

Compliance Requirements for a Satellite of an OSJ Office or the Home Office

Definition of a Satellite Office:

Any office which seeks to avoid holding itself out as a location conducting securities business must comply with the following:

1. Advertise only with the address & phone number of the Home Office or OSJ to which the satellite office is assigned.
2. Use business cards and letterhead disclosing only the address & phone number of the the Home Office or OSJ to which the satellite office is assigned.
3. Identify itself solely by a white page listing or a yellow page listing disclosing the address & phone number of the the Home Office or OSJ to which the satellite office is assigned.

THE SATELLITE OFFICE MAY ONLY INCLUDE ITS OWN PHONE NUMBER (OR MOBILE TELEPHONE NUMBER) ON BUSINESS CARDS, LETTERHEAD, ADVERTISING & OTHER COMMUNICATIONS. IT MAY NOT USE ITS OWN STREET ADDRESS OR P.O. BOX.

Broker-Dealer Affiliation Disclosure

Business Cards/Letterhead: All business cards/letterhead must be pre-approved by the OSJ or Home Office

Top of Business Card/Letterhead:

1. Your Name, Phone #

or

2. American Investors Company
Your Name, Phone #, etc.

Bottom of Business Card/Letterhead:

"Securities & Advisory Services* offered through
American Investors Company
OSJ or Home Office Address and Phone Number
Member FINRA/SIPC, Registered Investment Adviser" *

Same as above

Advertising (General):

A satellite office may not advertise at all unless using the securities legend listed above in its entirety. A satellite office may NOT use its own P.O. box or street address; however, it may display its phone number. 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 use the securities legend as listed above in its entirety. A satellite office may NOT use its own P.O. box or street address; however, it may display its phone number. All advertising must be pre-approved by the OSJ or Home Office.

Building/Office/Signage:

A satellite office may use the name of American Investors Company, but only on a lobby directory or on a sign on an interior door.

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 registered representative of a satellite office is required to promptly forward all applications and checks along with a completed AIC *Account Information & Order Instructions* 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 RR of a satellite 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 RR of a satellite 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.** Note: "primary residences" may not directly accept funds at their location; However, an associated person working from a "primary residence" may accept funds at an alternative location (e.g., the client's residence, the client's office, a restaurant, etc.) provided that (1) the funds are payable to the issuer; (2) the funds are not deposited by the associated person; (3) the associated person promptly forwards such funds received.

* "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)

Customer Files:	The RR of a satellite 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 RR of a satellite 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.
Outgoing Correspondence File:	The RR of a satellite 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 RR of a satellite 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 RR of a satellite office must immediately advise the Home or OSJ office of any complaint by a customer either verbal or written in nature. Contact the OSJ or Home Office first by phone and then follow-up via fax or mail. Complete documentation should be kept by the RR on any complaint. 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 RR of a satellite office is responsible for maintaining a separate file containing copies of the Form U4, Representative Agreement, Fingerprints, etc.
Outside Brokerage Accounts:	The RR 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):	Not currently required by FINRA.
FINRA Manual:	Not currently required by FINRA. (Access via the Internet is recommended.)
FINRA/MSRB Manuals:	The RR of a satellite office 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:	The RR of a satellite office 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.
FINRA Internal Audit:	Not currently mandated by FINRA
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 firm's 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.