by any sponsor or program cannot be paid directly or indirectly to the firm or to any associated person, in excess of limits set by FINRA per person, per issuer, on a annual calendar year basis (not pre-conditioned on a sales target achievement).

The firm is permitted to provide such non-cash compensation to our representatives provided no sponsor, affiliate of a sponsor, or program, including an affiliate of this broker-dealer, directly or indirectly participates or contributes in providing such non-cash compensation. In this instance, cash compensation must be paid directly to PCS, with distribution to representatives controlled by PCS and reflected on the firm's books and records.

While FINRA generally prohibits associated persons from directly or indirectly accepting any payments of non-cash compensation (i.e. meals, expenses, or other "perks") in connection with variable contracts and

investment company securities, there are certain narrow exceptions allowed:

(1) Gifts and entertainment that do not exceed an annual amount per person of $100.00 not pre-conditioned on the achievement of a sales target;

(2) Payment or reimbursement by product sponsors (i.e., free transportation, lodging, meals) in connection with meetings held by the product sponsor for purposes of training or education of associated persons of a member (subject to very specific conditions which must be confirmed and documented); and

(3) A product vendor may contribute to a representative's advertisement, client event and/or seminar (subject to very specific conditions which must be confirmed and documented).

In order to comply with these rules/conditions, the firm requires that associated persons utilize the following PCS forms:

1.*PCS Product Sponsor Training Meeting Approval Request Form.* This form should be completed whenever a representative is invited to attend a product provider training meeting / conference / offsite training meeting (breakfast, lunch, dinner) . The form should be submitted via Docupace to the Compliance Department for review and approval prior to committing to the meeting.

2. *PCS Client Event / Seminar/ Advertising Reimbursement Request Form.* This form should be used to request approval for cost sharing / reimbursement from a product provider when sponsoring a client event, seminar, or advertising program. When a representative submits a seminar or advertisement for review through the Marketing Pro system it will ask if there is cost sharing for the item submitted. Answer "yes" to this question and that will notify the compliance department that a cost sharing arrangement has been discussed. A Reimbursement Request Form with instructions to have the form completed and returned to your designated Supervisor is also required.

Any questions you have regarding the appropriateness of any compensation offered to you should be directed to your Supervising Principal or to Compliance, PRIOR to accepting the compensation.

Options

You are expressly PROHIBITED from opening an option account without receiving PRIOR approval from a designated Private Client Services registered Options Principal. An options agreement must be completed, including a section for customer verification of financial information, pertinent to customer suitability. All suitability information (as required under FINRA Rule 2111) must be completed in its entirety prior to sending the options agreement to the designated Options Principal for approval. Further, the obligations of Regulation Best Interest must be met for any recommendations.

An options agreement, including a section for customer verification of financial information, pertinent to customer suitability, must be completed. In addition to the account being approved for options, the registered representative must also be pre-approved to conduct options business and may be required to complete an online Options course.

We will not permit any option or listed index warrant transaction unless the designated principal has a reasonable basis for believing at the time the client:

- Has knowledge and experience in financial matters sufficient to make him/her reasonably capable of evaluating the risks of the recommended transaction
- Is financially able to bear the risks of the recommended transaction

Factors that we will consider include, but are not necessarily limited to

- Age
- Marital status
- Number of dependents
- Employment status
- Income
- Total net worth
- Investment experience
- Knowledge of particular markets
- Investment objectives
- Ability to undertake potential financial risks of transactions involved

Before approving an investment partnership for option trading, a written document designating the person, or persons, authorized to sign each agreement on behalf of the partnership and stating that such authority specifically includes option trading.

The designated ROSFP will ensure that the customer receives the appropriate options prospectus/applicable booklets at, or prior to, the time the account is approved for option transactions.

You are responsible for determining that options prospectus/applicable booklets are delivered to the customer at, or prior to, the time the account is approved for option transactions.

Proof that the prospectus was sent must be included with the new account information, either in the form of a cover letter or note, dated and signed by the individual who supplied the prospectus. In addition, you must verify that Options Risk Disclosure forms were appropriately supplied to customers, and that a signed acknowledgement form is maintained in the customer's file. Upon opening the account, you must indicate the level of options activity approved for the account. Private Client Services does not allow uncovered options contracts/holdings with the exception of naked put options.

Questions related to conducting Option transaction should be directed to your Supervising Principal and the firm's designated Options Principal.

Order Errors/Trade Corrections

Registered Representatives shall conduct a review of trade confirmations for both their clearing firm and dealer direct accounts. Many vendors have discontinued hard copy mailings in favor of providing electronic access to these records and other client information. As a Registered Representative it is your responsibility to exercise care during the order taking and execution process to prevent the necessity of having to make any corrections or having any order errors.

Order errors may, however, occur from time to time and do not necessarily mean that fraudulent activities have taken place. **However, failure to disclose errors or required corrections may result in sanctions.**

All order errors and trade corrections must immediately be brought to the attention of the Firm's Operations Department and your Designated Supervising Principal. Under no circumstances should you ever attempt to manually correct it yourself. Such attempts could result in sanctions including up to termination. Negative trade errors can also result in monetary penalties to you, as the representative.

Order Tickets/Investor Questionnaires/Subscription Agreements/Applications

Upon receipt of a client order, you must complete an order ticket, as broker/dealers are required to

maintain a memorandum of each brokerage order and of any other instruction, given or received, for the purchase or sale of securities, whether executed or unexecuted, which discloses the following, as appropriate:

1. The terms and conditions of the order or instructions, as well as any modification thereof to the account for which it was entered.
2. The time the order was received, the time the order was entered (meaning the time transmitted for execution) and the time the order was executed. All three times must appear even if the time of any two actions are the same.
3. The identity of each Registered Representative assigned responsibility for the account.
4. The identity of any other Registered Representative who entered or accepted the order on behalf of the customer.
5. The price at which the order was executed and, to whatever extent feasible, the time of execution or cancellation.
6. If applicable, solicited orders must be designated.
7. If applicable, discretionary orders must be designated.
8. The appropriate account name/designation must be placed on each order ticket. Any required changes to the account name and/or designation given on an order ticket cannot be made without PRIOR initialed approval and rationale for change made by an appropriately licensed principal.
9. Any exercise of time and price discretion must be reflected on the order ticket, per FINRA Rule 3260.

Subscription / Application basis orders (i.e. private placements, mutual funds, etc.) are exempt from (2), (3), (4) and (9) above.

Continuous failure to correctly and completely fill out these required documents may result in disciplinary action, ranging from a withholding of the commission relevant to a specific order to a suspension of your sales activities.

Order Types

A **market order** is a buy or sell executed at the best price available at the time it is presented to the marketplace. The risk is that the customer does not have any control of the execution price.
A **limit order** is a buy or sell at a stated number of shares at a specified, or better, price when presented to the marketplace. The downside is that the client may not get their order executed.
A **stop order** to buy/sell is an order that becomes a market order when a transaction in the security occurs at or above/below the stop price, or at a better price (if obtainable) after the order is presented to the Trade Floor. Customers should be aware that placing a stop order may not guarantee an execution at a specific price. Before entering a stop order the representative must cancel open stop orders for the same account and for the same security. Registered representatives placing stop orders must provide their clients with the *Stop Order Disclosure* highlighting some of the unique risks associated with stop orders.
A **stop limit order** is a stop order that, once triggered, becomes a limit order instead of a market order.
A **good 'til canceled (GTC) order** is used to buy or sell at a specified price that remains active until it is either rescinded by the client or the trade is executed. GTC orders offer an alternative to placing a sequence of day orders, which expire at the end of each trading day. It is the representative's responsibility to monitor all GTC orders for execution or expiration.
Trailing stop and trailing stop limit orders allow an investor to specify a stop or stop limit price, respectively, as a means of a level of protection against the downside turn of the stock, without setting a limit on the maximum possible gain. A sell trailing stop and stop limit moves with the market price, and continually recalculates the stop and limit trigger prices at a fixed amount below the market price, based on the user-defined "trailing" amount (dollar or percentage). As the market price rises, both the

stop price and the limit price rise by the trail amount and limit offset respectively, but if the stock price falls, the stop price remains unchanged.

Outside Business Activities

FINRA Rule 3270 states that no registered person may be an employee, independent contractor, sole proprietor, officer, director or partner of another person, or be compensated, or have the reasonable expectation of compensation, from any other person as a result of any business activity outside the scope of the relationship with his or her member firm, unless he or she has provided prior written notice to the member, in such form as specified by the member.

Before being associated with Private Client Services you were required to disclose all 'outside business activities' in which you were engaged (whether compensation was received or not).

During your registration with Private Client Services you are required to receive PRIOR permission before entering into any additional outside business activities.

Failure to receive such permission can result in regulatory and internal sanctions up to and including termination.

Penny Stocks

The definition of a 'penny stock' can be found in Exchange Act Rule 3a51-1. If you do not fully understand what is considered a penny stock, ask your designated Supervising Principal or Compliance for clarification and guidance. You can also refer to FINRA Rule 2114 for additional guidance.

Penny Stock Recommendations

Private Client Services does not allow representatives to make recommendations related to low-priced securities that are identified as penny stocks. Penny stocks are defined in Exchange Act Rule 3a51-1, and generally are not considered a penny stock if they fall under one of the following definitions:

- Stock listed on a domestic (United States) exchange or NASDAQ
- Mutual Fund or any other investment company registered under the Investment Company Act of 1940
- A put or call option issued by the Options Clearing Corporation
- A security that has a price of five dollars or more
- A security issued by a company that has net tangible assets (total assets less intangible assets and liabilities) in excess of $2,000,000 if the issuer has been in continuous operation for at least three years, or $5,000,000 if the issuer has been in continuous operation for less than three years.
- A security issued by a company that has average revenue of at least $6,000,000 for the last three years.

Private Client Services utilizes an exemption under the SEC Exchange Act Rules that allows the firm to avoid certain supervisory and reporting requirements. As a result, Private Client Services requires all customers who request unsolicited transactions in qualifying low-priced stock (Penny stock) complete the PCS Low-Priced Stock Acknowledgement form prior to the transaction. The form must be signed by the client and representative, and then be submitted to your assigned Supervising Principal on the same day as the transaction. Failure to submit the form in a timely manner may result in the transaction being busted and any loss charged to the representative.

Political Contributions

It is Private Client Services policy to permit the firm, and its covered associates, to make political contributions to elected officials, candidates and others, consistent with regulatory requirements. Pre-approval of the contribution should be obtained through the use of the 'Political Contribution Pre-Approval Request form.'

You are also responsible for notifying the CCO of any political contributions made in the previous 24 months prior to onboarding or at any time during employment.

Privacy Disclosure (SEC Regulation S-P)

Private Client Services is required to supply all new customers ('natural' persons) initially and existing customers annually with a notice disclosing its policies and procedures on 'information sharing' of non-public personal information.

It is important that you are completely aware of what responsibilities you have as a registered representative to ensure that Private Client Services is in compliance with this SEC Rule, Regulation S-P. If you have any questions concerning your role, direct them to your Supervising Principal or to Compliance.

There are specific rules and requirements for the 'safeguarding' of customer information. These can be further referenced in the firm's Information Security Policy Manual & Written Supervisory Procedures including information regarding the California Financial Information Privacy Act (SB 1) and its specific considerations. You should be aware of the requirements and our policies and procedures on such safeguarding to ensure that you are not violating any rule or internal policies or procedures concerning private information you have in your possession.

Transmission of Personally Identifiable Information (PII) over an untrusted, open network including via email must be encrypted.

