

**4.01 Electronic Communications****Supervisory Responsibility**

The designated supervisor shall be responsible for ensuring that the Firm's use of electronic media for communication purposes is in conformance with applicable laws, rules and regulations. The Firm's use of such electronic media may include, but is not limited to:

- Reporting of and accessing information from regulatory authorities;
- Delivery of disclosure documents and other notifications to clients;
- Correspondence through use of E-mail;
- Use of facsimile machines;
- Use of video teleconferencing; and,
- Use of Internet web sites.

**Review**

The designated supervisor shall review the Firm's use of electronic communications at regular and frequent intervals to ensure the following occurs:

**Notifications**

Electronic notifications to customers are sent in a timely manner and are adequate with respect to conveying the intended message;

**Access**

Customers who are provided with information electronically are also given access to the same information as would be available to them in paper form;

**Evidence of Delivery**

Procedures must ensure that delivery obligations are met when using electronic mail, including the obtaining of the customer's informed consent;

**Security**

Reasonable precautions have been taken to ensure the integrity, confidentiality and security of information sent through electronic means and that such precautions have been tailored to the medium used; and,

**Consent**

Prior to sending personal financial information electronically, the Firm has obtained the informed consent of the recipient (unless responding to a request for information made electronically).

**Electronic Medium**

Where an electronic medium is used to disseminate advertisements for the Firm's services or other information that is not subject to a delivery requirement, it will be subject to the same requirements that apply to such communications made in paper form.

## Preservation of Correspondence

The Firm shall ensure proper preservation of all correspondence of registered representatives that relate to the Firm's investment advisory business. The Firm will also ensure that the names of the persons who prepared the outgoing correspondence and those who reviewed the correspondence are ascertainable from all retained records and documentation.

## Electronic Delivery of Disclosure Information

The Firm may deliver the following disclosure information to clients:

- The Firm's Brochure (*Rule 204-3*);
- Client's consent to assignment of an advisory contract under *Section 205(a)(2)*;
- Disclosure and client consent- principal transactions, *Section 206(3)*;
- Disclosure and client consent- agency cross transactions *Rule 206(3)-2*;
- Disclosure of performance fees (*Rule 205-3*); and,
- Such other types of disclosure information as permitted by current laws, rules and regulations.

## Consent to Electronic Delivery of Information

The Adviser may use electronic media to deliver information upon client's consent to receive information from Adviser via email or other electronic means in accordance with Release No. 33-7288; 34-37182; IC- 21945; IA-1562 File No. S7-13-96 or similar state requirements.

*Note: Also see Section 7.00 Advertising and Marketing Activities for further details on the new combined marketing Rule 206(4)-1 ("Marketing Rule") effective May 4, 2021 and its definition of advertisement as any direct or indirect communication an investment adviser makes to more than one person, or to one or more persons if the communication includes hypothetical performance, that offers the investment adviser's investment advisory services with regard to securities; Investment Adviser Marketing Rule Update (Release No. IA-5653; File No. S7-21-19)*

## E-Mail

E-mail is archived on the servers of a third-party email compliance and archival company and can only be deleted after the required retention period. E-mail that is not subject to recordkeeping (e.g., spam, unsolicited vendor marketing) may be immediately deleted.

Advisory Affiliates will be assigned an e-mail address to use with clients (or may use an independently owned domain name address that is registered through AIC's email system). No e-mail sent or received from this email address is deemed to be private/personal.

### Implementation Strategy

The designated principal will review and approve a representative sample of relevant email communications concerning any firm-related information and/or investment advice. The Firm has implemented the following representative-wide email system:

- All securities and AIC advisory business related emails, both outgoing and incoming, are processed through servers hosted by Global Relay.
- If email correspondence pertaining to AIC business has been received from customer at a non-approved AIC email address, the

email will be forwarded to the AIC approved email address for archival and compliance review and the customer notified that they should send future correspondence to the AIC email address.

