



QUICK REFERENCE GUIDE

(January, 2014)



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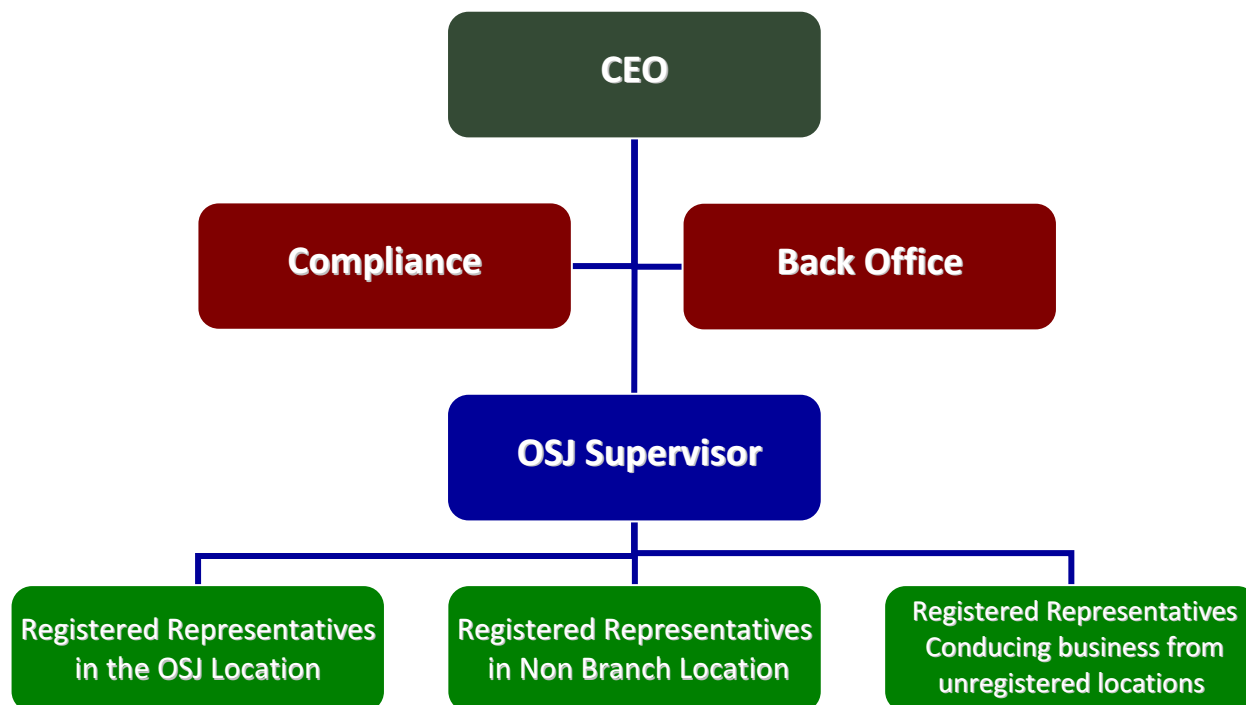
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1 INTRODUCTION

This document contains only the most frequently asked questions. Therefore, registered representatives should be careful not to treat this document as the entire policies and procedure of Colorado Financial Service Corporation ("the firm").

Any questions about the firm's policies and procedures in this document, any documents or full manuals should be directed to the firm's Compliance Department.

2 SUPERVISORY STRUCTURE (REPORTING STRUCTURE)



Each registered representative shall be assigned to a registered principal who shall be responsible for supervising the activities of the representative.

3 WHEN HIRING A NEW REGISTERED REPRESENTATIVE

Potential reps will complete a Pre-Hire Authorization form and a Credit Authorization and Disclosure form. After these have been signed and returned to the firm we will pull a FINRA CRD Pre-Hire Report and Credit Report. After the review of this information and after conducting a web search for additional information, if the firm is satisfied with the preliminary results, the firm will have the candidate complete a full rep registration kit. The firm may also search the National Insurance Producer Registry (NIPR).

4 WHEN HIRING AN UNREGISTERED ADMINISTRATIVE PERSON

Broker-dealers are required to conduct a reasonable investigation of all persons' (both registered and unregistered) background to determine that they are not statutory disqualified from becoming associated with a broker-dealer.

Accordingly, when registered representatives hire unregistered persons in their business location, the following procedures must be followed:

- Unregistered persons who have or will have access to the firm's books and records are required to be fingerprinted;
- During the pre-hire interview of an individual, the registered representative should ensure that if the individual is or was, with another broker-dealer, his or her fingerprints are indicated on the system as "clear". (this review will allow the firm to be aware of circumstances that could possibly subject the individual to statutory disqualification);

- Submit a “New Application for Non-Registered Fingerprint Person” form (D012); and
- Limit the access until the registered representative receives a “clear” notification from the firm’s Registration Department.

Please note that any notices received from FINRA/CRD indicating anything less than “clear” for the fingerprints it may require that the registered representative terminates or disassociates the individual’s association with the branch and the firm.

In addition, when an unregistered person terminates his or her association, such termination must be communicated to the firm’s Registration Department to ensure that the unregistered person’s access to the customers’ nonpublic confidential information has been disabled.

5 QUALIFICATION AND REGISTRATION REQUIREMENTS

Registered representatives must meet both qualification and registration requirements prior to offering securities products or services. Below is the qualification chart for each product or service type.

Products	Qualification
Closed-End Funds	Series 7 Series 62
Corporate stocks	Series 7 Series 62
Corporate bonds	Series 7 Series 62
Direct Participation programs	Series 7 Series 22
Exchange Traded Funds (ETFs)	Series 7 Series 62
Government Agency Securities	Series 7 Series 72
Investment Banking	Series 79
Investment Advisory Services	Series 65 Series 66 w/Series 7
Municipal securities	Series 7 Series 52
Municipal fund securities 529 Plan	Series 7 Series 6 Series 52
Open-End Mutual Funds	Series 7 Series 6
Options	Series 7 Series 42
Private Placement Primary Offering	Series 7 Series 22 Series 82
Real estate investment trusts (REITs)	Series 7 Series 62

Please note that most states have enacted laws regulating the sale of securities and the activities of broker/dealers in securities. These laws are commonly known as "Blue Sky Laws," and in most states provide (a) that no broker-dealers or registered representatives may sell securities in the particular state unless the firm and the registered representative are registered under state law, and (b) that no security may be sold in the particular state unless the security is registered or qualified for sale (unless a specific exemption applies).

Reference: <http://www.finra.org/Industry/Compliance/Registration/QualificationsExams/Qualifications/p011099>

NASD Rule 3010(g)	General Descriptions	Receiving Customers' Securities	Receiving Checks	Receiving Mail or Fax <i>Documents or correspondence from customers or Potential customers</i>	Use of Address and Fax Number <i>Publishing the address of fax number or appearing as business location</i>	Meeting <i>With customers or potential customers</i>
OSJ BRANCHES (Registered Location)	<ul style="list-style-type: none"> One or more RRs <u>REGULARLY</u> conduct the business at this location. There is a supervising person (OSJ Supervisor) at this location. The OSJ Supervisor may also supervise the individuals located at off-site branches or off-site unregistered location(s). Documents collected and submitted for review or approval are maintained at this location with the evidence of the OSJ Supervisor's review and/or approval. Originals of incoming correspondence are maintained at this location. Files to be maintained (refer to section 7) 	NOT ALLOWED	ALLOWED	ALLOWED	ALLOWED	ALLOWED
NON-OSJ BRANCHES (Registered Location)	<ul style="list-style-type: none"> One or more RRs <u>REGULARLY</u> conduct the business at this location. Rrs located at non-OSJ branches are supervised by the OSJ Supervisor located at the OSJ Branch Location. A person-in-charge is designated at this location. Documents received from customers are forward to the OSJ Branch for the OSJ Supervisor's review and/or approval. A person-in-charge is designated at this location. Files to be maintained (refer to section 7) 	NOT ALLOWED	ALLOWED	ALLOWED	ALLOWED	ALLOWED
PRIMARY RESIDENCE (Non- Registered Location)	<ul style="list-style-type: none"> Usually, there is only one RR <u>REGULARLY</u> 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 at this location is supervised by the OSJ Supervisor located at the OSJ Branch location. This location does not exist to the public. Files to be maintained at this location (refer to section 8) 	NOT ALLOWED	NOT ALLOWED	NOT ALLOWED	NOT ALLOWED	NOT ALLOWED

Temporary Locations (Office of Convenience) (Non-Registered Location)	<ul style="list-style-type: none"> • 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 Visitation Log" is maintained for the usage of the location. • No files or documents are maintained at this location. • All books and records are maintained at the designated branch location. 	NOT ALLOWED	NOT ALLOWED	NOT ALLOWED	NOT ALLOWED	ALLOWED (Appointment bases)
Locations Primarily to Engage in Non-Securities Activities (Non-Registered Location)	<ul style="list-style-type: none"> • This location is used primarily to engage in non-securities activities. • No more than 25 securities transactions in any one calendar year can be allowed at this location. • No files or documents are maintained at this location. • All books and records are maintained at the designated branch location. • Files to be maintained at this location (Refer to section 8) • All securities related business files must be separated from non-securities activities related files. 	NOT ALLOWED	NOT ALLOWED	NOT ALLOWED	NOT ALLOWED	NOT ALLOWED

Please note that all locations are subject to the firm's inspection.

