

NON-REGISTERED LOCATION REQUIRED FILES

Registered Representatives working from Non-Registered locations (other than temporary or office of convenience) should maintain the following files in their location. **Please note that RRs in Non-Registered locations are NOT ALLOWED to accept any customer documents, funds and/or securities from customers. Customers must be provided with the proper address (i.e., the OSJ Supervisor's address, the product sponsor, clearing firm, or the home office) to send any of the above.**

(1) Non-Registered Location (Used Primarily to Engage in Non-Securities Activities)

- This location is used primarily to engage in non-securities activities.
- The RR is supervised by the OSJ Supervisor at the OSJ Branch.
- No more than 25 securities transactions in any one calendar year can be allowed at this location
- Neither the address of the location nor the fax number can be published.
- All securities related business files must be separated from non-securities activities related files.

(2) Non-Registered Location (Primary Residence)

- Usually, there is only one RR conducting business at this location.
- No administrative person is allowed in this location unless the administrative person: (i) also resides in the location; and (ii) is the family member.
- The RR is supervised by the OSJ Supervisor located at the OSJ Branch location.
- This location is invisible to the public. Therefore, neither the address of the location nor the fax number can be published.
- No customer documents can be received at this location. Customers must be instructed to send them to the OSJ Branch.
- Can not meet with any customers or potential customers at this location.

(3) Temporary Location or Office of Convenience

- In general, the RRs who conduct business at the unregistered location meet their customers or potential customers at this location.
- The location cannot be used more than 30 days in any calendar year.
- A "Location Visiting Log" must be maintained for the usage of the location.
- No files or documents should be maintained at this location.

(D014B-011714)

**BUSINESS BLOTTER FILE**

Non-Registered locations (other than temporary or office of convenience) must maintain this file. The file should include, but not limited to:

- ✚ Direct Business Blotter (D020), if applicable.
- ✚ Investment Banking Engagement Log (D034), if applicable.
- ✚ A chronological listing of all purchase and sale of securities through the clearing platform or electronic access to such information. The blotter should include, at a minimum:
 - ✚ Trade date and settlement date
 - ✚ Account identification
 - ✚ Securities description
 - ✚ Transaction information (# of shares, price, transaction type, and commission)
 - ✚ Solicited or unsolicited
 - ✚ Discretion exercised or not
- ✚ Maintain this file in chronological order

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**CASH AND NON-CASH COMPENSATION FILE**

Non-Registered locations (other than temporary or office of convenience) must maintain this file. The file should include, but not limited to:

- ✚ Cash and Non-Cash Compensation Log (D033)
- ✚ Evidence of the cash or non-cash compensation being approved by the firm's Compliance Department (if applicable)
- ✚ Maintain this file in a chronological order

The log should include all non-cash compensation (including travel expenses, meals, lodging, prizes, and awards) received including those offered from third party product sponsors or providers. In addition when/if a third party pays, in whole or in part, for an educational meeting or seminar hosted by RR, such payment must be pre-approved by the firm's Advertising Compliance Department and such payment must be also recorded in the log. (RRs may not receive any compensation directly from outside firms or persons) (D014B-011714)

**CORRESPONDENCE FILE (OUTGOING)**

Non-Registered locations (other than temporary or office of convenience) must maintain this file. The file should include, but not limited to:

- ✚ Outgoing correspondence log (D031)
- ✚ A copy of correspondence sent
- ✚ Maintain this file in chronological order
- ✚ Additional copy should be maintained in the client's file

Outgoing Correspondence (including outgoing fax) is defined as any written letter, electronic mail message, and any market letter sent to one client or prospective client. (No need to maintain a copy of electronic mail message in this file) (D014B-011714)

**CUSTOMER COMPLAINT**

Non-Registered locations (other than temporary or office of convenience) must maintain this file. The file should include, but not limited to:

- ✚ Clients' written complaint letter (summary of the complaint, if verbal)
- ✚ Evidence of complaint being reviewed and forwarded to the Compliance Department
- ✚ Any other documents provided or used during the investigation of the complaint
- ✚ Both RR's and OSJ supervisor's written statements
- ✚ Any related documents, such as, settlement agreement
- ✚ Maintain this file in chronological order

"Complaint" is defined as any written statement by a client or a person acting on behalf of a client alleging a grievance involving the activities of a person under the broker-dealer's control in connection with the solicitation or execution of any transaction or the disposition of securities or funds of that client. When a written complaint is received, a copy should be forwarded immediately to the firm's Compliance for follow-up.

