# Weild Capital, LLC (dba Weild & Co.)

# Written Supervisory Procedures

## NOTICE: Tokens and Cybercurrencies

The word "Securities" in this document is taken to include equity, debt, preferred, and all tokens, including "initial coin offerings." The Firm takes the position that tokens and initial coin offerings come under the jurisdiction generally of the Securities & Exchange Commission (SEC), FINRA, NASAA (North American Securities Administrators Association) and in the instance of pure cybercurrencies, the CFTC (Commodities and Futures Trading Commission). As a general rule, the Firm will not approve Outside Business Activity (OBA) requests for any offering of tokens or cybercurrencies.

## Legal Disclaimer

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**TABLE OF CONTENTS**


**WEILD CAPITAL, LLC (DBA WEILD & CO.) ..... 2**

**1 GENERAL ADMINISTRATIVE ..... 7**

1.1. FORM FILING ..... 7
*1.1.1. Introduction to Supervision- FINRA Rule 3110 ..... 7*
*1.1.2. Designation of Executive Representative ..... 7*
*1.1.3. Designation of Principals and Representatives ..... 7*
*1.1.4. Designation of Offices and Inspections ..... 9*
*1.1.4.1. Home Office of Supervisory Jurisdiction ("OSJ") ..... 9*
*1.1.4.2. Offices: ..... 9*
*1.1.4.3. Other Branch Office Procedures: ..... 9*
*1.1.4.4. Office Inspections ..... 10*
1.2. WEB CRD ENTITLEMENT ..... 11
*1.2.1. Form BD Application/Amendments ..... 11*
*1.2.2. Form BR Filings / Amendments ..... 13*
*1.2.3. Form U-4 Application/Amendments ..... 13*
*1.2.4. Form U-5 Terminations/Amendments ..... 14*
*1.2.5. Fingerprint Card Filings ..... 15*
*1.2.6. FINRA Contact System ("FCS") ..... 17*
1.3. GENERAL ACTIVITIES ..... 17
*1.3.1. Parking of Registrations ..... 17*
*1.3.2. Outside Business Activities ..... 17*
*1.3.2.1. Private Securities Transactions ..... 19*
*1.3.2.2. Annual Attestation ..... 21*
*1.3.2.3. Employees of Other Broker/Dealers ..... 21*
*1.3.3. Outside Brokerage Accounts (Including Cyberwallets) ..... 21*
*1.3.4. Annual Attestation ..... 22*
*1.3.5. Gifts, Gratuities and Charitable Contributions ..... 22*
*1.3.6. Incoming Correspondence ..... 23*
*1.3.7. Outgoing Correspondence ..... 23*
*1.3.8. Regulatory Communications ..... 24*
*1.3.9. Customer Complaints ..... 24*
*1.3.10. Complaint Investigation ..... 28*
*1.3.11. Multi-State Registrations ..... 29*
*1.3.12. Outsourcing and Use of Service Providers ..... 30*

**2 COMMUNICATIONS WITH THE PUBLIC ..... 32**

2.1. GENERAL ..... 32
*2.1.1. Recommendations ..... 33*
*2.1.2. Communications with the Public ..... 34*
*2.1.3. Advertisement ..... 34*
*2.1.4. Sales Literature ..... 34*
*2.1.5. Public Appearances ..... 35*
*2.1.6. Correspondence ..... 35*
*2.1.7. Institutional Sales Material ..... 35*
*2.1.8. Independently Prepared Reprints ..... 36*
*2.1.9. Electronic Communication (E-Mails, Group E-Mails, Instant Messaging) ..... 36*
*2.1.9.1. E-Mails ..... 36*
*2.1.9.2. Instant Messaging ..... 37*
*2.1.9.3. Personal E-Mail Accounts ..... 38*
*2.1.9.4. Use of Twitter ..... 38*
*2.1.9.5. Use of Blogs and Social Networking Sites ..... 38*
*2.1.9.6. Facsimiles ..... 39*
*2.1.9.7. Letterhead and Business Cards ..... 39*
*2.1.9.8. Cold Calling ..... 39*