- All messages processed by those servers are passed through a proprietary content filtering system for supervision purposes, which flags email based on keywords and phrases. Messages that are flagged by the system are selectively reviewed by the designated principal on an ongoing basis and a record of review is maintained in the system.
- The documents are stored for a minimum of five years in a non-alterable medium as required by current regulations.

Any exceptions to this protocol must be pre-approved by the Home Office.

### **Instant messaging**

Instant messaging is viewed as immediate email and, therefore, is treated as written communication. The Firm does not currently maintain a platform which enables it to monitor, archive, and retrieve instant message traffic. Therefore, the use of instant messaging technology for communications with clients is strictly prohibited.

## **4.02 Internet/ Web Site Communications**

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### **Responsibility**

The designated supervisor shall ensure that the Firm's use of the Internet, World Wide Web, and other similar proprietary or common carrier electronic systems (collectively, the "Internet") to distribute information on available products and services, shall comply with all applicable federal and state laws, rules and regulations. The information and procedures contained within this section should be used as a general guideline for reviewing the Firm Internet related business practices.

The Firm maintains a web site. Advisory Affiliates may also maintain independent websites.

### **Requirements**

A web presence could be construed as advertising/soliciting in all 50 U.S. jurisdictions and internationally. This is not our intent. Therefore, the Firm will take the necessary steps as listed below, to avoid transacting business in states where we are not registered/notice filed or exempted.

The use of appropriate legends/disclaimers will be used on all Internet communications.

Subsequent interactions with prospective clients residing in states where the firm is not registered is limited so as not to trigger the state licensing requirements. Individualized responses will not effect or attempt to effect transactions in securities or render personalized investment advice.

Prior to transacting business with prospective clients or any subsequent interaction that would trigger registration, the firm and its advisory affiliates will first register in the state or qualify for an exemption or exclusion.

Communications will not involve the actual effecting of securities trades or the rendering of personalized investment advice for compensation on the Internet, but is limited to the dissemination of information on products and services.

### **Disclosures**

Websites shall contain the following disclosure or a reasonable facsimile thereof that has been approved by a designated supervisor:

*All insurance transactions conducted under California Insurance License Number \_\_\_\_\_.*

*Securities and advisory services offered through American Investors Company, member FINRA/SIPC and Registered Investment Adviser, 2682 Bishop Drive, Suite 123, San Ramon, CA 94583, 925 866-2882 (or registered branch office address and phone number).*

*American Investors Company and [Affiliate] are licensed in California (list other states, as appropriate) and may only transact business in that (those) state(s). If you do not reside in California (and other states, as appropriate), we will not attempt to transact securities for your account or provide you with personalized investment advice unless and until we are licensed in your state. For a copy of American Investors Company's business continuity plan, go to [www.americaninvestorsco.com](http://www.americaninvestorsco.com).*

*For email communication on securities related matters, contact [Affiliate AIC approved email address].*

*Nothing contained herein should be construed as an offer or solicitation to purchase any security. Such offer or solicitation to purchase can only be done by prospectus or appropriate offering materials.*

*\_\_\_\_\_ may simultaneously offer other products and services to customers including, but not limited to, tax preparation and bookkeeping services, real estate and mortgage brokerage services, independent investment advisory services, and non-securities-related insurance products that are offered individually, or through other various entities, that are not affiliated with, or in any way, supervised by American Investors Company, and as such, should not be construed as constituting any part of the securities and advisory services provided by \_\_\_\_\_ through American Investors Company.*

## **Social Media Web Sites**

The Firm currently prohibits any associated person from engaging in business communications in a social media site that is not subject to the Firm's supervision and approval. In the event that any of the Firm's IA representatives post content to a static social media site, the registered representative must obtain prior principal approval of any such posting. The use of interactive forums is prohibited for securities and advisory-related business.

## **Third-Party Posts**

In the event that a firm's customer or other third-party posts content on a social media site established by the firm or its personnel, such posts by customers or other third parties are generally not treated as the firm's own communication with the public. Thus, the prior principal approval, content and filing requirements generally do not apply to these posts. Under certain circumstances, however, third-party posts may become attributable to the firm. Whether third-party content is attributable to a firm depends on whether the firm has (1) involved itself in the preparation of the content or (2) explicitly or implicitly endorsed or approved the content.

