

6.01 General Requirements

In accordance with *Section 204 and Rule 204-2 of the Advisers Act*, every investment adviser registered or required to be registered under *Section 203 of the Act* shall make and keep true, accurate and current the following books and records relating to its investment advisory business:

- A journal or journals, including cash receipts and disbursements, records, and any other records of original entry forming the basis of entries in any ledger;
- General and auxiliary ledgers (or other comparable records) reflecting asset, liability, reserve, capital, income and expense accounts;
- A memorandum of each order given by the investment adviser for the purchase or sale of any security, of any instruction received by the investment adviser concerning the purchase, sale, receipt or delivery of a particular security, and of any modification or cancellation of any such order or instruction. Such memoranda shall show the terms and conditions of the order, instruction, modification or cancellation; shall identify the person connected with the investment adviser who recommended the transaction to the client and the person who placed such order; and shall show the account for which entered, the date of entry, and the bank, broker or dealer by or through whom executed where appropriate. Orders entered pursuant to the exercise of discretionary power shall be so designated;
- All check books, bank statements, cancelled checks and cash reconciliations of the investment adviser;
- All bills or statements (or copies thereof), paid or unpaid, relating to the business of the investment adviser as such;
- All trial balances, financial statements, and internal audit working papers relating to the business of such investment adviser;
- Originals of all written communications received and copies of all written communications sent by such investment adviser relating to (i) any recommendation made or proposed to be made and any advice given or proposed to be given, (ii) any receipt, disbursement or delivery of funds or securities, (iii) the placing or execution of any order to purchase or sell any security, or (iv) predecessor performance (as defined in § 275.206(4)-1(e)(12)) and the performance or rate of return of any or all managed accounts, portfolios (as defined in §275.206(4)-1(e)(11)), or securities recommendations: *Provided, however, (a)* That the investment adviser shall not be required to keep any unsolicited market letters and other similar communications of general public distribution not prepared by or for the investment adviser, and *(b)* that if the investment adviser sends any notice, circular or other advertisement (as defined in § 275.206(4)-1(e)(1) offering any report, analysis, publication or other investment advisory service to more than 10 persons, the investment adviser shall not be required to keep a record of the names and addresses of the persons to whom it was sent; except that if such notice, circular or advertisement is distributed to persons named on any list, the investment adviser shall retain with the copy of such notice, circular or advertisement a memorandum describing the list and the source thereof;
- A list or other record of all accounts in which the investment adviser is vested with any discretionary power with respect to the funds, securities or transactions of any client;
- All powers of attorney and other evidences of the granting of any discretionary authority by any client to the investment adviser, or copies thereof;
- All written agreements (or copies thereof) entered into by the investment adviser with any client or otherwise relating to the business of such investment adviser as such;