*2.1.10. GENERAL PROVISIONS* .... *41*
*2.1.10.1. Recordkeeping* .... *41*
*2.1.10.2. Filing Requirements* .... *41*
*2.1.10.3. Reference to FINRA Membership* .... *41*
*2.1.10.4. Securities Investor Protection Corporation* .... *42*

**3 REGISTERED REPRESENTATIVE ACTIVITIES .... 43**

3.1. NEW EMPLOYEES .... 43
*3.1.1. Records of Associated Persons* .... *43*
*3.1.2. Registration Review* .... *44*
*3.1.3. Examination Requests* .... *44*
*3.1.4. Heightened Supervisory Procedures* .... *44*
*3.1.5. Change of Address Validation* .... *45*
*3.1.6. Statutorily Disqualified Individuals* .... *45*
*3.1.7. Compliance Meetings* .... *46*
3.2. CONTINUING EDUCATION .... 46
*3.2.1. The Firm Element* .... *47*
*3.2.2. CE Contact Person* .... *48*
*3.2.3. The Regulatory Element (FINRA-Mandated Continuing Education)* .... *48*
3.3. COMPANY WATCH LIST .... 49
*3.3.1. Placement of Securities on and off the Watch List* .... *49*
*3.3.1.1. Monitoring* .... *50*
3.4. COMPANY RESTRICTED LIST .... 50
*3.4.1. Use of the Restricted List* .... *50*
*3.4.1.1. Prohibitions Relating to Restricted List Securities* .... *50*
*3.4.1.2. Placement of Securities on and off the Restricted List* .... *51*
*3.4.1.3. Exceptions to the Restricted List* .... *51*
*3.4.1.4. Monitoring the Restricted List* .... *51*
3.5. INSIDER TRADING .... 52
*3.5.1. Inside Information* .... *53*
*3.5.2. Proprietary Information* .... *53*
*3.5.3. Material Information* .... *53*
*3.5.4. Nonpublic Information* .... *54*
*3.5.5. Annual Attestation* .... *54*
3.6. CHINESE WALL PROCEDURES .... 54
3.7. TRADING LIMITATIONS .... 55
3.8. ANNUAL ATTESTATION .... 56

**4 BOOKS AND RECORDKEEPING PROCEDURES .... 57**

4.1. FINANCIAL STATEMENTS AND NET CAPITAL COMPUTATION .... 57
4.2. FOCUS IIA REPORTS .... 57
4.3. SEC RULE 17A-11 NOTIFICATION .... 58
4.4. ANNUAL FILINGS .... 58
4.5. PREPARATION OF CORPORATE RECORDS .... 59
4.6. PRESERVATION OF RECORDS .... 62
4.7. FIDELITY BONDS .... 64
4.8. STORING RECORDS ELECTRONICALLY .... 65
4.9. NEW PRODUCT AND COMMITMENT COMMITTEE .... 66

**5 CUSTOMER TRANSACTION RECORDS .... 68**

5.1. NEW ACCOUNTS .... 68
5.2. INSTITUTIONAL ACCOUNTS .... 68
5.3. CUSTOMER SUITABILITY AND DUE DILIGENCE .... 69
5.4. ACCOUNT REVIEW .... 69
*5.4.1. Customer Checks and Securities* .... *69*
5.5. REGULATION S-P (PRIVACY POLICY) .... 70

5.5.1. *Delivery of Privacy Notices* ... *70*
5.5.2. *Protection of Customer Records* ... *70*
5.5.3. *Safeguard of New Technologies* ... *72*
5.5.4. *Testing of Regulation S-P Policies and Procedures* ... *72*
5.5.5. *PRIVACY PLEDGE AND NOTIFICATION* ... *73*

