

## Compliance Requirements for an OSJ Office Manager and In-House Representatives

### *Definition of an OSJ (Office of Supervisory Jurisdiction):*

According to FINRA, an OSJ is an office where any of the following occur:

1. Final approval of new accounts.
2. Final approval of advertising or sales literature.
3. Review, process and endorsement of customer orders.
4. Responsibility for the supervision of the activities of persons associated with the OSJ office.

### **Broker-Dealer Affiliation Disclosure**

<b>Business Cards/Letterhead:</b>	All business cards/letterhead must be pre-approved by the OSJ or Home Office	
	<u>Top of Business Card/Letterhead:</u>	<u>Bottom of Business Card/Letterhead:</u>
	1. American Investors Company, your Address, phone number, etc. <i>or</i>	"Member FINRA/SIPC, Registered Investment Adviser**"
	2. Your DBA, Your Address, phone #, etc.	"Securities & Advisory Services offered through American Investors Company Member FINRA/SIPC, Registered Investment Adviser" *

**Advertising (General):** Same as requirements listed above for Business Cards/Letterhead securities legend. All advertising must be pre-approved by the OSJ or Home Office.

**Advertising (Yellow Pages):** If you are advertising in a section that pertains to the securities industry (Stocks/Bonds, Financial Planning, Investments, etc.) then you must run under the name American Investors Company or use the appropriate securities legend listed above under Business Cards/Letterhead (#2). All advertising must be pre-approved by the OSJ or Home Office.

**Building/Office/Signage:** If you are operating under your DBA then you must designate your BD affiliation by listing AIC's name either on your door, building directory, front sign or prominently in your office lobby.

**Phone/Voicemail:** "American Investors Company" or if you are using your name only or a DBA:  
"Your name or DBA, American Investors Co./AIC"

### **Supervision/Record Maintenance**

**Trading:** The Manager is responsible for reviewing and approving all trades of their reps prior to execution. RRs in OSJ office should promptly deliver AIC *Account Information & Order Instructions* forms with checks and apps to OSJ office. Upon OSJ Manager review and approval, apps and checks should be forwarded to the appropriate sponsor. Copies of signed AIC paperwork (and all other paperwork for OSJ Mgr's trades) should either be faxed or mailed to the Home Office. ANY trade executed on behalf of a customer of the OSJ Manager will be supervised, reviewed and approved by a designated Home Office Principal. **Failure to follow procedures will result in commissions being held.**

**Trade Blotter:** The Manager of an OSJ office is responsible for maintaining a log/blotter of all trades that have been processed through his/her office. The blotter must list: trade date/time, received date, date shipped, gross amount (and/or share amount & price), client name, investment name, an assigned trade number, whether the trade is solicited or unsolicited and whether it is a buy, sell or exchange. (Contact Home Office for AIC approved blotter.)

**Securities Blotter:** **RRs cannot receive stock certificates.**

**Checks Received Blotter:** The Manager of an OSJ office is responsible for maintaining a log/blotter of all checks that have been processed through his/her office. The blotter must list: payer, payee, check number, amount of the check, date received and date shipped. Checks must be forwarded the same business day they are received (or the following day if after normal business hours). **FINRA rules prohibit RRs from holding customer checks.**

**Customer Files:** The Manager of an OSJ office is responsible for maintaining customer files containing copies of investment applications, checks and statements. Statements may be kept in binders for ease of reference but, regardless, must be kept for 6 years before being thrown out. Files for securities, RIA, insurance and any other outside business activity should be kept separately.

**Advertising/  
Sales Literature File:** The Manager of an OSJ office is responsible for maintaining a file in chronological order of any securities/investment advisory-related advertising that is used by the reps in his/her office or is used by the Manager to be sent to his/her own client-base. Advertising must be initialed and dated by the manager indicating approval. Includes: form letters, brochures, mailers, posters, yellow page listings, newsletters, business cards, letterhead, websites, solicitations/information on the internet, etc. Advertising of the OSJ Manager must be approved by the Home Office and evidence of approval must be maintained in the file. The Manager cannot approve his/her own materials.