- A copy of each (A) Advertisement (as defined in § 275.206(4)-1(e)(1) of this chapter) that the investment adviser disseminates, directly or indirectly, except: (1) For oral advertisements, the adviser may instead retain a copy of any written or recorded materials used by the adviser in connection with the oral advertisement; and (2) For compensated oral testimonials and endorsements (as defined in § 275.206(4)-1(e)(17) and (5) of this chapter), the adviser may instead make and keep a record of the disclosures provided to clients or investors pursuant to § 275.206(4)-1(b)(1) of this chapter; and (B) Notice, circular, newspaper article, investment letter, bulletin, or other communication that the investment adviser disseminates, directly or indirectly, to ten or more persons (other than persons associated with such investment adviser); and (C) If such notice, circular, advertisement, newspaper article, investment letter, bulletin, or other communication recommends the purchase or sale of a specific security and does not state the reasons for such recommendation, a memorandum of the investment adviser indicating the reasons therefor; and (ii) A copy of any questionnaire or survey used in the preparation of a third-party rating included or appearing in any advertisement in the event the adviser obtains a copy of the questionnaire or survey. See Rule 204-2(a)(11)(i)-(ii);
- A record of every transaction in a security in which the investment adviser or any advisory representative of the investment adviser has, or by reason of the transaction acquires, any direct or indirect beneficial ownership;
- An investment adviser that is primarily engaged in a business or businesses other than advising registered investment companies or other advisory clients, must maintain a record of every transaction in a security in which the investment adviser or any advisory representative of the investment adviser has, or by reason of the transaction acquires, any direct or indirect beneficial ownership;
- A copy of each written statement and each amendment or revision thereof, given or sent to any client or prospective client of such investment adviser in accordance with the provisions of *Rule 204-3 under the Act*, and a record of the dates that each written statement, and each amendment or revision thereof, was given, or offered to be given, to any client or prospective client who subsequently becomes a client;
- If not included in the advertisement, a record of the disclosures provided to clients or investors pursuant to § 275.206(4)-1(b)(1)(ii) and (iii) of this chapter; (ii) Documentation substantiating the adviser's reasonable basis for believing that a testimonial or endorsement (as defined in § 275.206(4)-1(e)(17) and (5) of this chapter) complies with § 275.206(4)-1 and that the third-party rating (as defined in § 275.206(4)-1(e)(18) of this chapter) complies with § 275.206(4)-1(c)(1) of this chapter. (iii) A record of the names of all persons who are an investment adviser's partners, officers, directors, or employees, or a person that controls, is controlled by, or is under common control with the investment adviser, or is a partner, officer, director, or employee of such a person pursuant to § 275.206(4)-1(b)(4)(ii) of this chapter. See Rule 204-2(a)(15)(i)-(iii);
- A copy of each brochure, brochure supplement and Form CRS, and each amendment or revision to the brochure, brochure supplement and Form CRS, that satisfies the requirements of Part 2 or Part 3 of Form ADV, as applicable [17 CFR 279.1]; any summary of material changes that satisfies the requirements of Part 2 of Form ADV but is not contained in the brochure; and a record of the dates that each brochure, brochure supplement and Form CRS, each amendment or revision thereto, and each summary of material changes not contained in a brochure given to any client or to any prospective client who subsequently becomes a client
- All accounts, books, internal working papers, and any other records or documents that are necessary to form the basis for or demonstrate the calculation of any performance or rate of return of any or all managed accounts, portfolios (as defined in §275.206(4)-1(e)(11) of this chapter), or securities recommendations presented in any notice, circular, advertisement (as defined in §275.206(4)-1(e)(1) of this chapter), newspaper article, investment letter, bulletin, or other communication that the investment adviser disseminates, directly or indirectly, to any person (other than persons associated with such investment adviser), including copies of all

information provided or offered pursuant to § 275.206(4)-1(d)(6) of this chapter; provided, however, that, with respect to the performance of managed accounts, the retention of all account statements, if they reflect all debits, credits, and other transactions in a client's or investor's account for the period of the statement, and all worksheets necessary to demonstrate the calculation of the performance or rate of return of all managed accounts shall be deemed to satisfy the requirements of this paragraph. See Rule 204-2(a)(16)

- A record of who the “intended audience” is pursuant to § 275.206(4)-1(d)(6) and(e)(10)(ii)(B). See Rule 204-2(a)(19)

The Firm and its Affiliates are required to keep all records pertaining to the Firm and the Affiliates' investment advisory business and activities. These records include disbursements records for expenses incurred by AAs relating to their advisory business. They include overhead expenses for maintaining a separate office but they needn't reflect allocated overhead expenses if other activities are also carried on in the office. They do not include overhead expenses for an office located in a primary residence unless the expense is billed to the Affiliate as a business expense separate from other expenses of the residence. Affiliates also need not retain records relating to payments received from the Firm or expenses incurred by the Firm for Affiliate activities. Those records will be maintained by the Firm. All records created by Affiliates for client engagements or transactions shall be completely and accurately created and maintained. These records must be kept separate from personal or household records. The Firm reserves the right to inspect the personal and household records of Affiliates if it has reason to believe they may contain information that must be maintained as an investment advisory business record.

6.02 Requirements for Maintaining Custody or Possession of Customer Funds

If an investment adviser has custody or possession of securities or funds of any client, the records required to be made and kept under paragraph (a) of this section shall include:

- A journal or other record showing all purchases, sales, receipts and deliveries of securities (including certificate numbers) for such accounts and all other debits and credits to such accounts;
- A separate ledger account for each such client showing all purchases, sales, receipts and deliveries of securities, the date and price of each purchase and sale, and all debits and credits;
- Copies of confirmations of all transactions effected by or for the account of any such client;
- A record for each security in which any such client has a position, which record shall show the name of each such client having any interest in such security, the amount or interest of each such client, and the location of each such security.