**6 STRUCTURING ... 75**

**7 PRIVATE PLACEMENT ACTIVITIES ... 76**

7.1. RULE 5123 AND FILINGS ... 77
7.2. 5122 MEMBER FIRM PRIVATE OFFERINGS ... 80
7.3. SUITABILITY ... 80
7.3.1. *Investor Suitability* ... *80*
7.3.2. *Sponsor and Management Suitability* ... *81*
7.4. DUE DILIGENCE AND RECORDKEEPING ... 82
7.4.1. *Due Diligence* ... *82*
7.4.2. *Recordkeeping (or Client Deal Files)* ... *84*
7.5. ESCROW ACCOUNT RULE ... 86
7.6. COMPENSATION ... 87
7.7. OFFERING TERMS AND CONDITIONS ... 89
7.8. USE OF MARKETING MATERIALS ... 89
7.9. OFFERINGS UNDER THE SECURITIES ACT OF 1933 ... 91
7.9.1. *Regulation D Offerings* ... *91*
7.9.1.1. *Rule 501* ... *91*
7.9.1.2. *Rule 502* ... *91*
7.9.1.3. *Rule 503* ... *92*
7.9.1.4. *Rule 504* ... *92*
7.9.1.5. *Rule 505* ... *92*
7.9.1.6. *Rule 506* ... *92*
7.9.1.7. *Rule 507* ... *93*
7.9.1.8. *Rule 508* ... *93*
7.9.1.9. *Filing Requirements* ... *93*
7.9.1.10. *Accredited Investors* ... *94*
7.9.1.11. *Resale Limitations* ... *94*
7.9.2. *Regulation S Offerings* ... *94*
7.9.2.1. *Rule 144a – Private Resale of Securities* ... *95*
7.9.3. *Regulation A Offerings* ... *100*
7.9.4. *Section 4(2) Offerings* ... *102*
7.10. QUALIFIED INSTITUTIONAL FINANCE (QIF) (FOR DESIGNATED OFFICES ONLY) ... 102
7.10.1. *Pre-Approved Engagement Letter Template* ... *103*
7.10.2. *Best Efforts Inclusions in Engagement Letter* ... *103*
7.10.3. *Customer Suitability* ... *103*
7.10.4. *Patriot Act* ... *103*
7.10.5. *Due Diligence* ... *103*
7.10.6. *Marketing and Advertising Content* ... *103*
7.10.7. *Social Media* ... *103*

**8 REGULATION BEST INTEREST "REG BI" ... 105**

8.1. NEW DEFINITIONS ... 105
8.1.1. *"Retail Customer" definition for Reg BI* ... *105*
8.1.2. *"Use" of a "Recommendation* ... *105*
8.2. FORM CRS ... 106
8.2.1. *When does Form CRS distribution apply?* ... *107*
8.2.2. *Distribution Form CRS* ... *107*
8.2.2.1. *Email Signature* ... *107*
8.2.2.2. *Website Footers* ... *108*
8.2.2.3. *Included in Retail subscription materials* ... *108*

8.2.3. *Inform us if you have questions* ... *108*
8.3. Restricted usE of "advisor" or "adviser" ... 108
8.4. The "Care Obligation" ... 109
8.4.1. *What does the Care Obligation require?* ... *109*
8.4.2. *Components of the Care Obligation* ... *109*

**9 PUBLIC OFFERING ACTIVITIES ... 111**

9.1. Firm Commitment Underwritings ... 111

**10 MERGERS & ACQUISITIONS: FAIRNESS OPINIONS ... 112**

10.1. Services ... 112
10.2. Due Diligence ... 113
10.3. Fees ... 114
10.4. Legal Issues ... 115
10.5. Record keeping ... 115
10.6. Securities Offerings ... 115
10.7. Fairness Opinions ... 116
10.7.1. *Fairness Opinion Committees* ... *116*

Appendix 1. Communication and Approved Media

Appendix 2. Standard Compensation Sharing

# 1 General Administrative

## 1.1. FORM FILING

### 1.1.1. Introduction to Supervision- FINRA Rule 3110

FINRA Rule 3110 requires the Firm to supervise its associated persons.

The Firm has established a proactive supervisory system, as reflected in this WSP, which all associated persons must understand and adhere to.

This supervisory system is reasonably designed to comply with all applicable federal, state, and self-regulatory organizations' (SRO) securities rules and regulations. The failure to address and adhere to critical areas of supervision, especially by those who function in a supervisory capacity (e.g. Series 24 license holders), may be cited for "Failure to Supervise" under Rule 3110.