ADDRESS CHANGE FILE	<p>Both OSJ and Non-OSJ branch locations must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ Address change form signed by the client (i.e., D035) ✚ Evidence of being reviewed and approved by the OSJ Supervisor prior to being processed (OSJ Branches) ✚ Evidence of such request being processed or access to such evidence ✚ Maintain this file in chronological order ✚ Additional copy should also be maintained in the client's file <p>Address change requests must be received in writing from the client. Address changes for multi-party accounts must have a written request from each party. In addition, requests to change an address to a post office box will only be accepted if the client's permanent street address is maintained in the client file, both at the home office and the branch. Please note that address change requests for directly held accounts must be forwarded to the sponsoring firm from the Home Office. RRs are prohibited from sending such request directly to the sponsoring firm.</p>
BRANCH FILE (NON-OSJ BRANCH)	<p>Non-OSJ branches must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ A copy of executed branch office agreement ✚ A list of individuals assigned to this location and their start date and end date ✚ Branch business continuity plan and calling tree ✚ Branch inspection report and response letter ✚ RR's monthly checklist (D023) ✚ Unassociated Person's application (D013, if any) ✚ Visiting log (<i>when/if an off-site business location other than the registered branch location is used to meet with customers or potential customers</i>) ✚ Maintain this file in chronological order <p>The Person-in-Charge of the location is responsible for maintaining the file.</p>
BRANCH FILE (OSJ BRANCH)	<p>OSJ branches must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ A copy of executed branch office agreement ✚ Delegation of Authority with the evidence of such authorization being reviewed and approved by firm's CEO or his or her designee (if any) ✚ A list of individuals and their locations supervised from this OSJ Branch location and their start date and end date ✚ Branch business continuity plan and calling tree ✚ Branch inspection report and response letter ✚ OSJ Supervisor's Monthly Checklist (Form #D024, if required) ✚ RR's monthly checklist (D023) with the evidence of being reviewed by the OSJ Supervisor ✚ Unassociated Person's application (D013, if any) ✚ Maintain this file in chronological order <p>The OSJ Supervisor in this location is also responsible for maintaining the files for the location and the files for other locations under his or her supervision.</p>
BUSINESS BLOTTER FILE	<p>Both OSJ and Non-OSJ branch locations must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ 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:

	<ul style="list-style-type: none"> ✚ 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 ✚ OSJ Branches should maintain them with the evidence of review ✚ Maintain this file in chronological order
CAHS AND NON-CASH COMPENSATION FILE	<p>Both OSJ and Non-OSJ branch locations must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ Cash and Non-Cash Compensation Log (D033) ✚ Evidence of the log being reviewed by the OSJ Supervisor (OSJ Branch) ✚ Evidence of the cash or non-cash compensation being approved by the firm's Compliance Department ✚ Maintain this file in a chronological order <p>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)</p>
CHECKS RECEIVED FILE	<p>Both OSJ and Non-OSJ branch locations must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ Checks received log (D028) with copies of checks ✚ Evidence of being reviewed by the OSJ Supervisor (OSJ Branch) ✚ Copies of checks should also be maintained in the client's file ✚ Maintain this file in chronological order <p>It is our policy to advise clients to send checks, appropriately made out, directly to the appropriate third party. However, when clients do send checks, made payable to a third party, to the branch location, the branch must send the check to the appropriate third party no later than noon of the following business day. Should a client send or submit a check payable to Colorado Financial or the registered representative, the check must be returned to the sender.</p>
CORRESPONDENCE FILE (INCOMING)	<p>Both OSJ and Non-OSJ branch locations must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ Incoming correspondence log (D030) ✚ Date stamped correspondence received ✚ Evidence of being reviewed by the OSJ Supervisor (OSJ Branch) ✚ Maintain this file in chronological order ✚ Additional copy should also be maintained in the client's file <p>Incoming Correspondence (including incoming fax) is defined as any written letter, electronic mail message, and any letter received from a client or prospective client. (No need to maintain a copy of electronic mail message in this file) Any mail containing a complaint of any nature is to be immediately given to the Compliance Department.</p>
CORRESPONDENCE FILE (OUTGOING)	<p>Both OSJ and Non-OSJ branch locations must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ Outgoing correspondence log (D031)

	<ul style="list-style-type: none"> ✚ A copy of correspondence sent ✚ Evidence of being reviewed by the OSJ Supervisor (OSJ Branch) ✚ Maintain this file in chronological order ✚ Additional copy should be maintained in the client's file <p>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)</p>
CUSTOMER COMPLAINT FILE	<p>Both OSJ and Non-OSJ branch locations must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ 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 <p>"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.</p>
CUSTOMER COMPLAINT FILE (MUNICIPAL SECURITIES)	<p>Both OSJ and Non-OSJ branch locations must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ 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 <p>"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.</p>
CUSTOMER COMPLAINT FILE (OPTIONS)	<p>Both OSJ and Non-OSJ branch locations must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ 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 <p>"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.</p>

DUE DILIGENCE FILE (PRODUCTS)	<p>Both OSJ and Non-OSJ branch locations must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ 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 <p>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.</p>
GIFTS, GRATUITIES AND ENTERTAINMENT FILE	<p>Both OSJ and Non-OSJ branch locations must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ Gift & entertainment log (Form# D029) ✚ Evidence of the log being reviewed by the OSJ Supervisor (OSJ Branch) ✚ The log must also include all gifts and entertainments offered and received by both registered and unregistered person ✚ Maintain this file in chronological order <p>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.</p>
GTC OPEN-ORDER FILE	<p>Both OSJ and Non-OSJ branch locations must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ Order ticket ✚ Evidence of being reviewed and checked against the daily blotter ✚ Maintain this file in chronological order <p>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.</p>
INSTITUTIONAL COMMUNICATIONS FILE	<p>Both OSJ and Non-OSJ branch locations must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ 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 <p>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.</p>

INVESTMENT OBJECTIVE CHANGE FILE	<p>Both OSJ and Non-OSJ branch locations must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ Investment Objective change form signed by the client ✚ Evidence of being reviewed and approved by the OSJ Supervisor (OSJ Branch) ✚ Evidence of such request being processed or access to such evidence ✚ Maintain this file in chronological order ✚ Additional copy should also be maintained in the client's file <p>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.</p>
INVESTMENT STRATEGIES RECOMMENDATION FILE	<p>Both OSJ and Non-OSJ branch locations must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ A copy of "Recommendation Ticket Without Securities Transaction" form (D010) ✚ Evidence of being reviewed by the OSJ Supervisor (OSJ Branch) ✚ Maintain this file in chronological order ✚ Additional copy should also be maintained in the client's file <p>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.</p>
LETTER OF AUTHORIZATION (LOA) FILE	<p>Both OSJ and Non-OSJ branch locations must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ Letter of authorization, such as, wire request, funds transfer request, and etc, signed by the client ✚ All LOAs other than those required to be maintained in the address change request file should be in this file ✚ Evidence of LOAs being reviewed and approved by the OSJ Supervisor prior to being processed ✚ Additional copies should be maintained in the client's file ✚ Evidence of being processed or access to the evidence ✚ Maintain this file in chronological order <p>The Registered Representative is responsible for making certain that the customer's instruction has been processed in a timely manner. Please note that RRs are prohibited from sending any request directly to the sponsoring firm.</p>

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

UNREGISTERED ASSOCIATED PERSON (NRF) FILE	<p>Both OSJ and Non-OSJ branch locations must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ Photo ID and social security card or any other type of government issued ID ✚ A copy of Personal Securities Account Disclosure Form (D027) submitted to the Home Office ✚ Any disciplinary action by any regulators and the firm ✚ A copy of the firm's policy acknowledgement ✚ NRF application (D012) ✚ Maintain this file in alphabetical order <p>Only the individuals whose fingerprint card submission had been cleared on the CRD system may be allowed to access clients' nonpublic personal information. When RRs wish to grant access to their client's nonpublic personal information to an individual, RRs must receive permission from the firm's Registration Department. RRs must submit such request to the OSJ Supervisor who will then forward such request to the firm's Registration Department after the OSJ Supervisor receives fingerprint cards and required documents including the policy acknowledgement.</p>
PERSONAL SECURITIES FILE	<p>Both OSJ and Non-OSJ branch locations must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ 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 <p>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.</p>
PRIVATE SECURITIES TRANSACTIONS FILE	<p>Both OSJ and Non-OSJ branch locations must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ 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 <p>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.</p>
REGISTERED REP FILE	<p>Both OSJ and Non-OSJ branch locations must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ Rep agreement ✚ Copy of U-4 and update ✚ OBA form (D002) submitted to and approved by the home office ✚ Personal Securities Account Disclosure Form (D027) ✚ Copy of firm's policy acknowledgement ✚ Heightened supervisory agreement (if applicable) ✚ Copy of professional certification and the evidence of current status ✚ Any disciplinary action by regulators and the firm