PII includes:

Within the United States, Personally Identifiable Information includes:	

• an individual's [1]:
  ○ first and last name or
  ○ first initial and last name, or
• any personal identifier that could be used readily to identify an individual,	

in combination with:	
any **one** of the following data elements:	**or** any **two** of the following:
• A full Social Security number • Driver's license number • Passport number • Alien registration number **Or** • A unique account identifier, electronic identification number, user name or routing code together with any associated security code, access code, or password that is required for an individual to obtain money, goods, services or anything of value • A financial account number or credit or debit card number • Information pertaining to a financial transaction involving cash or securities **Or** Health information relating to the past, present, or future physical or mental health or condition of a specific individual, or the provision or payment of health care to an individual **Or** Compensation and benefits information relating to a specific individual	• Home address or telephone number • Mother's maiden name, if identified as such • Month, day, and year of birth • Email address

Private Placements - Unregistered Securities

The SEC has created various exemptions from registration for certain limited offerings, intended to achieve the SEC's primary mission of investor protection, while reducing the small issuer's burden.

Private placements can be structured as equity, debt, LLCs, LPs, etc. It is important to understand the underlying structure of any private offering in which you may become involved, and to be aware of any different regulatory requirements that the underlying structure may incur.

For the most part, however, regardless of how the security is structured, with few exceptions, the requirements and the responsibilities are the same. (At the end of this section, is a short paragraph itemizing some additional information which should be referred to in regard to LP offerings.)

***If you have any questions as to your responsibilities in this area, you should seek guidance from your immediate supervising principal or from Compliance.**

The SEC's other regulations, including its anti-fraud rules and its prohibition on market manipulation under Rules 10b-5 and Regulation M and related rules are unaffected and still in effect for all private offerings.

***Prior to commencing any sales of unregistered securities, registered personnel must obtain approval**

from Compliance. This broker dealer is currently limiting any participation by registered representatives in private placements to preapproved 1031 and REIT transactions. Any Private Placement must receive pre-approval from the Compliance Department prior to any application being completed.

Offers and sales of private placements are generally made only to accredited investors, as defined by Regulation D – generally, institutions, such as banks, insurance companies, mutual funds, investment advisers, with greater than $5,000,000 in assets or high net worth individuals with greater than $200,000 in income ($300,000 if joint) in the last two years and expectations of that income in the current year or net worth of $1,000.000 excluding primary residence. Individuals who possess certain professional certifications (i.e. Series 7, Series 65, Series 82) may also qualify as accredited investors. Registered personnel must ensure that all private placement transactions meet FINRA's suitability/best interest guidelines.

You are responsible for providing an offering memorandum/prospectus to each client at or prior to the transaction and maintaining a record of each offering memorandum sent to customers (i.e. the customer's name, date of sending, address, receipt of sending, etc.)

Tenants in Common Interests

In its Notice to Members 05-18, FINRA has indicated that firms engaged in undertaking Section 1031 tax-deferred exchanges of real property for certain tenants-in-common ("TIC") interests in real property offerings should establish an appropriate supervisory system for the offer and sale of TIC interests.

In addition to our due diligence efforts, we must obtain, from counsel, a "clean" legal opinion that each specific TIC Interest should or will qualify for exchange under Section 1031. Copies of such opinion letters should be maintained in the client files.

No TIC private placement transaction will be permitted to be finalized without a review of all documentation to ensure that we are evidencing in the file that both a reasonable-basis suitability analysis (regarding the investment vehicle) has been appropriately accomplished and that evidence is retained indicating an appropriate customer specific suitability analysis (indicating why such an investment vehicle is suitable and in the best interest for the customer).

All promotional materials must be approved prior to use to ensure that all information is fair, accurate and balances. Any associated personnel found to be utilizing unapproved materials will face disciplinary actions, including the possibility of termination.

Referral fees must be carefully considered in light of the fact that real estate agents sometimes refer their customers to broker/dealers that offer TIC exchanges. In addition, some states may require that a licensed real estate agent participate in the transfer of a TIC interest to an investor.

Broker/dealers that pay a fee to a real estate agent or split its brokerage commission with the agent in connection with a TIC exchange may be deemed to have violated FINRA Rule 2040 (which generally prohibits the payment of commissions and fees to entities that operate as an unregistered broker/dealer. Among the activities the SEC staff has found to require broker/dealer registration are:

- Receiving transaction-based compensation
- Participating in presentations or negotiations;
- Making securities recommendations or discussing or presenting the attributes of a securities investment;
- Structuring securities transactions; and
- Recommending lawyers, underwriters, or broker/dealers for the distribution or marketing of securities in

the secondary marked.

Approval must be obtained prior to entering into any fee referral arrangements.

Advertising

As private placement offerings have severe restrictions on solicitation, it is imperative that all advertising, sales literature, and correspondence be pre-approved by Compliance PRIOR TO USE and rarely is allowed.

Limited Partnership Private Offerings

In addition to general private placement due diligence, for limited partnership private placements, it is important to also undertake all appropriate due diligence efforts to understand the tax aspects of the offering and how they may impact the investor.

Limited Partnership Rollup Transactions

Should the issue of rollup transaction be raised by a customer, you should immediately contact your supervising principal or Compliance. There are a number of general prohibitions against our being involved in the solicitation of votes or tenders from limited partners in connection with a limited partnership rollup transaction (regardless of the resulting entity form - i.e. partnership, real estate investment trust or corporation).

Product Approval

Lists of products that you are permitted to offer to customers will be made available as they are updated. If you are uncertain of the status of any particular security/product, you must immediately discuss the issue with your designated Supervising Principal.

Private Client Services does not currently participate in Non-Conventional Investments which are alternative to conventional equity and fixed income investments. These alternative investments may include but notwithstanding asset-backed securities, distress debt, non-traded REITs, crypto-currency funds/digital assets and so on. If you are found to be engaged in transactions involving products that are NOT approved by Private Client Services you may face disciplinary sanctions which may include up to termination.

Professional Certificates: Prohibition Against

Some Independent companies (i.e. Exam Prep vendors and others) have been known to provide or attempt to solicit the sale of certificates to registered representatives commemorating the passing of FINRA and state-required securities qualification examinations, such as the Series 7 exam, the Series 63 exam, the Series 65, etc.

FINRA in the past has issued a Regulatory & Compliance Alert stating that *"FINRA believes that such certificates could be misused by registered representatives or misunderstood by the public. Passing a qualification exam is just one step in the registration process; customers may wrongly assume that it is the only step. Furthermore, registration status may change; a registration may be suspended, canceled or voluntarily terminated, but the presence of a certificate commemorating the passage of a qualification examination may incorrectly suggest otherwise. Because of potential problems and confusion with respect*

to these certificates, FINRA does not recommend or encourage the use or display of such certificates or plaques."

While FINRA may not expressly prohibit the display of such certificates, it is firm policy that such commemorative certificates or plaques may NOT be utilized by individuals registered with the firm in any location where existing or potential customers may view them.

Prohibited Acts

Private Client Services prohibits Registered individuals (principals and representatives) handling customer accounts from doing any of the following:

1. Engaging in 'private' securities transactions. Registered individuals may not effect securities transactions for any person or entity outside the scope of his or her registration with this broker/dealer.

   Any registered individuals effecting private securities transactions without first receiving written permission from the compliance department of this firm will face sanctions including up the possibility of immediate termination.

   Transactions excluded from the above prohibition are: (a) those subject to Rule 3210; (b) personal transactions in investment company and variable annuity securities; and (c) those transactions among immediate family members for which the associated person does not receive any selling compensation.

2. Breaching fiduciary duty. A registered individual's fiduciary responsibilities include managing the account in a manner directly comporting with the needs and objectives of the client, ensuring that the client is continually informed regarding changes in all matters affecting his or her interest, acting responsibly to protect those interests, ensuring that the client is fully aware of each completed transaction and openly and clearly explaining the impacts and possible risks of an investment strategy.
3. Raising money individually or as an agent for any business enterprise whatsoever without the advance written consent of an authorized principal of this firm.
4. Warranting or guaranteeing the present/future value or price of any security or warranting that any company, partnership, or issuer of securities will meets its obligations, promises, or comply with its representations to investors.
5. Agreeing to repurchase a security at some future time from a client for the registered individual's account, for the firm's account or for any other account.
6. Raising money for a political organization without informing an appropriate principal prior to the commencement of such activity.
7. Acting as personal custodian of client securities, stock powers, money or other property. (Possible exception being for immediate family or a special circumstance, both needing **prior** approval by the compliance department).
8. Arranging for or accepting authority to be granted access to a safety deposit box or other safekeeping place belonging to a customer/client.
9. Borrowing securities from a client.
10. Executing an order without the client's express permission (unauthorized transactions).
11. Mismarking orders in terms of whether the transaction was solicited or unsolicited.

12. Borrowing money from a client (other than possible limited situations permissible under FINRA Rule 3240 and referenced elsewhere in this manual).

13. Receiving compensation for securities transactions from clients or other securities dealers for services rendered, including finder's fees, purchase rep fees, investment advisory fees, and commissions of any sort. This prohibition can be waived in writing, only be an appropriate principal of this firm, in advance of any transaction.

14. Making arrangements for a client to borrow money for the purpose of purchasing securities.

15. Maintaining a joint account in securities with any client, or sharing any benefits, profit or loss with any client resulting from a securities transaction, except under the following circumstances:

    - Prior written authorization is given (by Compliance) to the firm or to the associated person;
    - Prior written authorization is received by this firm from the customer; and Prior written guidelines indicate that this firm or the associated person share in the profits and losses in the account ONLY in direct proportion to the financial contributions made to such account by either the firm or the associated person.

16. Entering into any business transaction or relationship jointly with a client without the specific advance written approval of an appropriate principal.

17. Making written or oral representations, regarding securities, other than those contained in official offering prospectus if issue is under registration, or in materials specifically authorized by this firm to us if the securities are the subject of a private placement.

18. Accepting a brokerage account from a customer on a discretionary basis.

19. Making arrangements for the purchase or sale of securities for a customer/client except through this broker/dealer, unless specifically authorized (in writing) by an appropriate principal.

20. Advertising in any newspaper or publication without obtaining prior written approval from an appropriate principal.

21. Offering or selling securities in states in which the registered individual is not appropriately registered/licensed.

22. Recommending the purchase (or continuing purchase) of securities in amounts which are inconsistent with the reasonable expectation that the customer/client has the financial ability to meet such a commitment.

23. Compensating any person, firm or entity other than another registered individual of this firm for any services rendered in connection with the sale of a security to a customer without express written advance approval of an appropriate principal.

24. In many states it is prohibited for individuals to represent more than one broker/dealer or issuer unless both entities are affiliated by direct or indirect common control. All such registration issues should be discussed with and approved by the compliance department.

25. No individual associated with this firm shall, directly or indirectly, give or permit to be given anything of value, including gratuities, in excess of one hundred dollars ($100) per individual per calendar year to any person, principal, proprietor, employee, agent or representative of another person, where such payment or gratuity is in relation to the business of this firm. (A gift of any kind is considered a gratuity).

26. Selling 'control' or 'restricted' securities without prior written approval from the Compliance Department.

27. It is obligatory that you notify your designated supervisor of any notice from a mutual fund company regarding possible market timing, or changing account or Registered Representative number to evade detection of market timing or manipulation. Failure to do so is strictly prohibited and subject to severe sanctions.

28. Market manipulation, pre-arranged or other non-competitive trading, or wash or other fictitious trading is strictly prohibited.

If you have any questions concerning any of these or other prohibitions or if you are unclear as to an activity in which you wish to engage falling under one of the above, contact the Compliance department for clarification.