\* "Registered Investment Adviser" should only be used if registered as an RIA advisory affiliate of American Investors Company

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### Supervision/Record Maintenance (cont)

- Outgoing Correspondence File:** The Mgr of an OSJ office is responsible for maintaining a separate, centralized file in chronological order of any securities/investment advisory-related correspondence sent to the personal clients of the manager or the clients of the representatives assigned to the OSJ. Copies of the correspondence must be initialed and dated by the manager indicating approval. Copies of correspondence should also be kept in the client's file but you must maintain copies of correspondence in the chronological file. Copies of all correspondence of the OSJ Mgr must be sent to the Home Office for review. Copies may be sent to the Home Office concurrent with mailing to the client. Evidence that correspondence has been forwarded should be kept in the file, e.g., fax transmission report.
- Incoming Correspondence File:** The Mgr of an OSJ office is responsible for maintaining a separate, centralized file in chronological order of any securities/investment advisory-related correspondence received from the personal clients of the manager or the clients of the representatives assigned to the OSJ. Copies of correspondence should also be kept in the client's file but you must maintain copies of correspondence in the chronological file. Copies of the incoming correspondence must be initialed and dated by the manager indicating approval. Copies of all correspondence of the OSJ Mgr must be sent to the Home Office for review. Evidence that correspondence has been forwarded should be kept in the file, e.g., fax transmission report.
- Electronic Communications:** All electronic communications must be transmitted through the AIC electronic system.
- Complaint File:** The Manager of an OSJ is responsible for maintaining a file in chronological order of any complaints made by customers. These complaints could be verbal or written in nature. Documentation should be kept detailing any communication between the customer and the OSJ Mgr and/or Rep. Any action that has been taken by the OSJ Mgr or RR as a result of the complaint should also be documented. The OSJ Mgr should advise the Home Office via phone of any complaints and follow-up via fax or mail. A log should be maintained in the file to document if any complaints have been received. The log should be updated at least quarterly and indicate if no complaints were received.
- Registration File:** The Manager of an OSJ is responsible for maintaining a separate file for each RR in the office containing copies of the Form U4, Representative Agreement, Fingerprints, etc.
- Outside Brokerage Accounts:** Any RR of an OSJ Branch office is required to advise the Home Office of any outside brokerage accounts. Copies of accounts statements must be supplied to the Home Office for review.
- Outside Business Activity (OBA):** All outside business activity, with the exception of passive investments, must be disclosed to the Home Office. Approval must be received prior to engaging in any OBA.

### Miscellaneous

- SIPC Disclosure (Office):** Required to be displayed where clients/customers can see the sign/sticker.
- FINRA/MSRB Manuals:** An OSJ Manager is required to maintain in the OSJ office a current FINRA Manual. If the office has internet access and can locate the manuals at [www.finra.org](http://www.finra.org) and [www.msrb.org](http://www.msrb.org), hard copies are not required to be maintained.
- AIC Manual:** An OSJ Manager is required to maintain in the OSJ office a current copy of AIC's Supervisory Manual. The manual can be accessed in the secure section of the AIC website.
- AIC Internal Audit:** All OSJ Offices are subject to annual internal audits conducted by a Home Office Principal or a designee. The cost of these audits are borne by the OSJ Office/Manager.
- FINRA Internal Audit:** All OSJ Offices are subject to potential periodic audits by FINRA, SEC and Dept. of Corporations.
- Bank Account:** No bank account may be maintained in the name of American Investors Company.
- Continuing Education - Firm Element:** Each RR is required to annually complete his/her assigned continuing ed requirements as prescribed by American Investors. Failure to annually complete the firm element of continuing education, absent mitigating circumstances, will result in termination of the RR's relationship with AIC.
- Continuing Education - Regulatory Element:** In order to continue to perform the assigned tasks and functions of a registered person, all such persons must meet the requirements of the FINRA Regulatory Element. Unless otherwise specified by FINRA, the Regulatory Element Requirements should be completed within four months (120 days) after each registered person's second registration anniversary date, and every third year thereafter.
- Telemarketing** The OSJ Manager should be alert to the activities of personnel who are making cold calls, to detect any potential violation of Firm policy.
- Form U4 Updates** Regulations require registered persons to keep Form U-4s current at all times by filing supplementary amendments to the original application whenever previously reported information is no longer current or whenever new circumstances should be reflected by Form U-4.

## **Compliance Requirements for an OSJ Office Manager and In-House Representatives**

The Home Office must immediately be notified of any changes.