	<ul style="list-style-type: none"> ✚ Any regulatory inquiries received ✚ Photo ID and social security card or any other type of government issued ID ✚ Joint Rep Code and Separate Responsibilities Request Form (D016) ✚ Maintain this file in alphabetical order <p>RRs are responsible for maintaining their U-4 current at all times. Accordingly, each RR's U-4 must be reviewed at least monthly for its accuracy.</p>
RETAIL COMMUNICATIONS FILE	<p>Both OSJ and Non-OSJ branch locations must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ 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 <p>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.</p>
SECURITIES RECEIVED FILE	<p>Both OSJ and Non-OSJ branch locations must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ Securities received log (D019) ✚ A copy of the Stock Certificate Return letter (L002) ✚ A copy of Stock Certificates ✚ Evidence being returned to the sender (via overnight or registered mail) ✚ Maintain this file in chronological order <p>Receiving securities is prohibited. Nevertheless, the branch must maintain the file. Should a client erroneously send or submit securities to the branch location, the securities must be returned to the client with the stock certificate return letter (L002). The logs must be reviewed by the OSJ Supervisor to ensure that all securities received are appropriately sent in a timely manner.</p>
SEMINAR FILE	<p>Both OSJ and Non-OSJ branch locations must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ 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 <p>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.</p>
TRADE CORRECTION FILE	<p>Both OSJ and Non-OSJ branch locations must maintain this file.</p> <ul style="list-style-type: none"> ✚ 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.
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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)*

BUSINESS BLOTTER FILE	<p>Non-Registered locations (other than temporary or office of convenience) must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ 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: <ul style="list-style-type: none"> ✚ 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
CAHS AND NON-CASH COMPENSATION FILE	<p>Non-Registered locations (other than temporary or office of convenience) must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ 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 <p>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)</p>
CORRESPONDENCE FILE (OUTGOING)	<p>Non-Registered locations (other than temporary or office of convenience) must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ 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 <p>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)</p>
CUSTOMER COMPLAINT FILE	<p>Non-Registered locations (other than temporary or office of convenience) must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ 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 <p>"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</p>

	<p>funds of that client. When a written complaint is received, a copy should be forwarded immediately to the firm's Compliance for follow-up.</p>
CUSTOMER COMPLAINT FILE (MUNICIPAL SECURITIES)	<p>Non-Registered locations (other than temporary or office of convenience) must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ 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 <p>"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.</p>
CUSTOMER COMPLAINT FILE (OPTIONS)	<p>Non-Registered locations (other than temporary or office of convenience) must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ 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 <p>"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.</p>
DUE DILIGENCE FILE (PRODUCTS)	<p>Non-Registered locations (other than temporary or office of convenience) must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ 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 <p>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.</p>
GIFTS, GRATUITIES AND ENTERTAINMENT FILE	<p>Non-Registered locations (other than temporary or office of convenience) must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ Gift & entertainment log (Form# D029) ✚ The log must also include all gifts and entertainments offered and received ✚ Maintain this file in chronological order <p>When an Associated Person receives or offers a gift that exceeds the \$100 limitation, either alone</p>

	<p>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.</p>
GTC OPEN-ORDER FILE	<p>Non-Registered locations (other than temporary or office of convenience) must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ 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 <p>R Rs 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.</p>
INSTITUTIONAL COMMUNICATIONS FILE	<p>Non-Registered locations (other than temporary or office of convenience) must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ 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 <p>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.</p>
INVESTMENT OBJECTIVE CHANGE FILE	<p>Non-Registered locations (other than temporary or office of convenience) must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ 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 <p>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.</p>
INVESTMENT STRATEGIES RECOMMENDATION FILE	<p>Non-Registered locations (other than temporary or office of convenience) must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ 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 <p>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</p>

	<p>specific security or securities; (ii) a recommendations to purchase securities using margin or liquefied home equity or to engage in day trading², 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</p>
NON-REGISTERED LOCATION FILE	<p>Non-Registered locations (other than temporary or office of convenience) must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ 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 <p>The Registered Representative is responsible for maintaining the file.</p>
PERSONAL SECURITIES FILE	<p>Non-Registered locations (other than temporary or office of convenience) must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ 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 <p>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.</p>
PRIVATE SECURITIES TRANSACTIONS FILE	<p>Non-Registered locations (other than temporary or office of convenience) must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ 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 <p>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.</p>
RETAIL COMMUNICATIONS FILE	<p>Non-Registered locations (other than temporary or office of convenience) must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ Copies of all related materials with the evidence of the compliance approval and approval

² The firm's policy prohibits registered representatives from recommending such strategy.

	<p>documents (D045 and D048)</p> <ul style="list-style-type: none"> ✚ Copies of FINRA approval letter, if applicable ✚ Final copies must be maintained in the file ✚ Maintain this file in chronological order <p>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.</p>
SEMINAR FILE	<p>Non-Registered locations (other than temporary or office of convenience) must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ 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 <p>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.</p>
TRADE CORRECTION FILE	<p>Non-Registered locations (other than temporary or office of convenience) must maintain this file. The file should include, but not limited to:</p> <ul style="list-style-type: none"> ✚ 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 <p>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.</p>

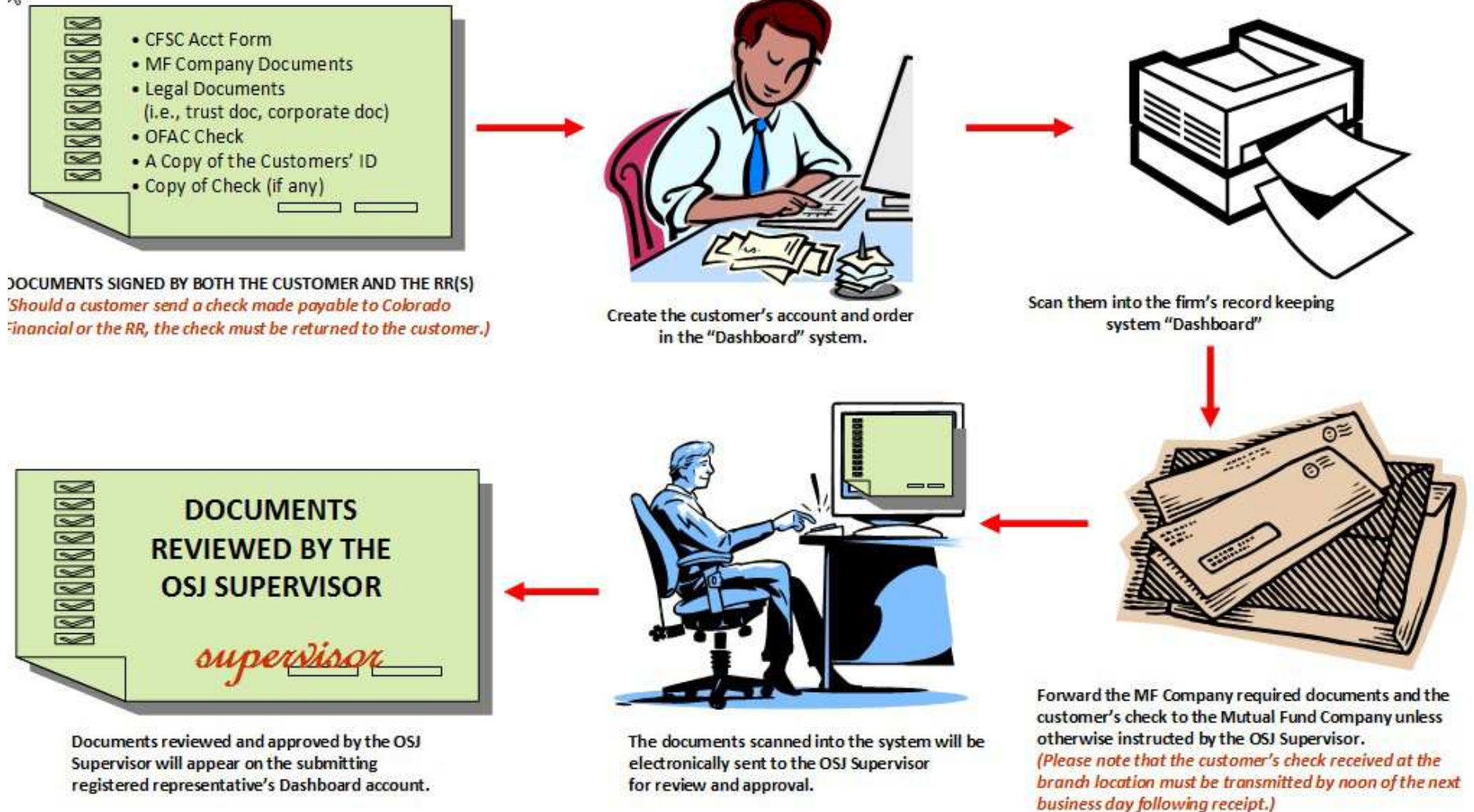
CUSTOMER FILES:

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)*

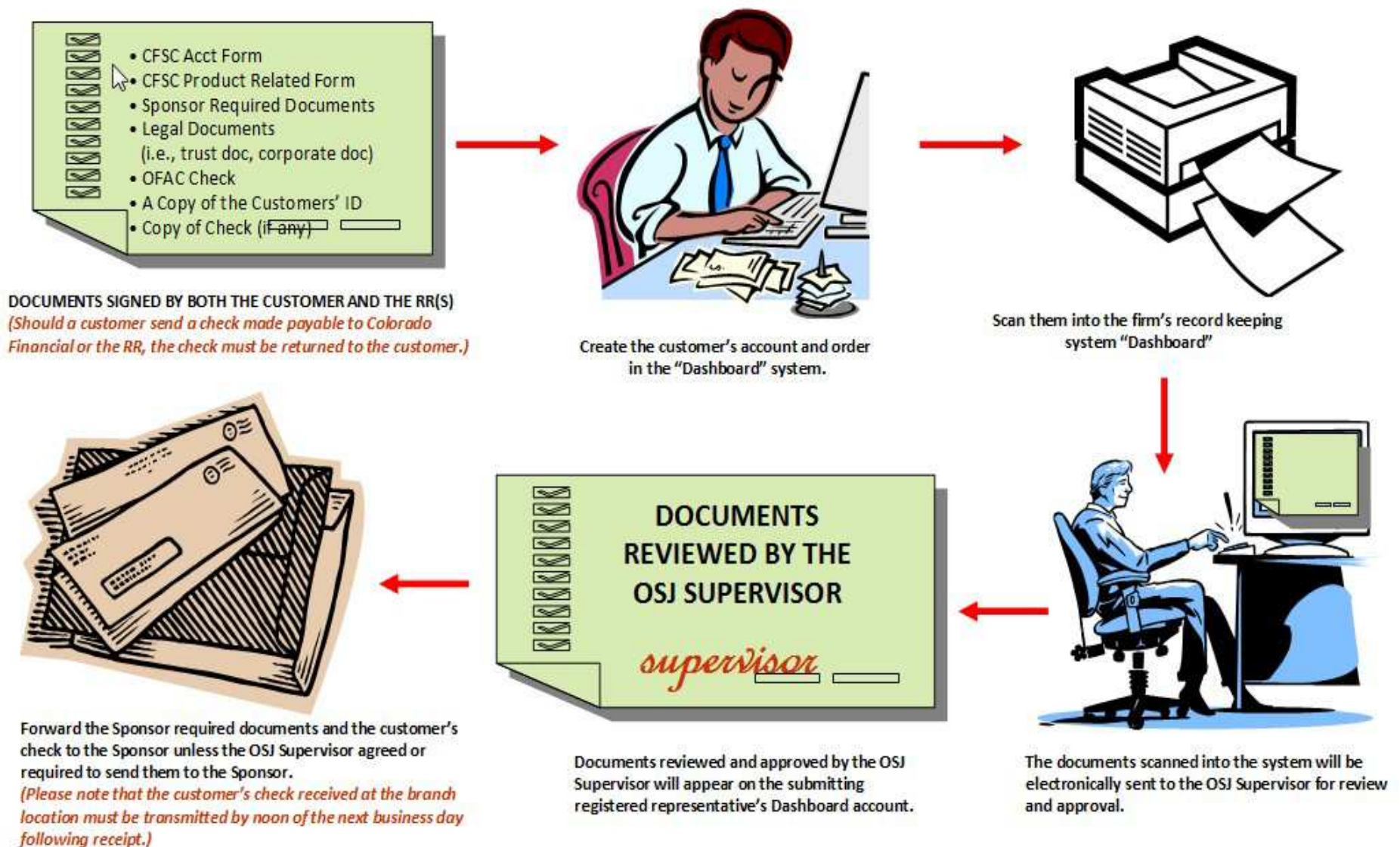
9 BUSINESS PROCESS

9.1 Directly Held Mutual Fund Accounts



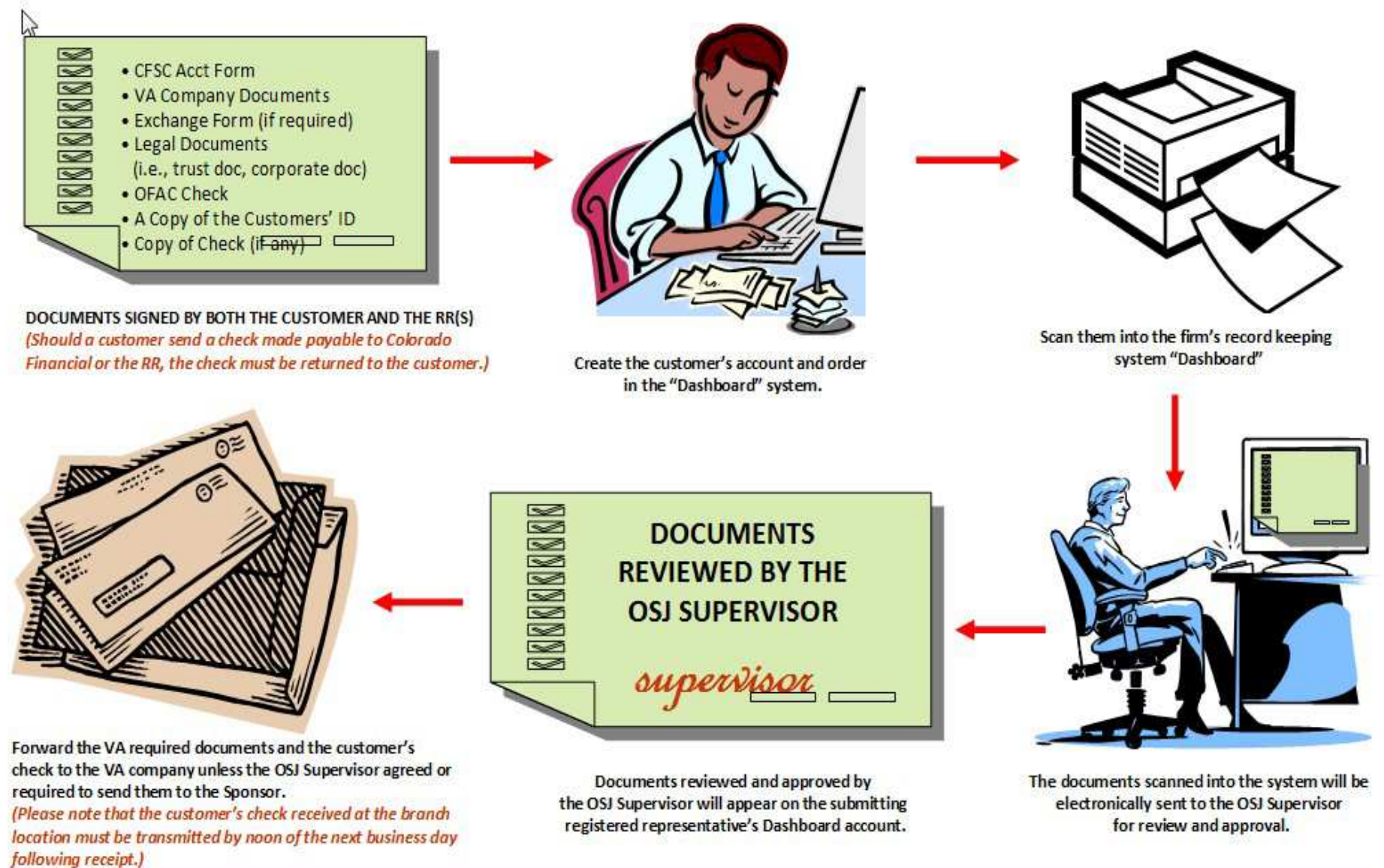
Please note that any transactions and/or accounts involving or requiring a switch form must be PRE-APPROVED by the OSJ Supervisor.

9.2 Direct Participation Program



Please note that registered representatives are prohibited from sending any DPP applications directly to the Sponsor without first receiving their OSJ Supervisor's approval.