Public Appearances

"Public Appearances" as defined in FINRA Rule 2210 occur when associated persons sponsor or participate in a seminar, webinar, forum, radio or television interview, or are engaged in public appearance or speaking activities that are **unscripted** and are not considered to be retail communications, institutional communications or correspondence. Unscripted public appearances may be submitted for post-review. However, if written materials related to the public appearance (for instance handouts, slides, a copy of a recording which will later be distributed to retail investors (i.e. representative's website or sent via email) then pre-approval via Marketing Pro is required for those communications as they would become retail communications.

Generally speaking in public appearances one should avoid making recommendations of a specific security, unless the associated person has a reasonable basis for the recommendation and discloses, as applicable:

a. that he/she has a financial interest in any of the securities of the issuer whose securities are recommended, and the nature of the financial interest (including, without limitation, whether it consists of any option, right, warrant, future, long or short position), unless the extent of the financial interest is nominal; and

b. any other actual, material conflict of interest of the associated person or member of which the associated person knows or has reason to know at the time of the public appearance.

Registration and Licensing

It is important that this firm, and its associated persons who engage in a securities business, are fully registered with the appropriate self-regulatory organizations and state jurisdictions.

Retail securities activities, both solicited or unsolicited, are permitted to take place only in those states where BOTH the firm and the salesperson(s) are registered.

There may be some registration exemptions where the customer is deemed to be 'institutional.'

If you have any questions regarding appropriate SRO or state licensing, IMMEDIATELY bring the matter to the attention of your designated Supervising Principal or Compliance for clarification.

Registration Policies

1. State registration in the client's state of residence is required ***prior*** to accepting/executing trades.

2. State registration is required in the state in which a client's authorized person(s) with trading authority (i.e. trustee, POA, etc) resides.

3. All members of a split code must be registered in the same states in which their client resides.

4. Anyone actively prospecting securities-related business in a state must be registered in the same state in which the prospect resides.

5. Non-registered persons are **prohibited** from accepting or transmitting a trade order from either a client or a registered person. Depending on the product, a properly registered FINRA licensee (i.e. Series 6 or Series 7) who is registered in the client's state of residence is required to accept and enter a trade.

6. All Registration requests should be directed to registration@pcsbd.net.

Form U4 Maintenance

When you became registered with Private Client Services, a Form U4 was completed and filed with FINRA.

It is your responsibility to advise your Supervising Principal, as well as PCS Registrations/Compliance when any information stated on your Form U4 has changed. These changes may include a name change, change in address (business or residence), and any other items previously disclosed on the Form. Especially important, is to immediately notify your Supervising Principal and Compliance if changes to potential disclosure questions may need to be amended related to the following:

- Requested to testify before or provide documents to any federal or state authority or SRO
- A defendant or a respondent in any civil, administrative or arbitration matter
- The subject of any subpoena, censure, injunction, suspension, fine, cease and desist order or any other sanction imposed by any federal or state authority or SRO
- The subject of any bankruptcy proceeding
- The subject of any oral or written complaint by a client or any claim for damages by a client
- The subject of any arrest, summons, arraignment, indictment, conviction or guilty plea to any criminal offense - either misdemeanor or felony - other than a minor traffic violation
- The subject of any investigation or inquiry by any federal or state authority or self-regulatory organization (SRO)

Failure to IMMEDIATELY notify Compliance of any required Form U4 amendments may result in internal disciplinary action. If you are uncertain of whether a particular change requires a Form U4 amendment, check with your Supervising Principal, Registrations/Compliance Department. If you do not have a copy of your Form U4 and are unsure of the information currently disclosed on it, you should request a copy for review, and provide updates if necessary.

Active Duty Military Call-Up

Upon receiving notice of active duty call-up, you must provide a copy of your Call-up Notice to your designated Supervisor.

FINRA By-Laws provide specific relief to registered personnel who are called into active military duty and such individuals may be placed in a specially-designated inactive status upon FINRA being notified of their military call-up. This inactive status will not jeopardize their FINRA registration as long as certain procedures are followed. In addition, such individuals will remain eligible to receive transaction-based compensation, and certain dues and assessments identified in FINRA By-Laws may be waived.

Regulatory Requests for Information

Should you ever receive a request for information from FINRA or other regulatory body (either verbal or written) for information or documentation - IMMEDIATELY TAKE IT UP WITH YOUR SUPERVISING PRINCIPAL OR COMPLIANCE. They will give you guidance as to how to respond. Do not attempt to deal with this on your own.

DO NOT, HOWEVER, REFUSE TO RESPOND. Get the name, address and telephone number of the person making the request and advise them that you will be back in touch shortly.

A blatant refusal to cooperate may result in a fine and suspension from FINRA; it can also result in your being completely expelled from the industry.

It is important to keep in mind that the requirement to cooperate with FINRA, and other regulatory bodies, extends for a two-year period after an individual leaves the securities industry and in certain instances can continue even longer than that. In such case, you would have to deal with such requests on your own, but during your registration with Private Client Services, you will have our assistance and guidance in dealing with such requests.

Regulation Best Interest

Policy

As of result of the SEC's Regulation Best Interest (Reg BI), effective June 30, 2020, Private Client Services (and by extension its' Registered Representatives) must act in their retail clients' best interests when making investment recommendations by meeting the following four core obligations:

***1. Disclosure*.** Provide certain prescribed disclosures before or at the time of a recommendation regarding the investment and the relationship between the retail customer and the broker-dealer.

2. ***Care*.** Exercise reasonable diligence, care, and skill in making the recommendation. The Care Obligation mirrors FINRA's Suitability Rule, with the caveat that under Reg BI, in addition to suitability, the obligation also considers whether the broker-dealer's standards avoid placing the financial interests of the broker-dealer ahead of the customer.

3. ***Conflicts of Interest*.** Establish, maintain, and enforce policies and procedures reasonably designed to address conflicts of interest.

4. ***Compliance*.** Establish, maintain, and enforce policies and procedures for the broker-dealer's Disclosure and Care Obligations.

Recommendation

While Broker-Dealers have an existing 'suitability' obligation (FINRA Rule 2111), Reg BI seeks to further enhance that obligation whenever a recommendation is made through avoidance of placing the financial interests of Private Client Services or its' representatives ahead of the customer. Whether a recommendation is made that triggers Reg BI will be based on the facts and circumstances of the situation. The determination generally will be made based on whether the communication to the retail

customer could reasonably be viewed as a 'call to action' or influence an investor to trade a particular security or group of securities. In addition, if the communication is more individually tailored to a specific customer or targeted audience, the greater the likelihood the communication may be viewed as a recommendation.

Regulation BI applies not only to the recommendation of a securities transaction itself, but also overall investment strategies, which may include recommendations to invest in a bond ladder, engage in margin investing or dollar cost average strategies. Recommendations as to the type of account, whether to roll over or transfer assets from an employer retirement plan to an IRA, or to take a plan distribution will also trigger Reg BI. If unsure as to whether a certain recommendation triggers Reg BI, please contact your Supervising Principal.

Retail Customer

The SEC has defined "retail customer" (or retail investor) as "a natural person, or the legal representative of such natural person, who: (A) receives a recommendation of any securities transaction or investment strategy involving securities from a broker-dealer; and (B) uses the recommendation primarily for personal, family, or household purposes."

It is important to note that the definition of "retail customer" as it relates to Reg BI **does not exclude** high-net worth natural persons and natural persons that are accredited investors.

Best Interest

Under Regulation BI, Private Client Services (and by extension its' Registered Representatives) have an obligation to act in the best interest of retail customers (or retail investors) when making a recommendation of any securities transaction or investment strategy involving securities to a retail customer, and may not put their financial interests ahead of the customer's while making these recommendations.

Though the SEC does not define "best interest," it has pointed out that "best interest" pertains to a recommendation in the context of a client's entire situation and applies only at the time of the recommendation itself.

Further regulatory guidance clarifies that a broker-dealer does not necessarily need to find the one "best" product, evaluate ALL possible alternatives, or even focus on the lowest cost alone. In addition, registered representatives do not have to refuse a customer's order if it is contrary to the recommendation as the Care Obligation excludes self-directed or unsolicited transactions. But while obligations to act in the client's best interest may feel somewhat less important in instances of unsolicited transactions, registered representatives may not be entirely relieved of their best interest obligations and should consider discouraging a customer from making certain transactions which he/she believe may be contrary to the customer's best interest in addition to accurately documenting those instances.

While Private Client Services may retain certain conflicts of interest, they should be disclosed to customers. The firm may on an ongoing basis consider additional steps to mitigate certain conflicts of interests including conflicted incentives of their registered representatives where deemed necessary.

Dual Registrants

According to the SEC, a dual registrant is an investment adviser only for 'advisory' accounts. For any 'brokerage' accounts and the overall relationship with the client, the dual registrant will be considered a broker and subject to Regulation Best Interest. However, the broker will only be subject to the Best

Interest standard for a specific recommendation, and not with respect to the overall relationship with the client as an investment adviser.

For broker-dealers who are dually registered, and for associated persons who are either dually registered or, who are not dually registered but only offer broker-dealer services through a firm that is dually registered, the information contained in the Relationship Summary (i.e Form CRS) will not be sufficient alone to disclose your capacity in making a recommendation. Accordingly, dually registered associated persons and associated persons who are not dually registered and only offer broker-dealer services through a firm that is dually registered, must disclose whether they are acting (or only acting) as an associated person of a broker-dealer.

Procedures and Documentation

Private Client Services' registered representatives must comply with the following:

- Not participate in prohibited activities including participation in any sales contests, sales quotas, bonuses, and non-cash compensation that are based on the sale of specific securities or specific types of securities within a limited period of time;

- Do carefully evaluate and decline to offer products to customers when the conflicts associated with those products are too significant to be mitigated effectively;

- Disclose existing conflicts of interests and mitigate conflicts of interest that create an incentive for our registered representatives to place the interest of the firm (or themselves) ahead of the customer;

- Prior to or at the time of a recommendation, you must reasonably disclose, in writing, all material facts about the scope and terms of the firm's relationship with the customer, including: the nature of the relationship, material fees and costs, the type and scope of services to be provided, whether or not account monitoring services will be provided, and conflict of interest associated with the recommendation that might incline us to make a recommendation that is not disinterested;

- Identify and disclose any material limitations placed on the securities or investment strategies involving securities that may be recommended to a retail customer and any conflicts of interest associated with such limitations. Where deemed necessary Registered Representatives shall prevent such limitations and associated conflicts of interest from causing them to make recommendations that place his or her interest ahead of the interest of the customer;

- Deliver the PCS Customer Relationship Summary (i.e. Form CRS) within 30 days upon an investor's request or prior to or immediately at the time of making a recommendation, whichever comes first.

Documentation to be maintained:

- Written disclosures (i.e. conflicts of interest disclosures including PCS Customer Relationship Summary) provided to each customer. When additional verbal disclosures are made, a reference to when that verbal disclosure was made should be maintained. After the initial delivery of Form CRS by Private Client Services, subsequent written and verbal disclosures provided to investors by the Representative can be initiated/tracked through the use of the Firm's Docupace platform.

- Records of the date that each PCS Customer Relationship Summary (i.e. Form CRS) version was provided to each investor, including any relationship summary that was provided before the investor

opens an account, along with a copy of each relationship summary. Again this will be tracked through the use of the Docupace platform.