In amended Rule 206(4)-2 effective March 12, 2010, the Securities and Exchange Commission adopted amendments to the custody and recordkeeping rules under the Investment Advisers Act of 1940 and related forms. The amendments are designed to provide additional safeguards under the Advisers Act when a registered adviser has custody of client funds or securities by requiring such an adviser, among other things: to undergo an annual surprise examination by an independent public accountant to verify client assets; to have the qualified custodian maintaining client funds and securities send account statements directly to the advisory clients; and unless client assets are maintained by an independent custodian (*i.e.*, a custodian that is not the adviser itself or a related person), to obtain, or receive from a related person, a report of the internal controls relating to the custody of those assets from an independent public accountant that is registered with and subject to regular inspection by the Public Company Accounting Oversight Board. Finally, the amended custody rule and forms will provide the Commission and the public with better information about the custodial practices of registered investment adviser.

Therefore, in accordance with amended Rule, advisers are required to maintain a copy of (i) the internal control report that such adviser is required to obtain or receive from its related person, pursuant to amended rule 206(4)-2(a)(6) (if applicable), and (ii) the memorandum describing the basis upon which the adviser determined that the presumption that any related person is not operationally independent, pursuant to amended rule 206(4)-2(d)(5), has been overcome, for five years from the end of the fiscal year in which, as applicable, the internal control report or memorandum is finalized.

NOTE: In so much as the Firm will not have authority to withdraw funds or take custody of client funds or securities with the exception of having authorization to deduct advisory fees or other expenses from the client's account, the Firm is not deemed to have custody and thus does not maintain records required of those advisors having custody.

6.03 Time Requirements

General Books and Records

All books and records required to be made under Section 204-2(a) to 204-2(c)(1), inclusive, of this rule (except for books and records required to be made under the provisions of paragraphs 204-2 (a)(11) and 204-2 (a)(16) of this rule), shall be maintained and preserved in an easily accessible place for a period of not less than five (5) years from the end of the fiscal year during which the last entry was made on such record, the first two years in an appropriate office of the investment adviser.

Corporate Records

Partnership articles and any amendments thereto, articles of incorporation, charters, minute books, and stock certificate books of the investment adviser and of any predecessor, shall be maintained in the principal office of the investment adviser and preserved until at least three (3) years after termination of the enterprise.

Other Records

Books and records required to be made under Section 204-2(a)(11) and 204-2(a)(16) of this rule shall be maintained and preserved in an easily accessible place for a period of not less than five (5) years, the first two (2) years in an appropriate office of the investment adviser, from the end of the fiscal year during which the investment adviser last published or otherwise disseminated, directly or indirectly, the notice, circular, advertisement, newspaper article, investment letter, bulletin or other communication.

NOTE: Certain books and records may be maintained in conjunction with SEC Rule 17a-3 for Broker-Dealers.

6.04 The Use of Micrographic and Electronic Storage Media

The records required to be maintained and preserved may be maintained and preserved for the required time by an investment adviser on:

- Micrographic media, including microfilm, microfiche, or any similar medium; or
- Electronic storage media, including any digital storage medium or system that meets these terms.

General Requirements

The investment adviser must:

- Arrange and index the records in a way that permits easy location, access, and retrieval of any particular record;
- Provide promptly any of the following that the Commission (by its examiners or other representatives) may request:
 - A legible, true, and complete copy of the record in the medium and format in which it is stored;
 - A legible, true, and complete printout of the record; and
 - Means to access, view, and print the records; and
- Separately store, for the time required for preservation of the original record, a duplicate copy of the record on any medium allowed by this section

Special Requirements

In the case of records on electronic storage media, the investment adviser must establish and maintain procedures:

- To maintain and preserve the records, so as to reasonably safeguard them from loss, alteration, or destruction;
- To limit access to the records to properly authorized personnel and the Commission (including its examiners and other representatives); and
- To reasonably ensure that any reproduction of a non-electronic original record on electronic storage media is complete, true, and legible when retrieved.

Electronic Storage Format

When maintaining records on computer storage medium (or photographic film), the medium shall:

1. be arranged so as to permit the immediate location of any particular record;
2. be ready for hard copy printout upon request by regulatory examiners;
3. have a copy stored separately from the original for the time required;
4. have procedures for maintenance and preservation of, and access to, records so as to reasonably safeguard records from loss, alteration, or destruction (see Business Continuity Plan), and;
5. with respect to records stored on photographic film, be available for regulatory examination with facilities for immediate, easily readable projection of the film and for producing easily readable facsimile enlargements.