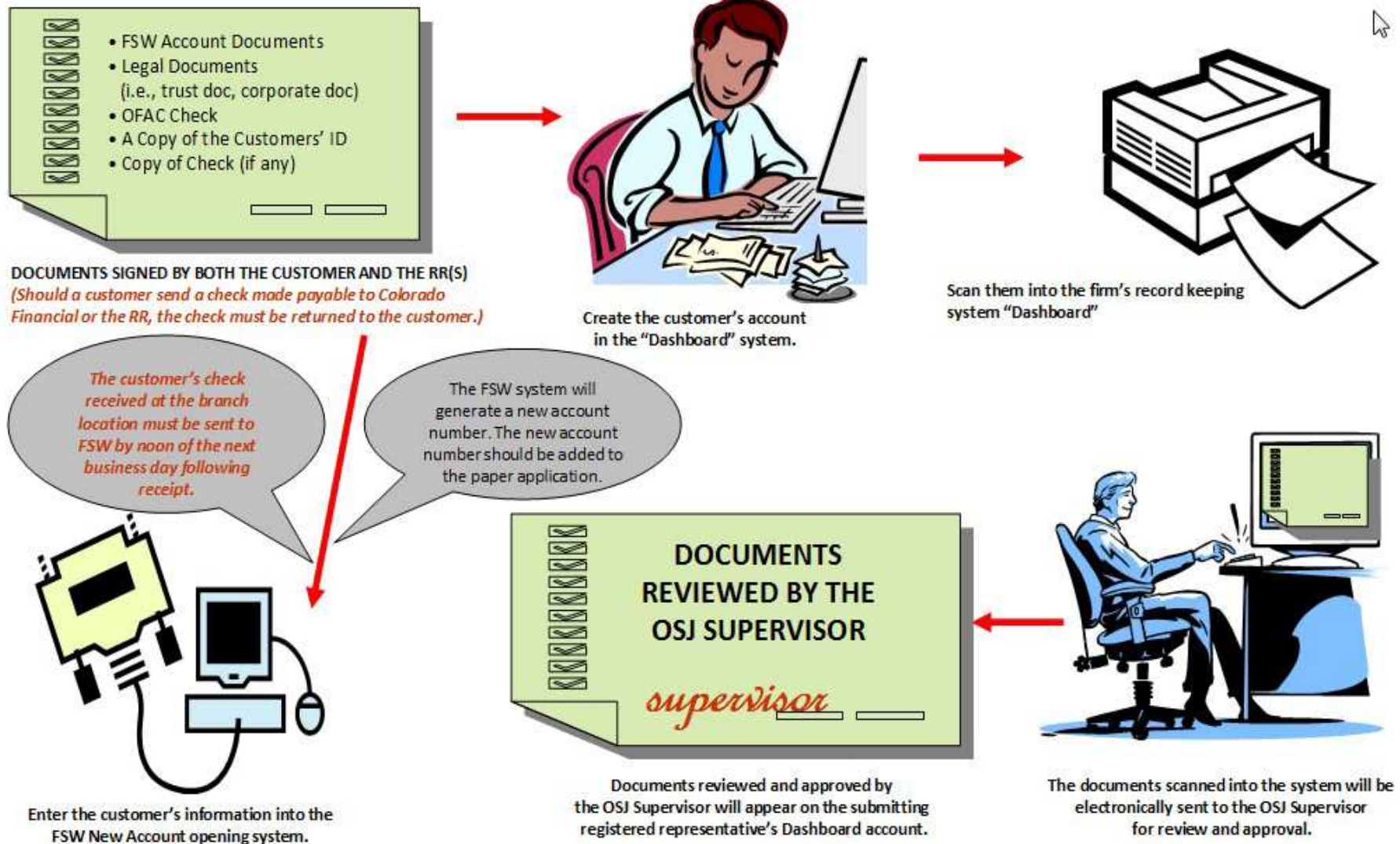
9.3 Variable Annuities



Please note that registered representatives are prohibited from sending any VA applications directly to the VA Company without first receiving their OSJ Supervisor's approval.

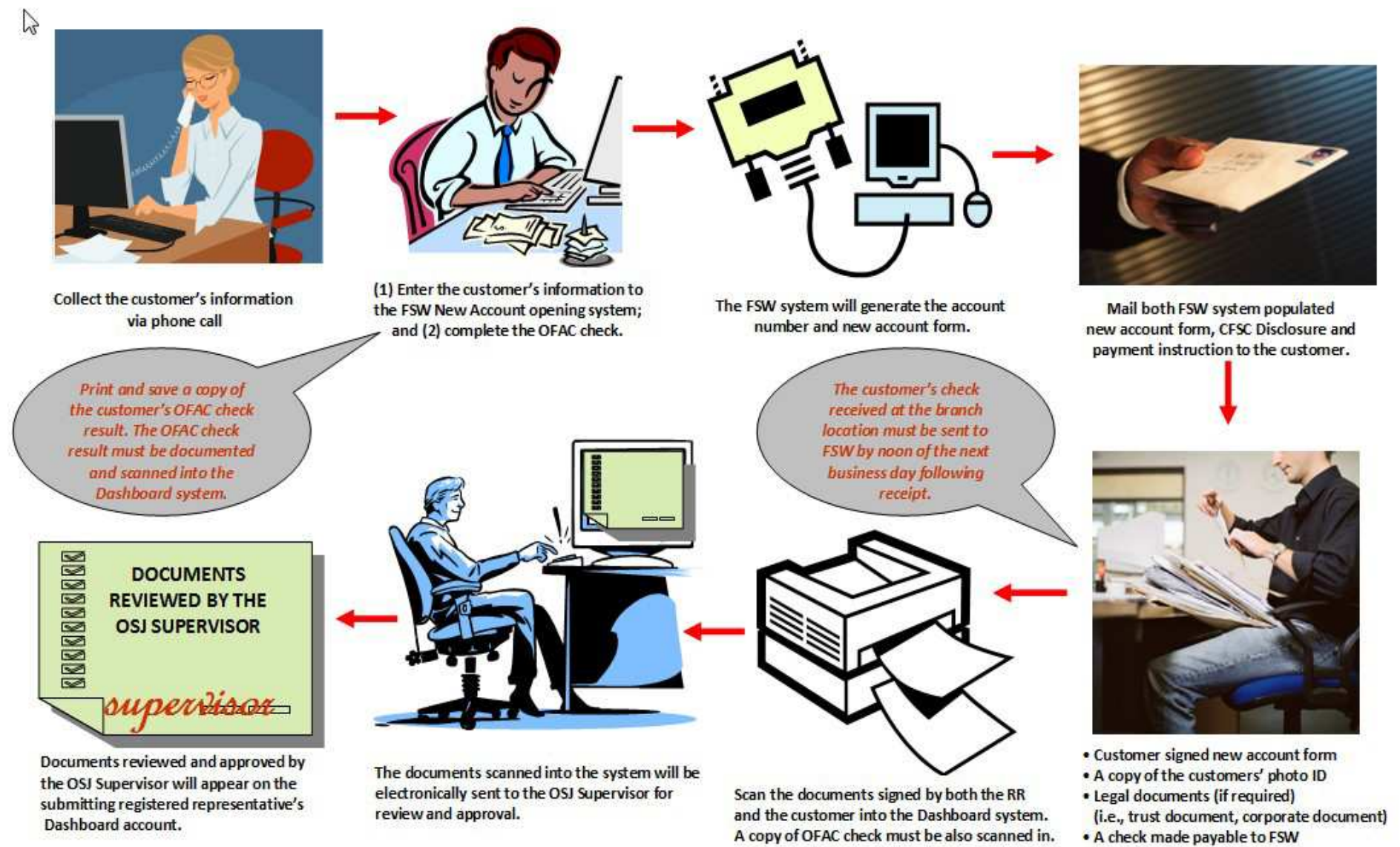
9.4 Securities Transactions Account through Clearing Platform (FSW)

9.4.1 New Account Opened with the Customer Signed Documents



Do not create or enter any FSW transaction order in customers' account in the Dashboard system. Foreign accounts must be manually opened by FSW. Accordingly, FSW New Account documents for foreign accounts must be sent to FSW.

9.4.2 New Account Opened via Phone Call with Transaction



Please note that the account without the customer's signed documents within 30 days after it is opened, the account will be closed. In addition, when/if the customer fails to pay for the transaction, the RR will be responsible for the loss.

10 DIRECTLY HELD PRODUCTS AND SERVICES REQUIRED DOCUMENTS

All new accounts opened with COLORADO FINANCIAL SERVICE will require the firm's acceptance of such account. Acceptance will be acknowledged by the OSJ Supervisors signing and dating of all New Account Forms.