Regulation Best Interest vs. Suitability Rule 2111

While FINRA's Suitability (Rule 2111) and Regulation Best Interest are similar in certain aspects, there are distinct differences, some of which are outlined in the chart below. Registered Representatives should be aware of these differences as adherence to both is required. For instance, while the Suitability rule applies to "standard" recommendations (i.e. buys and sells) as well as explicit recommendations to hold a security, regulation Best Interest raises the bar to also include recommendations of account types (i.e. advisory v. brokerage, v. direct account), the rollover of a retirement plan, and other recommendations related to the overall investment strategies for an account.

Primary Differences: Rule 2111 (Suitability) versus Regulation BI (Best Interest)		
	FINRA Rule 2111	**Regulation BI**
Broker-Dealer Obligations	➢ Suitability requirements ➢ Detailed guidance regarding recordkeeping	Four distinct obligations under the general obligation of Regulation BI: ➢ Disclosure; ➢ Care (Suitability); ➢ Conflicts of Interest; and ➢ Compliance
Customer Applicability	All customers (exemption available for "institutional accounts" including natural persons with total assets of at least $50 million)	All "retail customers" (as defined in Regulation BI)
Quantitative Suitability	Only applies when the broker-dealer has actual or de facto control over the customer's account	Applies regardless of whether broker-dealer has actual or de facto control over the customer's account

Types of Recommendations	➢ "Standard" (buy/sell) recommendations; and ➢ Explicit recommendations to hold a security	➢ "Standard" (buy/sell) recommendations; ➢ Explicit recommendations to hold a security; ➢ Recommendations with respect to account types and rollovers; and ➢ Implicit hold recommendations resulting from agreed-upon account monitoring

Firm Specific Documentation Requirements – Regulation Best Interest

To assist in complying with all four components of Regulation BI, Private Client Services has developed additional documentation and guidance specific to our firm to be utilized when making recommendations of any securities transactions or investment strategies involving securities including account type recommendations. Whether the documentation is intended for internal use versus investor-facing use is specified below.

1) Regulation Best Interest FAQ's (Internal PCS Use)
2) Regulation Best Interest Recommendation Selection Process (Internal PCS Use)
3) Regulation Best Interest Disclosure (Investor)
4) Recommendation Documentation Supplement (Internal PCS Use)
5) PCS Client Relationship Summary or Form CRS (Investor)
6) PCS Rollover Disclosure (Investor)

Regulation Best Interest FAQ's

The Regulation Best Interest FAQ's are intended for internal use and provides a brief regulatory background including an overview of what this new requirement means for you as a Financial Professional with Private Client Services. It can be found online within the Recommendation Guidance section of the PCS Advisor Resource Center (ARC) once logged in: https://pcsbd.net/client-access-area/recommendation-guidance/

Regulation Best Interest Recommendation Selection Process

The Regulation Best Interest Recommendation Process is intended for internal use and should be referenced within the Recommendation Guidance section (https://pcsbd.net/client-access-area/recommendation-guidance/) on the PCS Advisor Resource Center. This document breaks down what questions Financial Professionals should be considering when developing a recommendation as to the type of account as well as the investments and overall strategies to be recommended therein.

Regulation Best Interest Disclosure

The Regulation Best Interest Disclosure is located on the PCS public website for reference with customers: https://pcsbd.net/regulation_best_interest/. This document thoroughly explains what products and services PCS offers and should be reviewed by investors prior to opening an account or engaging in securities transactions with Private Client Services.

Recommendation Documentation Supplement

The Recommendation Documentation Supplement is intended for internal use and can be found on the Advisor Resource Center under PCS Forms as well as under the Recommendation Guidance section: https://pcsbd.net/client-access-area/recommendation-guidance/. This document must be completed and signed by the Financial Professional as part of the account opening process for all accounts in order to document the rationale as to why a particular recommendation was made on the type of account as well as the investment-related recommendations made therein. While the Account Selection Recommendation section on the Supplement must be completed for all accounts (Direct, brokerage Advisory), the Investment Recommendation section is required for only direct accounts and is optional for brokerage and advisory accounts.

PCS Client Relationship Summary (i.e. Form CRS)

The PCS Client Relationship Summary (i.e. Form CRS) is intended for use with retail investors and must be delivered before or at the earliest of *(i) a recommendation of an account type, a securities transaction, or an investment strategy involving securities; (ii) placing an order for the retail investor; or (iii) the opening of a brokerage account for the retail investor.* This form is available on the PCS public website (https://pcsbd.net/regulation_best_interest/). While PCS will send out a mass mailing for all existing PCS clients after the effective date of Regulation BI (mid 2020), subsequent delivery must be tracked using the Docupace platform. Delivery of the PCS Client Relationship Summary must be logged within Docupace with the actual delivery of the document occurring either via email, physical mailing or in-person handout. More background information related to Form CRS is detailed in a later section.

PCS Rollover Disclosure

The PCS Rollover Disclosure can be found under PCS Forms on the Advisor Resource Center (https://pcsbd.net/client-access-area/forms-library/). This disclosure explains the different options an investor may take when considering what to do with assets from a former qualified employer-sponsored retirement plan (i.e. 401k, 403b, 457b, etc) including the advantages and disadvantages of each option. This disclosure requires a client signature and must be included when opening a retirement account (i.e. IRA, ROTH IRA, etc) where the assets to be rolled over are coming from a qualified employer-sponsored retirement plan.

Regulation Best Interest - Form CRS

In accordance with Regulation BI, effective June 30, 2020, the SEC requires broker-dealers to provide a Form CRS (or Customer/Client Relationship Summary) to their retail investors. Private Client Services will provide the initial Form CRS for all of its existing clients through a mass mailing.

Form CRS must later be delivered to retail investors at the beginning of a relationship with Private Client Services, following a material change to the details of Form CRS, or upon other ***certain events** as noted below. This subsequent delivery may occur through mail, electronic delivery (i.e. email) or in-person handout and must be tracked in the firm's books and records. Form CRS is also posted to the Private Client Services website (https://pcsbd.net/regulation_best_interest/).

Certain events** include: ***(i) opening a new account that is different from the investor's existing account(s); (ii) recommending the investor roll over assets from a retirement account into a new or existing account or investment; or (iii) recommending or providing a new brokerage service.

To help make Form CRS easier for clients and prospective clients to compare between firms, the SEC created five uniform sections to be included in the form, along with certain language/questions to be

answered in each section, which must be addressed: *an Introduction, a description of Relationships & Services, a summary of Fees, Costs, Conflicts, and Standard of Conduct, Disciplinary History, and where to go for Additional Information.*

In accordance with Form CRS instructions, if information in the relationship summary becomes materially inaccurate, updates must be made within 30 days of the change(s) and communicated to retail investors who are existing clients or customers within 60 days after the updates are required to be made. When delivering the amended relationship summaries the most recent changes should be delineated or an additional disclosure provided showing revised text or summarizing the material changes as an exhibit to the unmarked amended relationship summary.

Reportable Events

As a registered individual with Private Client Services, it is your responsibility to IMMEDIATELY notify your Supervising Principal, or Compliance, of certain specific events.

You must IMMEDIATELY notify your Supervising Principal, or our Chief Compliance Officer, if you ever become involved in any of the following:

- The subject of any investigation, or inquiry, by any federal or state authority or self-regulatory organization (SRO)
- Requested to testify before, or provide documents to, any federal or state authority or SRO
- A defendant or a respondent in any civil, administrative or arbitration matter
- The subject of any censure, injunction, suspension, fine, cease-and-desist order or any other sanction imposed by any federal or state authority or SRO
- The subject of any bankruptcy proceeding
- The subject of any oral or written complaint by a client or any claim for damages by a client
- The subject of any arrest, summons, arraignment, indictment, conviction or guilty plea to any criminal offense - misdemeanor or felony -other than a minor traffic violation

Failure on your part to make such IMMEDIATE notification may result in sanctions, including the possibility of termination.

In addition, you should obtain a copy of your Form U4 from Licensing and Registrations, Compliance or your Supervising Principal, to determine if you have responded appropriately to all the questions listed on the form (e.g., current name, address, disciplinary matters, etc.). Your Form U4 must be continuously maintained in a current manner by disclosing any changes to Licensing and Registrations, Compliance or your Supervising Principal.

It is important that you report all required information PROMPTLY and COMPLETELY. Failure to make complete disclosures on any reportable events may result in your termination and may also place you in regulatory jeopardy.

Restricted Stock Transactions

Restricted securities are those securities that have been acquired from an issuer in a transaction not involving a public offering. The resale of restricted securities is subject to restrictions and can only be executed pursuant to an exemption from registration or registration under the Securities Act of 1933.

Typically, company insiders, including officers, directors and control persons (i.e., ownership of less than

5% of outstanding stock) are among the most common individuals to acquire restricted shares.

The most popular exemption from registration relied upon to resell restricted securities is Securities Act Rule 144.

To uncover potential transactions in restricted stock, you must endeavor to obtain complete background data for all new accounts, including information concerning your client's affiliation (i.e., a current or past officer, director or similar official of the company).

In cases where certificates are being deposited, you must inspect the certificates for restricted legends indicating that the certificates are restricted securities, in which case, they can only be sold after Compliance has approved such sale. It is the policy of Private Client Services to not implement a sell order for a stock without having the stock in-hand, or in an account with our clearing firm. At the time the certificate is received, the back and front of the stock certificate will be examined for any endorsements with regard to restrictions and/or controls of the particular stock.

To comply with Securities Act Rule 144 and firm policy, the following steps must be taken:

- Have a signed and completed new account form on file.
- Have prior approval from a designated supervising principal.
- Five copies of Form 144 (www.sec.gov) must be filed with Compliance
- The issuer must be current in its SEC filings
- Restricted shares must have been held for at least one year
- The securities must be sold in an unsolicited brokerage transaction
- You must adhere to restricted share volume restrictions
- You must contact Compliance to determine if Private Client Services requires any additional Rule 144 documentation, such as a written Legal Opinion from client's counsel acknowledging the appropriateness of the sale.

Securities Act Rule 144A provides a safe harbor from Section 5 registration for the resale of private placements by qualified institutional buyers provided certain conditions are met. These conditions are extensive and quite complex. Accordingly, you must consult with your supervisor prior to effecting any Rule 144A transactions.

Sales, Marketing, Promotional Material (Retail Communication)

You are prohibited from utilizing any sales, marketing and promotional materials (Retail Communications) which will may be distributed to 25+ recipients within a 30 day period) without having written pre-approval (Marketing Pro – Approval Certificate) from a designated Advertising principal within Private Client Services.

If you are unclear as to whether or not marketing material in your possession has been pre-approved, check with your Supervising Principal or with Compliance. You should discard any material you may have available which has been determined not be approved.

If you maintain your own website, it is important to realize that any presence you maintain on the Internet may violate the advertising rules and regulations absent prior review and approval. You should download copies of all your website pages and submit them through the firm's Marketing Pro platform and get preapproval before becoming active. In addition, any ongoing changes to the website must be submitted for preapproval before being applied. For those that have use a website host (i.e. Broadridge, FMG,

TwentyOverTen, Advisor Websites) in which Private Client Services has been granted access to a Compliance Review queue, review may be conducted through those platforms as an alternative to submitting individual website page changes through Marketing Pro.

You should also be aware that by offering any 'hyperlinks' on a website, you become responsible for information being maintained on those sites visitors can get to from visiting your site.

Marketing material marked as 'internal use only' is strictly prohibited from being shared with customers.