*Note: The SEC has referred to circumstance (1) above as the "entanglement" theory (i.e., the firm or its personnel is entangled with the preparation of the third-party post) and (2) as the "adoption" theory (i.e., the firm or its personnel has adopted its content). Although the SEC has employed these theories as a basis for a company's responsibility for third-*

*party information that is hyperlinked to its Web site, a similar analysis would apply to third-party posts on a social media site established by the firm or its personnel. Third-party posts should generally not be considered to be part of the firm's communication with the public unless the firm or its personnel either is entangled with the preparation of the third-party post or has adopted its content.*

*Note: Also see Section 7.00 Advertising and Marketing Activities for further details on the new combined marketing Rule 206(4)-1 ("Marketing Rule") effective May 4, 2021 and its definition of advertisement as any direct or indirect communication an investment adviser makes to more than one person, or to one or more persons if the communication includes hypothetical performance, that offers the investment adviser's investment advisory services with regard to securities; Investment Adviser Marketing Rule Update (Release No. IA-5653; File No. S7-21-19)*

## **Supervision of Social Media Sites**

Firms must adopt policies and procedures reasonably designed to ensure that their associated persons who participate in social media sites for business purposes are appropriately supervised, have the necessary training and background to engage in such activities, and do not present undue risks to investors. Firms must have a general policy prohibiting any associated person from engaging in business communications in a social media site that is not subject to the firm's supervision. Firms also must require that only those associated persons who have received appropriate training on the firm's policies and procedures regarding interactive electronic communications may engage in such communications.

### **Static and Interactive Electronic Forums**

A "blog" is generally defined as a Web site that contains an online personal journal with reflections, comments, and often hyperlinks provided by the writer." Historically, some blogs have consisted of static content posted by the blogger. Static postings are to be considered "advertisements." If a firm or its registered representative sponsors such a blog, it must obtain prior principal approval of any such posting. Today, however, many blogs enable users to engage in real-time interactive communications. If the blog is used to engage in real-time interactive communications, the blog is to be considered an interactive electronic forum that does not require prior principal approval; however, such communications must be supervised, as discussed below.

Social networking sites typically contain both static and interactive content. The static content remains posted until it is changed by the firm or individual who established the account on the site. Generally, static content is accessible to all visitors to the site. 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 approve all static content on a page of a social networking site established by the firm or a registered representative before it is posted. Firms may use an electronic system to document these approvals.

Social networking sites also contain non-static, real-time communications, such as interactive posts on sites such as Twitter and Facebook. The portion of a social networking site that provides for these interactive communications constitutes an interactive electronic forum, and firms are not required to have a registered principal approve these communications prior to use. Of course, firms still must supervise these communications, as discussed below.

While prior principal approval is generally not required for interactive electronic forums, firms must still supervise these interactive electronic communications in a manner

reasonably designed to ensure that they do not violate SEC rules regarding communications with the public.

Firms may employ risk-based principles to determine the extent to which the review of incoming, outgoing, and internal electronic communications is necessary for the proper supervision of their business. For example, firms may adopt procedures that require principal review of some or all interactive electronic communications prior to use or may adopt various methods of post-use review, including sampling and lexicon-based search methodologies.

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### Implementation Strategy

The Firm currently prohibits any associated person from engaging in business communications in a social media site that is not subject to the Firm's supervision and approval. The Firm also requires that only those associated persons who have received appropriate training on the Firm's policies and procedures regarding interactive electronic communications may engage in such communications. In the event that any of the Firm's registered representatives post content to a static social media site, the registered representative must obtain principal approval of any such posting. If the registered representative engages in real-time interactive communications through a social media site, such communications do not require prior principal approval; however, such communications will be supervised. Please see the Firm's Permissible Electronic Communications Mechanisms below for further details.