Mutual Fund: The Investment Company required documents can be sent directly to the Investment Company. A copy of the investment company required documents with CFSC's required documents including a direct business blotter must be forwarded to the OSJ Supervisor. (Refer to section 9.1)

Other than MF: All documents including the product sponsor required documents be sent to the Home Office for approval and process. (Refer to section 9.2 and 9.3)

Obtain the documents directly from the firm's internet site, www.coloradofsc.com > Forms > Customer Account Opening or Service Related Forms.	
Directly Held Mutual Fund	<ul style="list-style-type: none">• CFSC Non-Institutional New Account Form (D003)<ul style="list-style-type: none">- Dashboard Image Code: New Account Form > Direct NAF D003• CFSC Institutional New Account Form (D008)<ul style="list-style-type: none">- Dashboard Image Code: New Account Form > Direct NAF-I D008• A copy of the customer's ID<ul style="list-style-type: none">- Dashboard Image Code: Customer Documents > Customer ID• OFAC Check<ul style="list-style-type: none">- Dashboard Image Code: OFAC > OFAC• A copy of the sponsoring firm's required documents<ul style="list-style-type: none">- Dashboard Image Code: Customer Documents > MF Application-"Sponsor Name"• Any other documents, if any (i.e., Universal Switch Letter)
529 Plan	<ul style="list-style-type: none">• CFSC Non-Institutional New Account Form (D003)<ul style="list-style-type: none">- Dashboard Image Code: New Account Form > Direct NAF D003• A copy of the customer's ID<ul style="list-style-type: none">- Dashboard Image Code: Customer Documents > Customer ID• OFAC Check<ul style="list-style-type: none">- Dashboard Image Code: OFAC > OFAC• A copy of the sponsoring firm's required documents<ul style="list-style-type: none">- Dashboard Image Code: Customer Documents > MF Application-"Sponsor Name"• 529 College Savings Plan Out-of-State Disclosure (D042)<ul style="list-style-type: none">- Dashboard Image Code: Customer Documents > 529 Out of State D042• Any other documents, if any (i.e., Universal Switch Letter)
Variable Products	<ul style="list-style-type: none">• CFSC Non-Institutional New Account Form (D003)<ul style="list-style-type: none">- Dashboard Image Code: New Account Form > Direct NAF D003• CFSC Institutional New Account Form (D008)<ul style="list-style-type: none">- Dashboard Image Code: New Account Form > Direct NAF-I D008• A copy of the customer's ID<ul style="list-style-type: none">- Dashboard Image Code: Customer Documents > Customer ID• OFAC Check<ul style="list-style-type: none">- Dashboard Image Code: OFAC > OFAC• A copy of the sponsoring firm's required documents<ul style="list-style-type: none">- Dashboard Image Code: Customer Documents > VA Application-"Sponsor Name"• Any other documents, if any (i.e., Universal Switch Letter)

Direct Participation Program	<ul style="list-style-type: none"> • CFSC Non-Institutional New Account Form (D003) <ul style="list-style-type: none"> - <i>Dashboard Image Code: New Account Form > Direct NAF D003</i> • CFSC Institutional New Account Form (D008) <ul style="list-style-type: none"> - <i>Dashboard Image Code: New Account Form > Direct NAF-I D008</i> • A copy of the customer's ID <ul style="list-style-type: none"> - <i>Dashboard Image Code: Customer Documents > Customer ID</i> • OFAC Check <ul style="list-style-type: none"> - <i>Dashboard Image Code: OFAC > OFAC</i> • A copy of the sponsoring firm's required documents <ul style="list-style-type: none"> - <i>Dashboard Image Code: Customer Documents > DPP Application-"Sponsor Name"</i> • Suitability Form (D022) <ul style="list-style-type: none"> - <i>Dashboard Image Code: Customer Documents > Suitability Form D022</i>
Non-Traded Real Estate Investment Trusts (REITs)	<ul style="list-style-type: none"> • CFSC Non-Institutional New Account Form (D003) <ul style="list-style-type: none"> - <i>Dashboard Image Code: New Account Form > Direct NAF D003</i> • CFSC Institutional New Account Form (D008) <ul style="list-style-type: none"> - <i>Dashboard Image Code: New Account Form > Direct NAF-I D008</i> • A copy of the customer's ID <ul style="list-style-type: none"> - <i>Dashboard Image Code: Customer Documents > Customer ID</i> • OFAC Check <ul style="list-style-type: none"> - <i>Dashboard Image Code: OFAC > OFAC</i> • A copy of the sponsoring firm's required documents <ul style="list-style-type: none"> - <i>Dashboard Image Code: Customer Documents > REIT Application-"Sponsor Name"</i> • Suitability Form (D022) <ul style="list-style-type: none"> - <i>Dashboard Image Code: Customer Documents > Suitability Form D022</i>
Private Placements	<ul style="list-style-type: none"> • CFSC Non-Institutional New Account Form (D003) <ul style="list-style-type: none"> - <i>Dashboard Image Code: New Account Form > Direct NAF D003</i> • CFSC Institutional New Account Form (D008) <ul style="list-style-type: none"> - <i>Dashboard Image Code: New Account Form > Direct NAF-I D008</i> • A copy of the customer's ID <ul style="list-style-type: none"> - <i>Dashboard Image Code: Customer Documents > Customer ID</i> • OFAC Check <ul style="list-style-type: none"> - <i>Dashboard Image Code: OFAC > OFAC</i> • A copy of the sponsoring firm's required documents <ul style="list-style-type: none"> - <i>Dashboard Image Code: Customer Documents > PP Application-"Sponsor Name"</i> • Suitability Form (D022) <ul style="list-style-type: none"> - <i>Dashboard Image Code: Customer Documents > Suitability Form D022</i>

11 FIRST SOUTHWEST NEW ACCOUNT DOCUMENTS

All new accounts opened with COLORADO FINANCIAL SERVICE will require the firm's acceptance of such account. Acceptance will be acknowledged by the OSJ Supervisors signing and dating of all New Account Forms

NEW ACCOUNT APPLICATION OR UPDATE:

Required for each type of account (i.e. individual, IRAs, Joint, Trusts, etc.). This form must be filled out and signed and dated by the registered representative and the approving principal. The OSJ Supervisor, prior to, or concurrent to, an initial transaction must approve all NEW accounts.

Within 30 calendar days after the account is opened, the customer(s) signed new account form must be provided to the OSJ Supervisor. When/if the customer(s) signed new account form is not received within 30 calendar days from the account opened date, the account will be frozen and coded "No More Business" until the documents are received. (Refer to section 9.4)

Corporate Account	<p><u>Required Documents</u></p> <ul style="list-style-type: none">• FSW New Account Form<ul style="list-style-type: none">- Dashboard Image Code: New Account Form > NAF FSW• A copy of the customer's ID***<ul style="list-style-type: none">- Dashboard Image Code: Customer Documents > Customer ID• OFAC Check<ul style="list-style-type: none">- Dashboard Image Code: OFAC > OFAC <p>Certificate of Authority<ul style="list-style-type: none">- Dashboard Image Code: Customer Documents > Corporate Certificate</p> <p><u>How to Complete</u></p> <ul style="list-style-type: none">• Must use the corporation information as the Applicant, and the authorized officer's information as the Co-Applicant• Submit a second page of the application for each additional authorized officer• Must use the employer identification number used by the corporation to file taxes• The form must be signed by the authorized officer(s)• All authorized agents must sign the Certificate of Authority. No one can act on behalf of the account if they have not signed the Certificate of Authority. <p><u>Available Account Features</u></p> <ul style="list-style-type: none">• Margin Account• Options Account <p><i>Note: Obtain the document directly from the FSW system (FS Access > Forms Center). All documents must be fully completed with approval signature.</i></p>
Custodial Accounts	<p><u>Required Documents</u></p> <ul style="list-style-type: none">• FSW New Account Form (Minor as Applicant, Custodian as Co-Applicant)<ul style="list-style-type: none">- Dashboard Image Code: New Account Form > NAF FSW• A copy of the customer's ID***<ul style="list-style-type: none">- Dashboard Image Code: Customer Documents > Customer ID• OFAC Check<ul style="list-style-type: none">- Dashboard Image Code: OFAC > OFAC <p><u>How To Complete</u></p> <ul style="list-style-type: none">• Must complete the Minor's information as the Applicant, and the custodian's information as the Co-Applicant• Minor's Information:<ul style="list-style-type: none">◦ Minor's full name◦ Social security number◦ Date of birth

	<ul style="list-style-type: none"> ◦ A physical legal address and phone number • Custodial account form minors are ineligible for margin. ◦ Custodian's full name ◦ Social security number ◦ Date of birth ◦ A physical legal mailing address and phone number ◦ Employment information ◦ Financial information <p><u>Available Account Features</u></p> <ul style="list-style-type: none"> • Options Account (Covered calls and Puts as Hedge only) <p><i>Note: Obtain the document directly from the FSW system (FS Access > Forms Center). All documents must be fully completed with approval signature.</i></p>
Individual and Joint Account	<p><u>Required Documents</u></p> <ul style="list-style-type: none"> • FSW New Account Form <ul style="list-style-type: none"> - Dashboard Image Code: New Account Form > NAF FSW • A copy of the customer's ID*** <ul style="list-style-type: none"> - Dashboard Image Code: Customer Documents > Customer ID • OFAC Check <ul style="list-style-type: none"> - Dashboard Image Code: OFAC > OFAC <p><u>How to Complete</u></p> <ul style="list-style-type: none"> • Must provide both Applicant's and Co-Applicant's personal information for joint accounts • Combine financial information for joint accounts. <p><u>Available Account Features</u></p> <ul style="list-style-type: none"> • Margin Account • Options Account <p><i>Note: Obtain the document directly from the FSW system (FS Access > Forms Center). All documents must be fully completed with approval signature.</i></p>
IRA - Traditional, Rollover, Roth or SEP Individual Retirement Account	<p><u>Required Documents</u></p> <ul style="list-style-type: none"> • FSW New Account Form <ul style="list-style-type: none"> - Dashboard Image Code: New Account Form > NAF FSW • IRA Application <ul style="list-style-type: none"> - Dashboard Image Code: Customer Documents > IRA Application • A copy of the customer's ID*** <ul style="list-style-type: none"> - Dashboard Image Code: Customer Documents > Customer ID • OFAC Check <ul style="list-style-type: none"> - Dashboard Image Code: OFAC > OFAC <p><u>How To Complete</u></p> <ul style="list-style-type: none"> • At least one primary beneficiary's information must be provided (defaults to spouse if nothing provided, if not married, the estate is the default) • For SEP IRA account, complete a 5305-SEP form. <p><u>Available Account Features</u></p> <ul style="list-style-type: none"> • Options Account (Covered calls and Puts as Hedge only) <p><i>Note: Obtain the document directly from the FSW system (FS Access > Forms Center). All documents must be fully completed with approval signature.</i></p>