Though not an all-inclusive list, the following are examples of Marketing Materials (or Retail Communication) requiring preapproval regardless if in electronic or print form:

- Letterhead/stationery, business cards, etc
- Advertisements
- Brochures, fliers, postcards, and newsletters
- Form letters / prospecting letters (including emails to be sent to 25+ recipients within a 30-day period.
- Columns prepared for outside publications, reprints and excerpts
- Scripted Interviews
- Seminar presentations, invitations and handouts
- Websites, blogs and social media accounts used for securities business purposes
- Written Market Commentary

Senior Investors: Diminished Capacity and Suspected Financial Abuse

It is important you are aware of financial exploitation and the issues which can arise for Seniors or vulnerable adult investors who have or may later develop a physical or mental diminished capacity (e.g., limited eyesight or hearing, the onset of dementia, or any other aging-related disability).

Financial exploitation is the illegal or improper use of another's resources for personal profit or gain. Also called fiduciary abuse, economic abuse, and financial mistreatment, this type of exploitation encompasses a broad range of conduct.

A vulnerable adult may be exploited in three ways:

1. without the elder's consent;
2. by trickery, intimidation or coercion; or
3. when the elder is too confused to give informed consent.

Seniors are more susceptible to financial exploitation especially in later years of retirement due to diminished capacity and the pressure for additional money as their savings diminish. While exploitation may come from strangers; even more troubling, financial abuse is sometimes initiated by the vulnerable adult's own family members or caregivers. In addition to financial abuse, abuse may also manifest in the forms of physical or mental abuse.

Examples of exploitation perpetuated by a family member, acquaintance, person acting with power of attorney or court appointed fiduciary could include the following:

Misappropriating income or assets

The perpetrator obtains access to an elder's social security checks, pension payments, checking or savings accounts, investment accounts, credit card or ATM card, or withholds portions of checks cashed for an elder.

Charging excessive rent or fees for services
The perpetrator charges an elder excessive rent or unreasonable fees for basic care services such as transportation, food, domestic services, such as house cleaning or lawn maintenance, or medicine.

Obtaining money or property by undue influence, misrepresentation, of fraud
The perpetrator improperly or fraudulently uses the power of attorney fiduciary authority to alter an elder's will, borrow money using an elder's name, or dispose of an elder's assets or income.

Red flags of Financial Exploitation could include:

1. Sudden, atypical or unexplained account activity (i.e. withdrawals, etc).
2. Drastic shifts in investment style.
3. Inability to contact the senior customer.
4. Signs of intimidation or reluctance to speak in the presence of a caregiver.
5. Isolation from friends and family.
6. Recent, new acquaintances, particularly those who take up residence with an older person and/or accompany the elder to conduct financial business.
7. Changes in the older person's property titles, wills or other documents, particularly if the person is confused and/or documents favors new acquaintances.
8. A power of attorney executed by a confused elder
9. Lack of amenities when the older person can afford them.
10. Missing property.
11. Suspicious activity on credit cards or line of credit accounts.
12. Forged or suspicious signature on documents.
13. Failure to receive services that have already been paid for.
14. The older person is uncared for or the residence is unkempt when arrangements have been made for providing care and services.
15. The elder is being evicted or having utilities disconnected.
16. Mail being redirected to a different address.
17. Confused or concerned about missing funds in his/her accounts.
18. Unaware of or does confused regarding recent completed financial transactions.

You should work closely with your designated Supervising Principal and Compliance, when you have concerns regarding how to handle any particular customer especially seniors and other vulnerable adults.

Senior Investors: High-Pressure Sales Seminars Aimed at Seniors

Under no circumstances may you hold any seminars without receiving prior approval from your designated supervising principal and Compliance, regardless of who your proposed audience is. Nor may you use any title 'designation' of any sort without prior approval.

Regarding seminars aimed at seniors and professional designations suggesting expertise in dealing with older investors, in its Notice to Members 07-43, FINRA stated its concern about the *proliferation of professional designations, particularly those that suggest an expertise in retirement planning or financial services for seniors, such as 'certified senior adviser,' 'senior specialist,' 'retirement specialist' or 'certified financial gerontologist.' Regardless of how such titles are granted, seniors may be led to believe that*

these individuals are particularly qualified to assist them based on such designations. A FINRA Investor Education Foundation-sponsored survey found that a quarter of senior investors surveyed were told by an investment professional that the investment professional was specially accredited to advise them on senior financial issues, and a half of those investors were more likely to listen to the professional's advice because of it.

FINRA Rule 2210 and 2241 prohibit firms and registered representatives from making false, exaggerated, unwarranted or misleading statements or claims in communications with the public. This prohibition includes referencing nonexistent or self-conferred degrees or designations or referencing legitimate degrees or designations in a misleading manner.

***Permission to utilize any professional designations and/or titles must be given to you in writing and you must maintain such approval records including the approval certificate from Marketing Pro (i.e. business cards, email signatures, and other retail communication referencing "designations" and/or "titles"). The use of "Advisor" or "Adviser" within a title may only be used if registered as Investment Adviser Representative or for those dually registered persons. Any person who is solely a Registered Representative is prohibited from using "Advisor" or "Adviser" in their title pursuant to Regulation Best Interest. The use of any non-approved designations/titles may result in disciplinary action.**

Furthermore, all seminars must be pre-approved, in writing by a designated supervising principal. Any seminars directed at seniors must also receive pre-approval by an Advertising Principal. Scripts, handouts, dates, names of individuals conducting seminars to be attended by seniors, as well as any other relevant material, must be approved and maintained.

Senior Investors: Suitability

FINRA released Regulatory Notice 07-43 as well as other related guidance to remind firms that policies and procedures may need to be in place to address special issues that are common to many Senior Investors. The Notice also highlights a number of practices that FINRA has found certain firms to have adopted to better serve these customers.

The number of Americans who are at or nearing retirement age continues to grow significantly. According to prior studies, by 2030, almost one out of every five Americans - approximately 72 million people - will be 65 years old or older. Those who are 85-years old and older are now in the fastest growing segment of the U.S. population. At the same time, Americans are living longer than ever, meaning that retirement assets have to last longer than ever, too. Moreover, fewer retirees and pre-retirees can rely on traditional corporate pension plans to provide for a meaningful portion of retirement needs. Therefore, the financial decisions made by those who are at, or nearing, retirement are more important than ever before.

While Regulatory Notice 07-43 states, *'FINRA does not have special rules for senior customers. Firms owe all their customers the same obligation and duties. However, in executing those duties, age and life stage (whether pre-retired, semi-retired or retired) can be important factors, and firms should make sure that the procedures they have in place take these considerations into account where appropriate. Two areas of particular concern to FINRA are the suitability of recommendations to, and communications aimed at, older investors.'* **(Effective June 30, 2020, Suitability (FINRA Rule 2111) no longer applies to recommendations given to retail customers. Those recommendations are instead subject to a higher standard mandated through Regulation Best Interest discussed later in this manual).**

In particular, there is an added importance of liquidity and the fact that seniors and retirees may have less tolerance for certain types of risk than other investors. For example, retirees living solely on fixed incomes

may be more vulnerable to inflation risk than those who are still in the workforce, depending on the number of years those retirees are likely to rely on fixed incomes. Likewise, investors whose investment time horizons afford less time or opportunity to recover investment losses, may be disproportionately affected by market fluctuations.

Over-reliance on net worth is particularly problematic where an investor may meet the accredited investor standard based largely on home values, which may represent the largest asset of many Senior Investors.

Questions you should consider when dealing with Senior Investors include, but are not necessarily limited to may include:

- Asking, either at account opening or during or subsequent meeting, whether the customer has executed a durable power of attorney
- Asking, either at account opening or subsequent meeting whether the customer would like to designate a Trusted Contact for the account whom the firm could contact if it could not contact the customer, or had concerns about the customer's whereabouts or health.
- Asking the customer if he or she would like to invite a friend or family member to accompany the customer to future appointments.
- Informing the customer, where appropriate, that, in the firm's view, a particular unsolicited trade is not suitable or in the best interest for the customer.

You should also obtain additional important information including:

- Is the customer still currently employed? If so, how much longer does he or she plan to work?
- What are the customer's primary expenses? For example, does the customer still have a mortgage?
- What are the customer's sources of income? Is the customer living on a fixed income or anticipate doing so in the future?
- How much income does the customer need to meet fixed or anticipated expenses?
- How much has the customer saved for retirement? How are those assets invested?
- How important is the liquidity of income-generating assets to the customer?
- What are the customer's financial and investment goals? For example, how important is generating income, preserving capital or accumulating assets for heirs?
- What health care insurance does the customer have? Will the customer be relying on investment assets for anticipated and unanticipated health costs?

While not all seniors are, or should be, risk-adverse, and no particular product per se is 100% unsuitable or not in the best interest for older investors all the time, certain products or strategies may pose higher risks and may be unsuitable for a specific senior investor because of time horizon considerations, liquidity, volatility or inflation risk.

Of specific concern should be transactions involving products that have withdrawal penalties or otherwise lack liquidity, such as deferred variable annuities, equity indexed annuities, some real estate investments and limited partnerships; variable life settlements; complex structured products, such as collateralized debt obligations (CDOs) or cases where investors have mortgaged home equity for investment purposes or have utilized retirement savings, including early withdrawals from IRAs, to invest in high risk investments.

Supervising Principals may conduct periodic reviews and require registered representatives obtain additional due diligence of senior clients accounts as deemed warranted (i.e. 70+ of age) to determine if potential issues may require closer attention.

Signature Guarantees

Signature guarantees are required in instances when stocks, bonds or other registered securities are transferred from a seller to a buyer. Signature guarantees must be obtained on the appropriate documents, including, but not necessarily limited to, stock certificates and stock/bond power forms.

Use of the stamp is solely for the benefit of PCS clients and no signature guarantee will be approved by an authorized guarantor of the firm without an assurance of the identity of the signing party. Blank or altered documents may never be guaranteed.

To request a signature guarantee, the original documents along with a completed the PCS Signature Guarantee Request Form should be sent to PCS Operations. An authorized guarantor of the firm will review the documents for approval and subsequently affix the Medallion where applicable.

Social Networking

Private Client Services understands the relationship-building potential of social media. With that said Social networking sites and blogs raise regulatory challenges, particularly in the areas of supervision, advertising and books and records requirements. FINRA has issued several Regulatory Notices regarding Social Media (i.e. Reg. Notice 10-06, Reg. Notice 11-39, and Reg. Notice 17-18) to provide additional guidance for firms and associated personnel in using social networking sites in a compliant manner.

Private Client Services currently allows the use of either Facebook, Twitter and/or LinkedIn for securities-related business purposes, but only after each are properly disclosed and approved by Compliance via the Social Media and Website Disclosure Form. These social networking sites must be properly archived for ongoing monitoring and record retention purposes as they typically include both static content and interactive functions which require certain approvals from a Supervising Principal and/or Compliance.

Examples of static content typically available through social networking sites include profile, background or 'wall' information. As with other Web-based communications such as banner advertisements, a registered principal of the firm must pre-approve all static content on a page of a social networking site established by the firm or a registered representative before it is posted.

Policy

All newly registered personnel must attest to their awareness of the prohibition of utilizing social networking sites for securities-related business without first receiving written approval from Private Client Services. If permission to use any social media site is granted, Private Client Services must retain applicable books and records.

In addition, all associated individuals should be aware of the fact that suitability requirements (under FINRA Rule 2111) must be adhered to when communicating online. Notice to Members 01-23, 'Online Suitability,' may be referred to, both in terms of suitability requirements and determining when certain online communications fall within the definition of a 'recommendation' (under FINRA Rule 2111 and Regulation Best Interest).

