

Compliance Requirements for a Non-OSJ Branch Office

Definition of a Non-OSJ Branch Office:

FINRA defines a Branch office as any location identified by any means to the public or customers as a location at which the member conducts an investment banking or securities business EXCEPT for those locations excluded by virtue of being a satellite office. (see Satellite Definition)

Broker-Dealer Affiliation Disclosure

Business Cards/Letterhead:	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. or	"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:	All registered representatives of a non-OSJ branch office are required to promptly forward all applications and checks along with a completed AIC <i>Account Information & Order Instructions</i> forms to the OSJ or Home Office for review and approval. Upon review and approval the application and check will be forwarded to the appropriate investment sponsor or custodian. Stock/bond trades should be entered online or phoned into the Home Office. Under no circumstances may a registered representative ship applications and/or checks directly to a sponsor or custodian without calling the OSJ or Home Office first to receive prior approval on a trade by trade basis. Failure to follow procedures will result in commissions being held.
Trade Blotter:	The Mgr of a non-OSJ branch 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 and 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 Mgr of a non-OSJ branch 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 Mgr of a non-OSJ branch office is responsible for maintaining customer files containing copies of client information forms, 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 Mgr of a non-OSJ branch 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 pre-approved by the OSJ Mgr or a Principal of the Home Office. Includes: form letters, brochures, mailers, posters, yellow page listings, newsletters, business cards, letterhead, websites, solicitations/information on the internet, etc. Evidence of Mgr approval should be kept in the file.

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

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Branch Supervision/Record Maintenance (cont)

Outgoing Correspondence File:	The Mgr of a non-OSJ branch office is responsible for maintaining a separate, centralized file in chronological order of any securities/investment advisory-related correspondence sent to clients of the manager or the manager's representatives. Copies of correspondence should also be kept in the client's file. Copies of all correspondence must be sent to the OSJ or Home Office for review. Copies may be sent to the OSJ or 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 a non-OSJ branch office is responsible for maintaining a separate, centralized file in chronological order of any securities/investment advisory-related correspondence received from clients of the manager or the manager's representatives. Copies of correspondence should also be kept in the client's file. Copies of all incoming correspondence must be sent to the OSJ or 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 Mgr of a non-OSJ branch office 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 BD/OSJ Mgr and/or the RR. Any action that has been taken by the Manager or RR as a result of the complaint should also be documented. The Manager 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 Mgr of a non-OSJ branch office 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 a Branch office is required to advise the OSJ or 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 <u>prior</u> to engaging in any OBA.

Miscellaneous

SIPC Disclosure (Office):	Required to be displayed where clients/customers can see the sign/sticker.
FINRA/MSRB Manuals:	A non-OSJ Branch Manager is required to maintain current FINRA and MSRB manuals in the office. If the office has internet access and can locate the manuals at www.finra.org and www.msrb.org , hard copies are not required to be maintained.
AIC Manual:	A non-OSJ Branch Manager is required to maintain in the 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 Branch Offices are subject to an internal audit every three years to be conducted by a Home Office Principal or a designee. The cost of these audits are borne by the Branch Office/Manager.
FINRA Internal Audit:	All Branch 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:	If applicable, any person participating in telemarketing activities must adhere to the firms procedures.
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. The Home Office must immediately be notified of any changes.