Sole Proprietorship Account	<p><u>Required Documents</u></p> <ul style="list-style-type: none"> • FSW New Account Form <ul style="list-style-type: none"> - <i>Dashboard Image Code: New Account Form > NAF FSW</i> • Sole Proprietorship Agreement <ul style="list-style-type: none"> - <i>Dashboard Image Code: Customer Documents > Sole Prop Agreement</i> • A copy of the customer's ID*** <ul style="list-style-type: none"> - <i>Dashboard Image Code: Customer Documents > Customer ID</i> • OFAC Check <ul style="list-style-type: none"> - <i>Dashboard Image Code: OFAC > OFAC</i> <p><u>How to Complete</u></p> <ul style="list-style-type: none"> • Must use the Sole Proprietorship information as the Applicant, and the Sole Proprietor's personal information as the Co-Applicant <p><u>Available Account Features</u></p> <ul style="list-style-type: none"> • Margin Account • Options Account <p><i>Note: Obtain the document directly from the FSW system (FS Access > Forms Center). All documents must be fully completed with approval signature.</i></p>
TOD Account	<p><u>Required Documents</u></p> <ul style="list-style-type: none"> • FSW New Account Form <ul style="list-style-type: none"> - <i>Dashboard Image Code: New Account Form > NAF FSW</i> • Transfer on Death Agreement <ul style="list-style-type: none"> - <i>Dashboard Image Code: Customer Documents > TOD Agreement</i> • A copy of the customer's ID*** <ul style="list-style-type: none"> - <i>Dashboard Image Code: Customer Documents > Customer ID</i> • OFAC Check <ul style="list-style-type: none"> - <i>Dashboard Image Code: OFAC > OFAC</i> <p><u>How to Complete</u></p> <ul style="list-style-type: none"> • Must provide both Applicant's and Co-Applicant's personal information for joint accounts • TOD account is available only for either individual or JTEN accounts. <p><u>Available Account Features</u></p> <ul style="list-style-type: none"> • Margin Account • Options Account <p><i>Note: Obtain the document directly from the FSW system (FS Access > Forms Center). All documents must be fully completed with approval signature.</i></p>
Trust Account	<p><u>Required Documents</u></p> <ul style="list-style-type: none"> • FSW New Account Form <ul style="list-style-type: none"> - <i>Dashboard Image Code: New Account Form > NAF FSW</i> • Trustee Certification of Investment Powers <ul style="list-style-type: none"> - <i>Dashboard Image Code: Customer Documents > Trust Certificate</i> • A copy of the trust pages disclosing: <ul style="list-style-type: none"> ◦ Name of the trustee(s) ◦ Name of the trust ◦ Trustee(s) power including investment power ◦ Trust signature page <ul style="list-style-type: none"> - <i>Dashboard Image Code: Customer Documents > Trust Document</i> • A copy of the customer's ID*** <ul style="list-style-type: none"> - <i>Dashboard Image Code: Customer Documents > Customer ID</i>

- OFAC Check
 - *Dashboard Image Code: OFAC > OFAC*

How to Complete

- Trust's information as the Applicant, and the trustee's information as the Co-Applicant
- Submit a section page of the application for each additional trustee
- Forms must be signed by all trustees

Available Account Features

- Margin Account
- Options Account

Note: Obtain the document directly from the FSW system (FS Access > Forms Center). All documents must be fully completed with approval signature.

***Refer to section 12, "Customer Identification Program and Account Opening Procedures Based on Account Types"

In addition to and/or in conjunction with the information we must collect under FINRA Rule 2010 (Standards of Commercial Honor and Principles of Trade), FINRA Rule 2090 (Know Your Customer), FINRA Rule 2111 (Recommendations to Customers - Suitability) and NASD Rule 3110 (Books and Records) and Securities Exchange Act of 1934 (Exchange Act) Rules 17a-3(a)(9) (Beneficial Ownership regarding Cash and Margin Accounts) and 17a-3(a)(17) (Customer Accounts), we have established, documented and maintained a written Customer Identification Program (CIP).

Registered representatives must collect the following information for all accounts, if applicable, for any person, entity or organization who is opening an account (or is being granted trading authority over a new or existing account and whose name is on the account or has authority over the account):

- Customer's or authorized person's name (business name)
- Customer's address (business address)
 - For an individual – a residential or business street address, or if the individual does not have such an address, an Army Post Office (APO) or Fleet Post Office (FPB) box number, the residential or business street address of next of kin or of another contact individual, or a description of the customer's physical location
 - For other than an individual (such as a corporation, partnership, or trust) – A principal place of business, local office, or other physical location
- Customer's (authorized person's) date of birth (for a business account, established date)
- Customer's identification number
 - U.S. Person - taxpayer identification number (TIN) (or evidence of an application for one)
 - Non-U.S. Person - a TIN*; a passport number and country of issuance; an alien identification card number; or a number and country of issuance of any other unexpired government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard. * TIN is defined by section 6109 of the Internal Revenue Code of 1986 (26 USC 6109) and the IRS regulations implementing that section (e.g., Social Security number, individual taxpayer identification number, or employer identification number).

Individual Account	<p>Registered representatives should make reasonable efforts to obtain the customer's net worth, annual income, occupation and employment data, such as the employer's address, the customer's source of funds, investment experience, and objectives and any other information relative to "know your customer" and money laundering detection.</p> <p>In addition to the aforementioned items and documents, when/if a customer's identification information cannot be verified or the customer's documentary and/or non-documentary verification result is questionable, registered representatives must obtain all or one of the following documents from the customer:</p> <ul style="list-style-type: none"> • Bank account statement(s) (last three months) • Account statements of the financial institution where the funds or securities are or will be coming from • A copy of the customer's last three paycheck with the statements provided by the customer's employer; and/or • Other government-issued documentation identifying the customer <p>Any or all additional information and documents provided pursuant to this section must be reviewed and verified by the OSJ Supervisor or his or her designee.</p>
Non-U.S. Person Accounts	<p>The firm may require more fully depending on a number of factors, such as the country of origin of the account holder or persons authorized to trade. The firm will require a copy of a current passport of the account holder or any person authorized to trade.</p>
Domestic Operating or Commercial Entities	<p>Registered representatives must obtain information sufficient to determine the corporate or business entity's identity, and the authority of its business representative to act on its behalf.</p> <p>In addition, when/if a customer's identification information cannot be verified or the</p>

	<p>customer's documentary and/or non-documentary verification result is questionable, the registered representative should obtain all or one of the following documents from the customer:</p> <ul style="list-style-type: none"> • Bank account statement(s) (last three months) • Account statements of the financial institution where the funds or securities are or will be coming from • Government-issued documentation certifying the existence of the business or enterprise • Tax filing document(s) for its previous fiscal year; and/or • Tax filing verification obtained directly from the IRS (will require the customer's authorization) <p>Any or all additional information and documents provided pursuant to this section should be reviewed and verified by the OSJ Supervisor or his or her designee.</p>
Domestic Trusts	<p>In addition to a copy of the trust certification signed by the authorized trustee(s), the registered representative must obtain a copy of the trust pages disclosing:</p> <ul style="list-style-type: none"> • Name of the trustee(s) • Name of the trust • Trustee(s) power including investment power • Trust signature page(s)
Foreign Trusts	<p>Unless an account is opened and titled a Financial Institution which is subject to either the foreign or U.S. government regulation as trustee of the account, registered representative(s) are prohibited from opening the account.</p> <p>Furthermore, the registered representative must collect either from the beneficiary of the trust or trustee and verify:</p> <ul style="list-style-type: none"> • Name of the trustee(s) • Name of the trust • Trustee(s) power including investment power • Trust signature page(s)
Foreign and Offshore Entities	<p>Registered representatives must identify the account holder and other persons or entities authorized to trade for the account and the registered representative must consider the entity's country of incorporation, location and other factors to determine what additional identifying information is necessary and available. (Refer to below for special procedures governing correspondent accounts for foreign shell banks and other foreign financial institutions and foreign private banking accounts.)</p> <p>In addition, the registered representative must complete a "Customer Risk Rating Matrix³" form. For purpose of conducting or in conjunction with conducting a foreign account risk assessment, the registered representative must obtain all or one of the following documents:</p> <ul style="list-style-type: none"> • Bank account statement(s) (last three months) • Account statements of the financial institution where the funds or securities are or will be coming from: and/or • Government-issued documentation certifying the existence of the business or entity (other than what is already provided) <p>If a risk assessment indicates potential for a heightened risk of money laundering or terrorist financing, the registered representative must immediately notify the firm's AML Compliance Officer.</p>

³ See section 13 Customer Risk Rating Matrix

13 TRANSACTION BASED COMMISSION PRACTICE

Pursuant NASD (FINRA) Rule 2440, commissions and fees charged to customers must be fair and reasonable. Some factors to consider when determining whether the commissions (costs) charged to customers are fair and reasonable include:

- Market conditions at the time of the trades;
- The expense involved in completing the trades;
- The fact that the firm is entitled to a profit; and
- The value of the services provided by the firm.