The policy of Private Client Services is to prohibit all interactive electronic communications that recommend a specific investment product. Any variances to this prohibition must have all content reviewed and approved in advance by an appropriate Supervising Principal. Please also reference the PCS

Social Media Reference Chart available on the Advisor Resource Center (www.pcsbd.net) which outlines specific do's and don'ts for Linkedin, Facebook and Twitter.

In instances where we permit online communications that permit recommending of any specific investment products, you must use a pre-approved communication. Certain 'third-party posts' may be used provided that Private Client Services has (1) been involved in the preparation of the content or (2) or approved the content. Online communications will be monitored.

With respect to communications posted by associated persons of Private Client Services on electronic bulletin boards and/or message boards, such materials are considered advertisements because they can be viewed by anyone with access to these services. Accordingly, you are PROHIBITED from posting information to any bulletin or message boards without receiving prior approval from your Supervising Principal or Compliance.

Chat Rooms

Chat room discussions are considered public forums, and it is therefore important to be aware that chat rooms are prohibited places for you to discuss the purchase or sale of securities or any business related to Private Client Services.

Suitability: Main Suitability Obligations Under FINRA Rule 2111

While this section details the 3 suitability obligations pursuant to FINRA Rule 2111 in which you must adhere to when conducting a suitability analysis, when making a *recommendation you are held to a Regulation Best Interest standard effective June 30, 2020. To provide clarity on which standard applies and to avoid unnecessary duplication, when making a recommendation to a retail customer, compliance with Reg BI would result in compliance with Rule 2111. More information is located in the Regulation Best Interest section of this manual which outline the similarities and differences between both standards.

The suitability rule consists of three suitability obligations: reasonable-basis suitability, customer-specific suitability and quantitative suitability.

- ***Reasonable-basis suitability*** *requires a broker to have a reasonable basis to believe, based on reasonable diligence, that the *recommendation is suitable for at least some investors. In general, what constitutes reasonable diligence will vary depending on, among other things, the complexity of and risks associated with the security or investment strategy and the firm's or associated person's familiarity with the security or investment strategy. A firm's or associated person's reasonable diligence must provide the firm or associated person with an understanding of the potential risks and rewards associated with the recommended security or strategy.*
- ***Customer-specific suitability*** *requires that a broker have a reasonable basis to believe that the *recommendation is suitable for a particular customer based on that customer's investment profile. As noted above, the rule requires a broker to attempt to obtain and analyze a broad array of customer-specific factors. For example, Regulation Best Interest applies to recommendations to "retail customers," which Reg BI defines as a natural person, or the legal representative of such natural person, who receives a recommendation of any securities transaction or investment strategy involving securities from a broker-dealer and uses the recommendation primarily for personal, family, or household purposes. Thus, FINRA's suitability rule is still needed for entities and institutions (e.g., pension funds), and natural persons who will not use recommendations primarily for personal, family, or household purposes (e.g., small business*

owners and charitable trusts).

- ***Quantitative suitability** requires a broker who has actual or de facto control over a customer account to have a reasonable basis for believing that a series of *recommended transactions, even if suitable when viewed in isolation, are not excessive and unsuitable for the customer when taken together in light of the customer's investment profile. Factors such as turnover rate, cost-equity ratio and use of in-and-out trading in a customer's account may provide a basis for finding that the activity at issue was excessive.*

The Suitability rule makes it clear that a broker must have a firm understanding of both the product and the customer. It also makes clear that the lack of such an understanding itself violates the suitability rule.

***Regulatory Notice 20-18 includes the following update and clarification:** "Reg BI's Care Obligation addresses the same conduct with respect to retail customers that is addressed by Rule 2111, but employs a best interest, rather than a suitability, standard, in addition to other key enhancements. Absent action by FINRA, a broker-dealer would be required to comply with both Reg BI and Rule 2111 regarding recommendations to retail customers. In such circumstances, compliance with Reg BI would result in compliance with Rule 2111 because a broker-dealer that meets the best interest standard would necessarily meet the suitability standard. To provide clarity on which standard applies and to avoid unnecessary duplication, FINRA has amended Rule 2111 to state that it will not apply to recommendations subject to Reg BI. FINRA has also removed the element of control from the quantitative suitability obligation, a change that is consistent with Reg BI. Finally, FINRA has conformed the CAB suitability rule, CAB Rule 211, to the amendments to Rule 2111."*

Suitability: Investment Recommendations

In order to comply with FINRA Rule 2111 (Suitability Rule) and Regulation Best Interest (effective June 30, 2020), all investment recommendations made to a customer must be suitable and in the best interest of the applicable customer, based on information obtained by the financial professional upon opening of the account and thereafter as changes occur (under FINRA Rule 2090, the "The Know Your Customer Rule"). **Effective June 30, 2020, Rule 2111 no longer applies to recommendations that are subject to Regulation Best Interest. When making investment recommendations to retail customers the Regulation BI section of this manual must also be followed.**

*Rule 2111**(a)** states:*
(a) A member or an associated person must have a reasonable basis to believe that a recommended transaction or investment strategy (see below for further details concerning recommended investment strategies) *involving a security or securities is suitable for the customer, based on the information obtained through the reasonable diligence of the member or associated person to ascertain the customer's investment profile. A customer's investment profile includes, but is not limited to, the customer's age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, risk tolerance, and any other information the customer may disclose to the member or associated person in connection with such recommendation.*

You must document the client information being taken into account, as necessary, relating to recommended (i.e., solicited) transactions by those individuals.

A client's investment objectives, risk tolerance, financial resources and level of sophistication and knowledge about financial matters and securities markets, and all other investor profile requirements, must be clearly understood. Income, liquidity needs, time horizons, age, employment status, occupation, dependents and other relevant information must be considered and discussed with the client when determining investment objectives and making appropriate recommendations.

Suitability must also be a concern even when accepting a non-recommended or unsolicited transaction. There have been cases where registered representatives and their firms have been cited for unsuitable, non-recommended transactions, and the mere fact that a registered individual STATES that a transaction was not recommended was not the determining factor in the arbitration case.

Transactions you consider clearly unsuitable should not be processed without first consulting a supervising principal who may require a written disclosure (i.e. PCS Letter of Non-Solicitation Form) from the customer acknowledging this firm's concern that the transaction is unsuitable and that the customer wants to proceed regardless.

If at any time a customer wants to undertake a transaction that you consider unsuitable, you must discuss the trade with your supervising principal PRIOR TO EXECUTING THE TRADE.

A supervising principal may not approve new account forms and the opening of a new account and, therefore, the first transaction may not be undertaken, unless the principal determines that you have obtained sufficient investor profile information.

If a trade appears unsuitable, you may be contacted to discuss the trade, requiring you to defend your position that it was suitable. If there is no acceptable defense and the transaction is ultimately deemed to be un-suitable, disciplinary action may be warranted.

Every effort must be made to obtain the following, or similar, information (as well as any other information deemed to be pertinent in terms of our making investment recommendations) on new accounts and on all accounts as they are routinely updated.

- Title of Account
- Type of Account
- Customer's Full Name/Home Address/Home Phone
- Customer's Employer/Customer's Occupation/Customer's Title
    - Is Employer a broker-dealer?
    - Is the customer affiliated with FINRA?
    - Is Customer associated with a broker-dealer?
    - Is Customer a public company officer/director/controlling stockholder?
- Name/Address/Relationship of third-party operating account
- Citizenship/Date of Birth (Age)
- Previous Investment Experience
- Other securities holdings
- Investment Time Horizons
- Liquidity Needs
- Income/Net Worth/Tax Bracket
- Investment Objectives
- Initial Transaction information
- Social Security/Tax Payer ID Number
- Signature of Registered Representative/Signature of Principal
- Any standing Instructions
- Verification of Registered Representative's Licensing/Registration in Customer's State of Residence
- Other brokerage accounts held by customer

Recommended Investment Strategies -- Supplemental Material .03 to Rule 2111 states the following:

The phrase "investment strategy involving a security or securities" used in this Rule is to be interpreted broadly and would include, among other things, an explicit recommendation to hold a security or securities.

However, the following communications are EXCLUDED from the coverage of Rule 2111 as long as they do not include (standing alone or in combination with other communications) a recommendation of a particular security or securities:

(a) General financial and investment information, including (i) basic investment concepts, such as risk and return, diversification, dollar cost averaging, compounded return, and tax deferred investment, (ii) historic differences in the return of asset classes (e.g., equities, bonds, or cash) based on standard market indices,
(i) effects of inflation, (iv) estimates of future retirement income needs, and (v) assessment of a customer's investment profile;

(b) Descriptive information about an employer-sponsored retirement or benefit plan, participation in the plan, the benefits of plan participation, and the investment options available under the plan;

(c) Asset allocation models that are (i) based on generally accepted investment theory, (ii) accompanied by disclosures of all material facts and assumptions that may affect a reasonable investor's assessment of the asset allocation model or any report generated by such model, and (iii) in compliance with Rule 2214 (Requirements for the Use of Investment Analysis Tools) if the asset allocation model is an "investment analysis tool" covered by Rule 2214; and

(d) Interactive investment materials that incorporate the above

FINRA Regulatory Notice 11-02 discusses several guiding principles that are relevant to determining whether a particular communication could be viewed as a recommendation for purposes of the suitability rule. In addition, Regulatory Notice 11-25 has some investment strategy FAQs.

Suitability: Institutional Accounts

Rule 2090 (Know Your Customer) reads as follows:
Every member shall use reasonable diligence, in regard to the opening and maintenance of every account, to know (and retain) the essential facts concerning every customer and concerning the authority of each person acting on behalf of such customer.

For purposes of FINRA Rule 3110 (Books and Records) and FINRA Rule 2111 (Suitability), an institution is (a) a bank, savings and loan association, insurance company or registered investment company; (b) an investment adviser registered with either the SEC under Section 203 of the Advisers Act or with a state securities commission (or any agency or office performing like functions); or (c) any other entity (whether a natural person, corporation, partnership, trust or otherwise) with total assets of at least $50 million.

You must employ the following procedures when opening an institutional account.

- Obtain information (in accordance with Rule 2090) required on new account forms and deliver the information, with specifically stated instructions, to a principal.
- The principal will determine what, if any, additional documentation (e.g., agreements, corporate

resolutions) may be required.

Institutional Account Suitability

FINRA Rule 2111, Supplementary Material .07
I**nstitutional Investor Exemption.** Rule 2111(b) provides an exemption to customer-specific suitability regarding institutional investors if the conditions delineated in that paragraph are satisfied. With respect to having to indicate affirmatively that it is exercising independent judgment in evaluating the member's or associated person's recommendations, an institutional customer may indicate that it is exercising independent judgment on a trade-by-trade basis, on an asset-class-by-asset-class basis, or in terms of all potential transactions for its account.

Rule 2111(b): A member or associated person fulfills the customer-specific suitability obligation for an institutional account if (1) the member or associated person has a reasonable basis to believe that the institutional customer is capable of evaluating investment risks independently, both in general and with regard to particular transactions and investment strategies involving a security or securities and (2) the institutional customer affirmatively indicates that it is exercising independent judgment in evaluating the member's or associated person's recommendations. Where an institutional customer has delegated decision making authority to an agent, such as an investment adviser or a bank trust department, these factors shall be applied to the agent.

To fulfill your suitability requirements to institutional customers, your responsibilities include having a reasonable basis for recommending a particular security or strategy, as well as reasonable grounds for believing that the recommendation is suitable for the particular customer.

The suitability interpretation states that the two most important considerations in determining the scope of broker-dealer suitability obligations in making recommendations to an institutional customer are

1. The customer's capability of evaluating investment risk independently.
2. The extent to which the customer exercises independent judgment in evaluating a broker-dealer's recommendation.