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CUSTOMER COMPLAINT FILE (MUNICIPAL SECURITIES)

Non-Registered locations (other than temporary or office of convenience) must maintain this file. The file should include, but not limited to:

- ✚ **Municipal securities related (including 529 plan) customers' written complaint (summary of the complaint, if verbal)**
- ✚ **Evidence of complaint being reviewed and forwarded to the Compliance Department and MSRB Brochure delivery date**
- ✚ **Any other documents provided or used during the investigation of the complaint**
- ✚ **Both RR's and OSJ supervisor's written statements**
- ✚ **Any related documents, such as, settlement agreement**

"Complaint" is defined as any written statement by a customer or a person acting on behalf of a customer alleging a grievance involving the activities of a person under the broker-dealer's control in connection with the solicitation or execution of any transaction or the disposition of securities or funds of that customer. When a written complaint is received, a copy should be forwarded immediately to the firm's Compliance for follow-up. (D014B-011714)



CUSTOMER COMPLAINT FILE (OPTIONS)

Non-Registered locations (other than temporary or office of convenience) must maintain this file. The file should include, but not limited to:

- ✚ **Options securities related customers' written complaint (summary of the complaint, if verbal)**
- ✚ **Evidence of complaint being reviewed and forwarded to the Compliance Department**
- ✚ **Any other documents provided or used during the investigation of the complaint**
- ✚ **Both RR's and OSJ supervisor's written statements**
- ✚ **Any related documents, such as, settlement agreement**
- ✚ **Maintain this file in chronological order**

"Complaint" is defined as any written statement by a customer or a person acting on behalf of a customer alleging a grievance involving the activities of a person under the broker-dealer's control in connection with the solicitation or execution of any transaction or the disposition of securities or funds of that customer. When a written complaint is received, a copy should be forwarded immediately to Compliance for follow-up. (D014B-011714)



DUE DILIGENCE FILE (PRODUCTS)

Non-Registered locations (other than temporary or office of convenience) must maintain this file. The file should include, but not limited to:

- ✚ **General product information**
- ✚ **Any third party issued due diligence report, if any**
- ✚ **Reason for recommending the product to clients**
- ✚ **Reasonable-Basis Suitability Assessment Report (B001, if utilized)**
- ✚ **Maintain this file in alphabetical order**

Because each product may involve different risk and investment objectives, each Registered Representative should exercise due diligence to ensure that the product they recommend is consistent with the client's investment objective and must establish reason for recommending the product to clients. (D014B-011714)



GIFTS, GRATUITIES AND ENTERTAINMENT FILE

Non-Registered locations (other than temporary or office of convenience) must maintain this file. The file should include, but not limited to:

- ✚ **Gift & entertainment log (Form# D029)**
- ✚ **The log must also include all gifts and entertainments offered and received**
- ✚ **Maintain this file in chronological order**

When an **Associated Person** receives or offers a gift that exceeds the \$100 limitation, either alone or when aggregated with other gifts from the same product sponsor within the calendar year, the person must immediately report the gift to his or her OSJ Supervisor and return the gift. Evidence of the gift's return should be maintained. Entertainment includes a broad range of activities such as trips, parties, and other activities. RRs must accompany entertainment to avoid entertainment being considered a gift which is subject to \$100 limitation. Records of entertainment must include details of who was entertained and the nature of entertainment. (D014B-011714)



GTC OPEN-ORDER

Non-Registered locations (other than temporary or office of convenience) must maintain this file. The file should include, but not limited to:

- ✚ **Order ticket or electronic access to order ticket**
- ✚ **Evidence of being reviewed and checked against the daily trade blotter**
- ✚ **Maintain this file in chronological order**

RRs must adjust the price of open orders to reflect dividends, payments, or distributions. The RR holding open orders is responsible for price adjustments, which should be recorded on the order ticket or other record of the open order. The following apply to adjustments of open orders: if the value of the distribution cannot be determined, the client must be contacted to reconfirm the order; and if the security is subject to a reverse split, all open orders must be cancelled. (D014B-011714)



INSTITUTIONAL COMMUNICATIONS FILE

Non-Registered locations (other than temporary or office of convenience) must maintain this file. The file should include, but not limited to:

- ✚ **Copies of all related materials with the evidence of the compliance approval and approval documents (D045 and D048)**
- ✚ **Copies of FINRA approval letter, if applicable**
- ✚ **Final copies must be maintained in the file**
- ✚ **Maintain this file in chronological order**

Institutional communication means any written (including electronic) communication that is distributed or made available only to institutional investors, but does not include the firm's internal communications. (D014B-011714)



INVESTMENT OBJECTIVE CHANGE FILE

Non-Registered locations (other than temporary or office of convenience) must maintain this file. The file should include, but not limited to:

- ✚ Investment Objective change form signed by the client
- ✚ Evidence of such request being processed (or access to the evidence)
- ✚ Maintain this file in chronological order
- ✚ Additional copy should also be maintained in the client's file

Requests for changes in customer investment objectives must be directed first to the OSJ Supervisor responsible for supervision of the customer's account who will then forward the document to the firm's Operations Department for process the changes. The OSJ Supervisor shall follow-up on the change by making certain that both the customer and the RR responsible for the account were informed within 30 days of the change. (D014B-011714)



INVESTMENT STRATEGIES RECOMMENDATION FILE

Non-Registered locations (other than temporary or office of convenience) must maintain this file. The file should include, but not limited to:

- ✚ A copy of "Recommendation Ticket Without Securities Transaction" form (D010)
- ✚ Maintain this file in chronological order
- ✚ Additional copy should also be maintained in the client's file

Investment strategies would include, among other things: (i) a recommended investment strategy regardless of whether the recommendation results in a securities transaction or even references a specific security or securities; (ii) a recommendations to purchase securities using margin or liquefied home equity or to engage in day trading¹, irrespective of whether the recommendation results in a transaction or references particular securities; and (iii) when an RR meets with a customer during a quarterly or annual investment review and explicitly recommends the customer not to sell any securities in or make any changes to the account or portfolio. Hold recommendations are also subject to the suitability obligation regardless of whether the RR previously recommended the purchase of the securities, the customer purchased them without a recommendation, or the customer transferred them into the account from another firm where the same or a different registered representative had handled the account. (D014B-011714)



NON-REGISTERED LOCATION FILE

Non-Registered locations (other than temporary or office of convenience) must maintain this file. The file should include, but not limited to:

- ✚ Inspection report and response letter
- ✚ RR's monthly checklist (D023)
- ✚ Unassociated Person's application (D013, if any)
- ✚ Visitation log (D050, when/if an off-site business location other than the registered branch location is used for the business purpose)
- ✚ Maintain this file in chronological order

The Registered Representative is responsible for maintaining the file. (D014B-011714)



PERSONAL SECURITIES FILE

Non-Registered locations (other than temporary or office of convenience) must maintain this file. The file should include, but not limited to:

- ✚ A copy Personal Securities Account Disclosure Form (i.e., D027)
- ✚ Copies of account statements and transaction confirmations or electronic access to such information
- ✚ Maintain this file in chronological order

Personal securities accounts include any accounts where an Associated Person has a personal financial interest; the Associated Person is the named trustee or custodian; or the Associated Person otherwise has control over the account. Related accounts include accounts for relatives residing with the Associated Person and accounts for any person who is supported, directly or indirectly, to a material extent by the Associated Person. (D014B-011714)