Commissions on customer transactions must comply with FINRA's policy which includes a 5% guideline. **In no way should registered representatives assume that any charge below 5% would be deemed reasonable.**

Small Transactions and Maximum Commissions	<p>(1) For transactions of the principal amount (quantity times price) which is less than \$1,000, the firm’s allowable maximum commission is \$50 including other fees, such as handling fee.</p> <p>(2) For transactions of the principal amount (quantity times price) which is equal to or greater than \$1,000, the firm’s allowable maximum commission is 5% including other fees, such as handling fee.</p>																
Options Transactions	<p>(1) For options transactions of the principal amount (quantity times price) which is less than \$1,000, the firm’s allowable maximum commission is \$50 including other fees (such as handling fee) plus \$1.10 per contract.</p> <p>(2) For options transactions of the principal amount (quantity times price) which is equal to or greater than \$1,000, the firm’s allowable maximum commission is 5% including other fees (such as handling fee) plus \$1.10 per contract.</p>																
Fixed Income Securities (other than Government Securities)	Under no circumstances will any markup, markdown or commission shall exceed 3% including other charges.																
Government Securities	Under no circumstances will any markup, markdown or commission shall exceed 1% including other charges.																
Proceed Transactions	<p>When a customer sells one security and buys another security at the same time, using the proceeds of the securities position liquidated to pay for the second position, the proceeds provision requires that both trades be treated as a single transaction for commission purposes.</p> <p>Consequently, the total remuneration for both transactions would not be allowed to exceed the remuneration amount for a single transaction.</p>																
Proceed Transactions Commission Calculation	<p>(Example)</p> <table><tr><th>Trade #</th><th>Date</th><th>Transaction Type</th><th>Principal Amount</th></tr><tr><td>1</td><td>11/21/2012</td><td>Sell</td><td>\$5,084.66</td></tr><tr><td>2</td><td>11/21/2012</td><td>Sell</td><td>\$10,103.75</td></tr><tr><td>3</td><td>11/21/2012</td><td>Buy</td><td>\$14,436.26</td></tr></table> <p><u>Allowable commission calculation:</u></p> <p>Step #1) Calculate total principal amounts for each side of transactions Sell Side = \$5,084.66 + \$10,103.75 = \$15,188.41 Buy Side = \$14,436.26</p> <p>Step #2) Select larger amount from each side of transactions Sell Side \$15,188.41 > Buy Side \$14,436.26</p> <p>Step #3) Calculate 5% of the amount selected from the second step 5% of \$15,188.41 = \$759.42</p> <p>Conclusion) Total commission allowance including other charges is \$759.42.</p>	Trade #	Date	Transaction Type	Principal Amount	1	11/21/2012	Sell	\$5,084.66	2	11/21/2012	Sell	\$10,103.75	3	11/21/2012	Buy	\$14,436.26
Trade #	Date	Transaction Type	Principal Amount														
1	11/21/2012	Sell	\$5,084.66														
2	11/21/2012	Sell	\$10,103.75														
3	11/21/2012	Buy	\$14,436.26														

Categories	Definition	Firm's Policies and Procedures
Correspondence	Correspondence means any written (including electronic) communication that is distributed or made available to ONE individual (either an existing retail customer or prospective customer).	Must provide a copy of written correspondence sent and received to the OSJ Supervisor for post-review.
Institutional* Communications	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.	Must provide a copy of written institutional communication to the OSJ Supervisor for review Post review).
Retail Communications	<p>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).</p> <p>Retail investor means any person other than an institutional investor, regardless of whether the person has an account with the firm.</p>	Must receive pre-approval by the firm's Compliance Department.

***Institutional Investor means:**

- Governmental entity or subdivision thereof;
- Employee benefit plan, or multiple employee benefit plans offered to employees of the same employer, that meet the requirements of Section 403(b) or Section 457 of the Internal Revenue Code and in the aggregate have at least 100 participants, but does not include any participant of such plans;
- Qualified plan, as defined in Section 3(a)(12)(c) of the Exchange Act, or multiple qualified plans offered to employees of the same employer, that in the aggregate have at least 100 participants, but does not include any participant of such plans;
- Member or registered person of such a member;
- Person acting solely on behalf of any such institutional investor; and
- Person described in Rule 4512(c), regarding of whether the person has an account with the firm; (i) a bank, savings and loan association, insurance company or registered investment company; (ii) an investment adviser registered either with the SEC under Section 203 of the Investment Advisers Act or with a state securities commission (or any agency or office performing like functions); or (iii) any other person (whether a natural person, corporation, partnership, trust or otherwise) with total assets of at least \$50 million.



Categories	Policies and Procedures
Internal Process	<p>Prior to using any social media sites as a business purpose, registered representatives must contact the firm's Compliance Department by submitting a "Social Media Sites Application" (D065) and receive a written permission. Once the firm's Compliance Department receives a written request (D065), prior to allowing a registered representative to use social media site(s) for a business purpose, the firm's Compliance Department will set-up an internal record keeping account for the registered representative's social media account(s). Please note that the firm's internal record keeping system may not support certain types of social media sites. Therefore, it is imperative that the registered representatives planning to use social media sites for a business purpose obtain a list supported by the firm's internal system in advance.</p>
Requirements	<p>All communications made through social media sites and that are subject to the firm's books and record requirement are also subject to:</p> <ul style="list-style-type: none"> ○ Post review by the firm's designated communications principal when/if a communication does not make any financial or investment recommendation or otherwise promote a product or service of CFSC; and ○ Pre-approval by the firm's designated communications principal when/if a communication makes any financial or investment recommendation and/or promote a product or service of CFSC. (see retail communications section)
Prohibited Activities	<p>Registered representatives are prohibited from:</p> <ul style="list-style-type: none"> ○ Using social media sites for the purpose of communicating directly with customers, or prospective customers (must use the firm approved email account(s)); ○ Using social media sites for the purpose of communicating or disseminating internal communications; ○ Making a recommendation of specific investments or investment strategies in their communications through social media sites; ○ Posting, sending, or sharing any customers' or prospective customers' non-public personal information; ○ Transmitting or posting any internal documents regarding or related to the activities with or concerning Colorado Financial; ○ Accepting or requesting customers' or prospective customers' authorizations or instructions using or through social media sites; ○ Posting any past recommendations and/or historical performance of any recommendations; ○ making a solicitation to purchase or sell any specific securities or types of securities in their communications through social media sites; ○ Making an endorsement of any investments or any specific securities products; ○ Making or posting any statements which may appear to be testimonials on or about any investments, specific securities products or types of products; ○ Making or posting testimonials (either by customers or prospective customers) regarding or about any specific investments, securities related business, the registered representative and/or his or her services; and ○ Liking or favoriting (social plug-ins) any posts, products, persons, or services on social media sites that may be constructed as an endorsement or testimonial. <p>Please note that most of social media sites allow their users to communicate directly with other user or group of users. As the firm's policy, using social media sites as an alternative method of sending emails is strictly prohibited.</p>
Non-Business Use	<p>In order to ensure that the business communications are readily retrievable without necessitating the capture of personal communications made on the social media site, we recommend our associated persons to use a separately identifiable social media account for their personal and non-business communications. Associated persons are prohibited from using their personal social</p>

	<p>media accounts for business communications regarding or concerning securities, investments, or Colorado Financial.</p>
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	<p>Use of the firm's name and referring it as the securities firm, when/if posted without any additional, supplementary, or subsequent information, will be permitted when it used for:</p>
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| | <ul style="list-style-type: none">○ Referring to CFSC as place of employment or work○ Posting a resume / updates to resume○ Employment history / updates to employment history○ Posting personal events (i.e., "I will be out of touch from July 28 to August 2. I will attend Colorado Financial's national conference") |
|--|--|