You must determine, based on information available, the customer's capability of evaluating investment risk. If the customer is either not capable of evaluating investment risks or lacks sufficient capability to evaluate a particular product and its risks, your obligation under the suitability rule IS NOT diminished by the fact that you are dealing with an institutional customer.

When you have reasonable grounds for concluding that an institutional customer is making independent investment decisions and is capable of independently evaluating investment risks, and when you determine that the recommendation is appropriate for the particular client, then you have fulfilled your obligation to determining suitability of a recommendation.

Determining a Customer's Ability to Make Independent Investment Decisions

Several issues should be considered including, but not necessarily limited to, the following:

- Any written or oral understanding that exists between the broker-dealer and the customer regarding the nature of their relationship and the services to be rendered by the broker-dealer.
- A pattern of accepting or rejecting recommendations of the broker-dealer
- The customer's use of ideas, suggestions, market views and information obtained from other broker- dealers and/or market professionals, specifically those relating to the same type of securities

- The extent to which the broker-dealer has received from the customer current comprehensive portfolio information in connection with the discussion of recommended transactions.

Text Messaging

Only associated persons who setup an account through the firm's approved text messaging vendor and subsequently approved by Private Client Services Compliance Department may use text messaging as a method to communicate securities business-related matters. By using the firm's approved vendor, the firm will ensure compliance with the firm's recordkeeping and supervisory obligations as the messages are deemed written communications and must follow various regulatory requirements including those referenced under FINRA Rule 2210 when dealing in communications with the public. Text messages must comply with all regulatory rules and the firm's guidelines.

While a text message may primarily be a one-to-one communication/correspondence (i.e. message sent to less than 25 recipients in a 30-day period), if sent to more than 25 within a 30-day period it's defined as retail communication and would require prior Compliance approval before being sent. Any complaints (including those received via a text message) must immediately be forwarded to the representative's designated Supervising Principal and the PCS Compliance Department for review and response.

In instances where a representative learns a text message was either sent to the wrong recipient or received from someone impersonating a client, the representative must immediately notify the PCS Compliance Department who will begin an appropriate investigation to determine what additional steps must be taken. Should any associated person not strictly adhere to this policy, internal disciplinary actions could follow, including up to possible termination. In addition to the prohibited texting activities below, you may also reference the PCS Text Messaging FAQs found on the PCS Advisor Resource Center (Compliance Section) for additional details.

<u>Examples of Prohibited Texting Activities:</u>

1. Texting non-public personal identifying information including a social security number, date of birth, account number, etc.
2. Acceptance of trade order instructions (Appropriately registered persons must confirm verbally).
3. Accepting/processing money movement transaction requests.
4. Recommendations of new products and/or services.
5. Using emoji's when sending a text message.

Threats, Intimidation, Harassment, Profanity

Consistent with rules adopted by the FTC and FINRA interpretations and policies, individuals affiliated with our broker-dealer are PROHIBITED from engaging in communications with customers that constitute threats, intimidation, the use of profane or obscene language or calls any individuals repeatedly to annoy, abuse or harass the called party.

Any failure to comply with this prohibition will result in sanctions, including possible termination.

Trading Ahead of Market Orders

The Firm's primary objective is to put the customer's interest first. Customer orders take precedence over the orders of any Private Client Services associated persons. You should not enter an order for your own account or immediate family member's account ahead of a public customer's order that you solicited unless you attempted but were unable to reach the public customer first. In the event that an associated person's trade is executed within same day prior to the associated person's customer executing an order in the same security on the same side of the market (buy or sell), the Firm reserves the right to review and adjust the price received by the client and/or the associated person, and charge back any costs to the registered associated person.

If you are unclear about any of the provisions of this policy including FINRA Rule 5320, you should discuss it with your Supervising Principal or with Compliance.

Time and Price Discretion Documentation - Retail Clients

Time and Price Discretion Documentation Requirements

It is the current policy of Private Client Services to not to allow any time and price discretion with any retail client without prior written approval.

Absent specific written authorization from the customer to the contrary, FINRA Rule 2360 and paragraph (d) of FINRA Rule 3260, requires the duration of the time and price discretionary authority be limited to the day such authority is granted. When time and price discretion is used it must also be indicated when placing the order.

Unit Investment Trusts

Unit Investment Trusts (UITs) that have initial sales charges sometimes offer discounts in the sales charge based on the dollar amount or number of units of the investment. The thresholds at which the discounts are offered in the sale of UITs generally are called price breaks and are substantially similar to breakpoint discounts in the sale of mutual fund shares.

In Notice to Members 04-26 firms and their registered personnel were cautioned that 'the same duties [that apply to correctly applying breakpoint discounts in the sale of mutual fund shares] extend to the sale of UITs that offer price breaks, and firms should develop and implement the same type of procedures for ensuring the proper application of such discounts in connection with the sale of UITs.'

If you have any questions concerning UIT breakpoints or other features, speak with your Supervising Principal or Compliance PRIOR to soliciting any UIT business.

Updating Client Information

It is not sufficient to initially know-your-customer but not follow through on changes that may have occurred that could directly alter suitability determinations and best interest recommendations.

You should make every effort to know your customer in reality, not just on paper. The initial new account

form may indicate a particular salary level, certain dependents and other information which could change based on events such as career changes, changes in marital status, etc.

Private Client Services will provide the client a copy of the new account information within 30-days of when the account was opened and then again 36-months after account opening so that the information can be reviewed and corrected where applicable.

While the firm provides a copy of new account information at inception of the account and 36 months thereafter, when a representative is recommending a transaction or other account strategy (i.e. explicit hold recommendation) for a client account which has not been active for a period of time, you should review the information on file and make notes regarding any possible changes that could affect your suitability determination and best interest recommendations.

Variable Products (Annuities and Life Insurance)

As a registered representative of Private Client Services, if engaged in transactions involving variable products, you must be capable of conveying the general characteristics of the variable products being offered and be thoroughly knowledgeable of, and in a position to adequately disclose all fees, possible tax consequences and other important features which may impact an individual's decision to purchase.

Both Variable Annuities and Variable Life products have been deemed by regulators to be securities and thus must be offered through a registered broker/dealer. However, while Variable Annuities are considered an investment vehicle and can be discussed with clients in those terms. Variable Life Insurance products SHOULD NOT be referred to as investments – they are life insurance contracts and clear disclosure of this fact must be made. Any variable life insurance communication that overemphasize the investment aspects of the policy or potential performance of the sub-accounts may be misleading.

Furthermore, as a registered representative engaged in transactions involving Variable Annuities and Variable Life, **you must be insurance licensed** as well as broker/dealer licensed. Insurance licensing carries responsibilities IN ADDITION to, and not necessarily in concurrence with, broker/dealer licensing. If you have any questions concerning your status under insurance regulations, you should address them to your Supervising Principal.

It is your responsibility to ensure that you are sufficiently educated in the difference between the two products and what disclosures are required for each. If you are unclear or wish to request additional training, you should bring the matter up with your Supervising Principal or Compliance. You may also reference the Guidance on Sales of Annuities document available on the Advisor Resource Center under the Recommendation Guidance tab.

Prospectus Delivery (Annuities and Life Insurance)

Providing a current prospectus meets the regulatory requirement for disclosure for both products. The prospectus provides information on the features, risks, investment options and structure of an investment and delivery of the prospectus is mandatory prior to or at the time of soliciting a specific investment. (Clients should be advised to maintain the prospectus so as to have it available for future reference).

Prior to submitting the application to the insurance company, it is required that you obtain, in writing, documentation verifying the customer's receipt of the prospectus and their understanding of early redemptions and associated tax consequences and penalties thereof.

In addition to supplying customers with a current prospectus, balanced discussions should take place which cover potential risks as well as possible rewards. A client's understanding of information contained in the prospectus should be increased; associated costs must be discussed and clients are to be reminded that when investments are sold, contract values may be either higher or lower than when purchased. Additionally, disclosures include:

- Sales charges
- Administrative expenses
- Mortality expenses
- Surrender periods and charges
- Sub-account options and investment management fees
- Death and Living benefit features and amounts
- Long-term care features, if applicable
- Critical care features, if applicable
- Contingent deferred sales loads
- Variability of contract values - risk of loss of principal
- Policy premium lapse periods

Switching / Replacements ('1035 Exchanges')

The replacement of variable life insurance and annuity contracts, especially within the same company is an issue of great concern with the regulators and therefore a matter taken seriously by Private Client Services.

A switch (or replacement) occurs when the full or partial proceeds from the sale of one packaged product (sold via prospectus) is used to purchase another packaged product (i.e. UIT, Mutual Fund, Annuity, etc) within a specified time period (i.e. 45 days). A Registered Representative has an obligation to evaluate net advantages to the client of any switching transaction.

Such transactions are generally difficult to justify if the financial gain or investment objective to be achieved by the transaction is undermined by sales charges, surrender charges and/or potential tax consequences.

All such sales charges, new investment charges and potential tax consequences must be brought to the attention of the client by the representative.

Proof that such disclosure was made must be available in writing (i.e. PCS Securities Purchase Form) and signed by the client documenting their understanding of the foregoing negative aspects of the proposed switch.

Such disclosure must acknowledge that the switch may initiate:

- new sales load
- contingent deferred sales charges
- new surrender period and charges
- taxable transaction by switching (if applicable)

Switching/Replacement disclosure (i.e. PCS Securities Purchase Form) must be attached to the account applications or the application cannot be processed.

Replacements can only occur after being carefully reviewed by a designated Supervising Principal to

determine whether the proposed transaction is in the best interests of the customer. The best interests of the customer must always be the primary concern of this firm and its associated persons.

Generally, replacements occur where a new policy is funded (either totally or in part) from another life or annuity policy through a lapse, surrender, use of nonforfeiture options or an insurance policy loan or financing (i.e. the use of an existing policy's cash value to purchase a new contract).

Replacements vary in definition from state to state, as well, and it is up to you, with the help of your Supervising Principal, to be familiar with the replacement rules in the state in which it occurs. In each and every case, should a replacement occur, the replacement box on the application MUST BE MARKED 'YES,' regardless of whether the particular state requires a replacement form.

Replacements should occur on a very limited basis and under no circumstances are you permitted to undertake any sales activities involving contacting former or current clients solely for the purpose of having them replace their existing coverage. Any such transactions must be clearly advantageous to the client.

In such instances where it is deemed to be appropriate and beneficial to the client, appropriate due diligence and analytical notes must be made for the file to document the rationale to go forward. Should a complaint be received regarding a replacement or a switch, documentation of a thorough analysis of the client's needs including an appropriately documented suitability determination and proof that the customer understood the costs and risks of the change must be available.

Failure to appropriately document all replacements/switches will result in the forfeiture of all related commissions, and may result in additional internal disciplinary actions. If there are any policy value adjustments required, all such adjustment costs may be charged to you.

It is also important that you be able to document the suitability of transactions (and best interest recommendations) where client funds have been 'switched' from one packaged product to purchase an annuity (or vice versa in the latter case). Such events also require 'switch' disclosures (i.e. PCS Securities Purchase Form) used to document the rationale behind the recommendation.