Note: The Firm may also consider prohibiting or placing restrictions on any associated person who has presented compliance risks in the past, particularly compliance risks concerning sales practices, from establishing accounts for business purposes with a social media site.

### Permissible Electronic Communication Mechanisms

The following is the Firm's policy regarding the use of the certain communication mechanisms and technologies (both static and interactive electronic forums) to communicate with the public for business related purposes:

Forms of Communication	Permitted	Prohibited
Internal Email Platform (member supplied email)	✓	
Non-Member Email Platforms (e.g. Yahoo, Gmail, etc.)		✓
E-faxes	✓	
Instant Messaging		✓
Third-Party Communications (e.g. Bloomberg; Reuters)	✓	
Weblogs (interactive)		✓
Weblogs (static)	✓	
Podcasts		✓
Message Boards		✓

LinkedIn	✓	
Facebook		✓
Twitter		✓
Web-based Seminars (e.g. Zoom, Teams)	✓	

*Note: Any associated person found using prohibited electronic communication mechanisms may receive disciplinary action up to termination.*

### Approval

The designated supervisor must approve all Internet communications prior to distribution and/or use. ►►

*Note: Also see Section 7.00 Advertising and Marketing Activities for further details on the new combined marketing Rule 206(4)-1 ("Marketing Rule") effective May 4, 2021 and its definition of advertisement as any direct or indirect communication an investment adviser makes to more than one person, or to one or more persons if the communication includes hypothetical performance, that offers the investment adviser's investment advisory services with regard to securities; Investment Adviser Marketing Rule Update (Release No. IA-5653; File No. S7-21-19)*

#### Implementation Strategy

The designated supervisor will periodically review and supervise relevant communications through the Internet and/or other similar proprietary or common carrier electronic systems in order to ensure that the Firm is complying with all applicable federal and state laws, rules and regulations regarding communications with the public.

## 4.03

### General Correspondence

#### Responsibility

The designated supervisor shall be responsible for ensuring that outgoing correspondence with the public is in compliance with applicable laws, rules and regulations governing the activities of the Firm. The designated supervisor shall periodically re-evaluate the effectiveness of the Firm's procedures regarding the review of correspondence and make revisions as are necessary.

#### Implementation Strategy

All outgoing correspondence sent by each IA representative shall be faxed or otherwise submitted to the designated principal for review and maintained in a centralized outgoing correspondence file. The designated principal shall review a representative sample of outgoing correspondence on an ongoing basis. All outgoing correspondence reviewed by the designated principal will be initialed as evidence of review. All incoming correspondence received by each IA representative will be maintained in a centralized incoming correspondence file. During each Branch review, the designated examiner will review a random sample of both incoming and outgoing correspondence to verify that all materials are being submitted and maintained as required.

#### Approval

Review of correspondence shall be evidenced by (as applicable):

- initialing the Firm's file copy of written correspondence; or,

- kept as an electronic record on the servers of the Firm's email compliance and archival company.

## Records

Copies of all reviewed correspondence shall be maintained for a period of not less than 5 years. Electronic correspondence may be retained in the format in which it was received.

## Protective Legend

The Firm will include the following *protective legend* on fee invoices that it may prepare and forward to clients. This *protective legend* is designed to remind clients to notify the Firm through the IA representative in the event of any changes to their financial position or investment objectives.

*If your financial situation or investment objectives have changed or you wish to make modifications to the way in which your account is managed, please contact [Affiliate] at [phone number]. Month-end values on the statement you receive from your account custodian may differ from the values on this Billing Statement due to the timing of dividend posting and/or price rounding differences.*

*Note: Also see Section 7.00 Advertising and Marketing Activities for further details on the new combined marketing Rule 206(4)-1 ("Marketing Rule") effective May 4, 2021 and its definition of advertisement as any direct or indirect communication an investment adviser makes to more than one person, or to one or more persons if the communication includes hypothetical performance, that offers the investment adviser's investment advisory services with regard to securities; Investment Adviser Marketing Rule Update (Release No. IA-5653; File No. S7-21-19)*