PRIVATE SECURITIES TRANSACTIONS FILE

Non-Registered locations (other than temporary or office of convenience) must maintain this file. The file should include, but not limited to:

- ✚ Approved and rejected "Private Securities Transaction" form (D017)
- ✚ All documents related to the approved transaction, such as statement, confirmation, compensation agreement, and etc
- ✚ Maintain the file in chronological order

Private securities transactions are defined by FINRA as any securities transaction outside the regular course or scope of an associated person's association with CFSC. Associated Persons must receive their OSJ Supervisor's and the home office's approval prior to participating in any private securities transactions by submitting the firm's private securities transaction form (D017). Associated Persons are prohibited from participating in any private securities transactions in any manner, until they have received written approval from their OSJ Supervisor and the home office. (D014B-011714)



RETAIL COMMUNICATIONS FILE

Non-Registered locations (other than temporary or office of convenience) must maintain this file. The file should include, but not limited to:

- ✚ Copies of all related materials with the evidence of the compliance approval and approval documents (D045 and D048)
- ✚ Copies of FINRA approval letter, if applicable
- ✚ Final copies must be maintained in the file
- ✚ Maintain this file in chronological order

Retail communication means any written (including electronic) communication that is distributed or made available to more than one individual (either existing retail customers or prospective customers). Please note that depending on the products or services mentioned, they may need to be filed with FINRA. (D014B-011714)

¹ The firm's policy prohibits registered representatives from recommending such strategy.



SEMINAR FILE

Non-Registered locations (other than temporary or office of convenience) must maintain this file. The file should include, but not limited to:

- ✚ Copies of all related materials, including invitation, agenda, handouts, with the evidence of the compliance approval and approval number
- ✚ A list of individuals who attended the seminar (if applicable)
- ✚ Copies of FINRA approval letter, if applicable
- ✚ Final copies must be maintained in the file
- ✚ Maintain this file in chronological order

All training and education programs provided to the general public as a seminar format must be pre-approved by the OSJ Supervisor and the Compliance Department. All related materials such as, invitation, seminar agenda and handouts must be also pre-approved. (D014B-011714)



CUSTOMER FILES

The firm utilizes the "Dashboard" system to maintain customer files. Registered representatives must have access to the system. Documents scanned into the system will be electronically forwarded to the RR's designated supervisor for his or her review and approval. The following documents should be scanned into the assigned customer file in the "Dashboard" system:

- *New account form and any update documents (i.e. investment objective change or suitability information change)*
 - *Account related legal documents (i.e., trust document)*
 - *Product sponsor required documents*
 - *Specific product related form (i.e., D022, Mutual Fund Switch, 529 Disclosure form)*
 - *Letter of Authorizations and address change request form*
 - *Incoming and Outgoing correspondence*
 - *A copy of government issued photo ID (i.e., driver license, passport)*
 - *Evidence of OFAC check*
 - *Copies of checks and/or securities received*
 - *Investment strategies recommendation information (i.e., D010)*
- (D014B-011714)



TRADE CORRECTION FILE

Non-Registered locations (other than temporary or office of convenience) must maintain this file. The file should include, but not limited to:

- ✚ Trade correction ticket (D032, if utilized)
- ✚ Reason for making the trade correction
- ✚ Evidence of being approved by the OSJ Supervisor
- ✚ Maintain the file in chronological order

Trade errors must be immediately reported to the OSJ Supervisor for correction. RRs are not permitted to correct any discretionary trades themselves. Trade correction of discretionary accounts must be approved by the OSJ Supervisor prior to such correction. In addition, reason for such correction must be documented. Please note that RRs may not cover losses for clients by treating transactions as errors when, in fact, they are not errors. Absorbing losses is a violation of FINRA rules and is not permitted. Please note that the OSJ Supervisor must review all trade corrections for unusual patterns of cancellations and corrections particularly those involving multiple cancellations or corrections by the same RR or involving the same counterparty. (D014B-011714)