Suitability (and Regulation Best Interest obligations when making recommendations)

- You have a greater burden when recommending variable annuities to make sure that you ask for, and receive the information necessary in order to make sure your recommendations are suitable and in the best interest to each individual investor.
- Variable products are typically long-term investment vehicles and are generally inappropriate for investors who may need their money in the short term. Special consideration should be had for any products that have 7 or more years of a surrender period. Products with over 10 years of surrender schedules are prohibited and/or surrender fees of greater than 10% will not be approved.
- Exchanges may not be in the best interest of customers. In making a suitability determination as well as a best interest recommendation, you should consider many factors, including; whether the exchange will result in a decrease in death benefits, and whether the exchange will result in a new surrender period?
- You should ensure the customer has been informed of the unique features of the variable annuity; the customer has a long-term investment objective; and the deferred variable annuity as a whole, and its underlying sub-accounts, are suitable for the customer, particularly with regard to risk and liquidity.
- When recommending a variable life insurance or variable annuity contract, you should provide a current prospectus and document disclosure and prospectus delivery.
- You should discuss with the customer: liquidity issues such as potential surrender charges and IRS penalties; sales charges; fees including mortality and administrative fees, investment advisory fees and

charges for riders or special features; federal tax treatment for variable annuities; any applicable state and local premium taxes; free-look period; and market risk.

- You should collect and document all information required to conduct a suitability analysis prior to making a recommendation to which is in the customer's best interest.
- It is inappropriate to recommend a customer mortgage their home for the purchase of a variable annuity or variable life insurance.
- In selecting or recommending an investment adviser for asset allocation within a variable annuity, or for wrap and managed account programs to purchase and hold variable annuities, you must have a reasonable basis for the recommendation, based on due diligence done on the investment adviser. Regular review should be conducted and documented to evaluate advisers and terminate contracts with those that no longer meet standards. Only variable annuities with reduced advisory fees, designed especially for wrap accounts, should be offered to investors purchasing within wrap accounts. You should provide investors with periodic investment advice regarding the allocation of assets within wrap accounts, including allocations among underlying funds of the variable annuity held in the wrap account.
- Your analysis regarding the features of variable products should include; tax consequences, types and general range of fees, insurance aspects (e.g., death benefits, living benefits, potential lapse of coverage, etc.)
- You should discuss with the customer all relevant facts such as fees and expenses (including mortality and expense charges, administrative charges, and investment advisory fees), the lack of liquidity of these products (including issues such as potential surrender charges and he federal tax penalty); any applicable state and local government premium taxes; and market risk.
- You should ensure that the customer understands the effect of surrender charges on redemptions and that a withdrawal prior to the age of 59 ½ could result in a withdrawal tax penalty, and also ensure that customers who are 59 ½ or older are informed when surrender charges apply to withdrawals.
- Any communication discussing the tax-deferral benefits of variable life insurance should not mislead the investor by obscuring or diminishing the importance of the life insurance features of the product, or by overemphasizing the investment aspects of the policy or potential performance of the sub-accounts.
- In any communication recommending the purchase of a variable annuity for a tax-qualified retirement account (e.g., 401(k)plan, IRA), you should disclose to the customer that the tax-deferred accrual feature is provided by the tax-qualified retirement plan and that the tax-deferred accrual feature of the variable annuity is unnecessary.
- You must provide the prospectus for the variable product (and where possible, for any underlying funds that are recommended) at the point of sale.
- If no documentation of disclosure to or of a conversation with a client exists, PCS assumes that the disclosure was never provided, or the conversation never occurred.
- You should obtain and maintain a new account form for each customer, along with application or order form for each transaction.
- You should obtain updated client information on a regular basis, and is strongly recommended as a best practice on an annual basis.

Sales of Variable Products in Tax-Qualified Plans

You are also required to thoroughly understand the tax-deferral features and benefits with the product. Variable products sold in tax-qualified plans, such as an IRA account or 401(k) plan, do not provide any additional tax-deferred benefits beyond the tax treatment provided by the tax-qualified retirement plan itself. You are required to explain to the client that the tax-deferral feature is provided by the retirement plan and that the tax-deferral feature provided by the variable product is unnecessary. In addition, an indication as to any specific costs being paid by the customer for inclusion of the VA's tax deferral feature should be disclosed.

Variable Product Identification

Annuities: When offering an annuity product, the product must be clearly described as such. You may not offer a presentation which represents or implies that the product being offered (or its underlying account) is a mutual fund.

Variable Life Insurance: When offering a variable life insurance product, you must PLAINLY and CLEARLY indicate that it is a life insurance product. Any variable life insurance communications which overemphasize the investment aspects of the policy or potential performance of the sub-accounts may be misleading. You should work closely with your Supervising Principal, on an on-going basis, to ensure that you are aware of this important distinction.

Liquidity: You MAY NOT represent or imply that variable life/annuity products are short-term, liquid investments. Presentations concerning liquidity or ease of access to investment values must be balanced by describing, clearly, the implications of early redemptions. Any product with a surrender schedule longer than 10 years will not be approved. Client liquidity needs must be reviewed as part of the recommendation decision.

Guarantees: Insurance companies make a number of specific guarantees about the variable life/annuity products they issue (i.e. guaranteeing a minimum death benefit for a variable life insurance policy or a variable annuity owner).

However, you are prohibited from making any representation that any such guarantee applies to the investment return or the principal value of the separate account.

In addition, no representation or implication can be made that an insurance company's financial ratings apply to the separate account.

Bonus Annuities

All transactions involving 'bonus annuities' will be carefully reviewed by your Supervising Principal to determine that all appropriate disclosures were made and that the customers were advised of all fees and charges which may ultimately negate the up-front bonus. Such customer understanding must be received in writing, signed by the customer, the registered individual servicing the account and the Supervising Principal.

If you are deemed to be excessively involved in bonus annuity transactions, you will more than likely be called in for discussion with your Supervising Principal (and possibly with Compliance as well) and may face having all your customer files reviewed on an in-depth basis, under the oversight of Compliance.

Buyback Offers

Variable annuity product providers may from time-to-time offer provide contract owners with the opportunity to liquidate or convert their contracts to other products. These are called buyback offers. In the event a client receives a buyback offer and contacts a financial professional for a recommendation whether to accept the offer, the financial professional must comply with all requirements of Regulation Best Interest when evaluating and formulating a recommendation in the same manner as an original recommendation.

The PCS Regulation Best Interest Recommendation Documentation Supplement form must be completed and submitted to the home office via Docupace for review and record keeping. It is the responsibility of

the financial professional to research and obtain all relevant information when formulating a recommendation decision.

Cash and Non-Cash Compensation

In part, FINRA Rule 2320 'Variable Contracts of an Insurance Company' reads *"In connection with the sale and distribution of variable contracts…no associated person of a member firm shall accept any compensation from anyone other than the member with which the person is associated."*

This rule does not prohibit arrangements where a non-member company pays compensation directly to associated persons of this firm, provided that:

- This firm has agreed to the arrangement
- This firm relies on an appropriate rule, regulation, interpretive release, interpretive letter, or no-action letter issued by the SEC that applies to the specific situation of the arrangement
- The receipt by associated persons of such compensation is treated as compensation received by Private Client Service for purposes of the rules
- The records requirement is satisfied (under FINRA 2320)

Permitted compensation include:

- Gifts that do not exceed an annual amount per person fixed periodically by FINRA (currently $100) and are not preconditioned on achieving a sales target
- An occasional meal, ticket to a sporting event/theatre, or comparable entertainment that is neither so frequent nor so extensive to raise any question of impropriety and is not preconditioned on achieving a sales target
- Payment or reimbursement by offerors in connection with meetings held by an offeror or by this firm for the purpose of training or education provided that the requirements of FINRA Rule 2320 are satisfied
- Non-cash compensation arrangements between this broker-dealer and its associated persons or a non- Member Company and its sales personnel who are associated persons or an affiliated member, provided that we comply with the requirements of FINRA Rule 2320.
- Any non-cash compensation arrangements will be reviewed to ensure consistency with the applicable requirements of Regulation Best Interest.

Equity Indexed Annuities

Equity Indexed Annuities (EIAs) are a hybrid of a fixed and variable annuity (sometimes also referred to as Fixed Indexed Annuities) but have very different features and benefits and perform very differently. An EIA is an annuity product that is tied to the performance of a market index such as the S&P 500. The annuity performance will depend not only on the performance of the applicable index, but also based on the parameters set up by the client when purchasing the annuity. Each EIA will have a stated return cap and will generally also have a guaranteed minimum return rate.

While, many of the factors taken into account during the review of Variable Annuity contracts are the same for EIA contracts, there are some additional considerations to keep in mind.

Liquidity: EIA contracts have limited withdrawal options and are purchased as long term investments, usually for retirement purposes, as a supplement to other retirement accounts. EIA contracts generally have surrender penalties if the funds are withdrawn prior to the end of the surrender period. Surrender

periods vary by product and by share class, and there are many contracts available in the market with long surrender periods with high surrender penalties. EIA contracts with greater than a 7-year surrender charge will require additional justification, and any product with a surrender schedule longer than 10 years will not be approved. Client liquidity needs must be reviewed as part of the recommendation decision.

Earnings cap/limit: EIA contracts will have a listed earnings cap or limit. This identified the maximum growth limit for the contract, no matter how well the underlying index does. This limit must be in line with the client objectives and desired return on investment to be considered.

Participation Rate: This identifies the level of participation in the growth of the index the contract will credit to the owner. An index may perform higher than the cap rate, but if the participation rate is only 50% then the contract may not achieve the cap rate. The participation rate must be a key part of the determination.

Indexing Method: There are multiple indexing methods that are available, depending on the contract purchased. The indexing method determines how the performance is credited to the contract, for example the method may be an annual reset, biennial, high water mark, point to point, or other method as defined within the contract. The indexing method must also be part of the recommendation decision process.

All of the above items, in addition to the considerations outlined within, must be taken into consideration when determining the suitability of an EIA purchase. These are very complex products and the client's understanding and experience with these products must be considered prior to making a recommendation to which is in the best interest of the client.

Sales of equity indexed annuities are not treated as either outside business activities (FINRA Rule 3270) or as private securities transactions (FINRA Rule 3280). All sales of EIAs must occur through Private Client Services and are supervised in terms of marketing materials, suitability analyses (including possible surrender charges and the combination of caps and participation rates associated with a particular product).

Securities Registered personnel holding a license as an insurance agent alone does not qualify that individual to understand the features of an Equity Indexed Annuity (EIA) or the extent to which an EIA may meet the needs of a particular customer. You must be capable of conveying the general characteristics of the product being offered and be thoroughly knowledgeable of, and in a position to adequately disclose all fees, possible tax consequences and other important features which may impact an individual's decision. Private Client Services prohibits the sales of unapproved EIAs. Private Client Services treats Equity Indexed Annuities/Fixed Indexed Annuities similar to Variable Annuities in relation to the forms required to complete the proposed transaction (see Forms and Transactions Checklist available on the Advisor Resource Center www.pscb.net).

Equity or Fixed Indexed Annuities are generally protected against loss of principal, subject to credit worthiness of the issuer. As such, they may be considered suitable for a Preservation of Capital investment objective depending on completion of an overall analysis of the client's objective, risk tolerance, time horizon and complete review of the client's financial profile. Another key distinction in the review is that some equity or fixed indexed annuities may be registered versus unregistered. Registered Indexed Annuities can potentially expose a client to loss where as unregistered indexed annuity may have full downside protection, but have the potential to lose value based on fees, surrender charges, etc.

In a traditional unregistered Fixed/Equity-Indexed Annuity customers receive a guaranteed interest rate as well as additional returns if the linked index increases in value. Payments continue over the time period specified by the payout option. In Registered Equity Indexed Annuities, returns are not guaranteed, but rather are linked to a stock market index with capped gains and limited losses. Different products have differing buffers, floors and caps so you must be fully aware of these differences before making a recommendation. Based on potentially frequent rate changes you should also consider reasonably available alternatives as part of forming a recommendation.