### 1.1.2. Designation of Executive Representative

Weild Capital, LLC (dba "Weild & Co.") ("The Firm") appoints David Weild IV as the Executive Representative who shall represent the Firm with regard to all regulatory matters with FINRA. This designation shall be reflected electronically via FINRA Contact System, which shall be verified each January, as well as kept current anytime changes occur.

David Weild IV is also designated as the Firm's Chief Compliance Officer who shall be responsible for establishing, maintaining, reviewing, testing, and modifying written compliance policies and written supervisory procedures reasonably designed to achieve compliance with applicable SEC, FINRA, state or federal securities laws and regulations. In accordance with FINRA Rule 3013(b) as set forth in IM-3013, The Chief Compliance Officer shall sign an Annual Compliance and Supervision Certification no less than annually.

### 1.1.3. Designation of Principals and Representatives

The Firm designates the following personnel as additional registered supervisors for securities related activities:

| | |
|---|---|
| Designated Principal | David Weild IV |
| Chief Compliance Officer | David Weild IV |
| AML Principal | Brian VanKonynenburg |
| CFO, Principal Financial Officer (FINOPS) | David Chaskin |
| Principal Operations Officer | David Chaskin |
| Alternate Registered Principal | Brian VanKonynenburg |

As the Designated Principal, **David Weild IV** shall have the following supervisory duties and responsibilities:

- Executive Representative
- Business Development and Strategic Planning
- Supervision of Associated Personnel
- Supervision of Private Placement Activities
- Supervision of Investment Banking Activities

It will be the duty of the Designated Principal to verify any new supervisor's qualifications by reviewing the individual's Form U-4 Application, Pre-Employment Review of the individual's registration history via Web CRD; conduct an employment background check by contacting the prior employers for the previous three years, and/or by evaluating the individual's performance while associated with the Firm. The Designated Principal shall evidence his review and approval of the new supervisor's qualifications by signing the individual's Form U-4 Application.

As the Chief Compliance Officer, **David Weild IV**, shall have the following supervisory duties and responsibilities:

- Chief Compliance Officer
- AML Compliance Principal
- Acceptance of Customer Accounts
- Business Development and Strategic Planning
- State Registrations
- Alternate Supervision of Associated Persons
- Supervision of Investment Banking Activities

As the Financial and Operations Principal ("FINOP"), **David Chaskin**, shall have the following supervisory duties and responsibilities:

- Financial and Operational Activities
- Books and Records Maintenance and Retention

As the Alternate Registered Principal, **Brian VanKonynenburg** shall have the following supervisory duties and responsibilities:

- Business Development and Strategic Planning
- Acceptance of Customer Accounts
- Books and Records Maintenance and Retention
- Continuing Education
- Business Continuity
- Supervision of Associated Persons
- Advertising and Communications with the Public

- Supervision of Outside Brokerage Accounts
- Supervision of Electronic Communications
- Supervision of Private Placement Activities

## 1.1.4. Designation of Offices and Inspections

### *1.1.4.1. Home Office of Supervisory Jurisdiction ("OSJ")*

The Firm's home office is located at:

| **Home Office Address:** | **Contact Info:** |
|---|---|
| 777 29th Street, Suite 402 | (303) 223-9621 |
| Boulder, CO 80303 | |
| **Supervisor:** | **E-Mail Address:** |
| Brian VanKonynenburg | brian@weildco.com |
| David Weild | david.weild@weildco.com |

One or more of the following functions take place at the Firm's home office:

- Final acceptance of customer accounts on behalf of the Firm, within the Firm's approved business activities;
- Structuring of private placements;
- Final approval of advertising or sales literature for use by persons associated with the Firm;
- Implementation and monitoring of Continuing Education Training Plan Firm Element and Regulatory Element respectively;
- OFAC, FinCEN and CIP verifications;
- Initiate and maintain Multi-State Registrations; and
- Review and approval of associated person's activities at one or more other branch office locations, if applicable.

### *1.1.4.2. Offices:*

The Firm conducts business from various locations, which are listed at www.weildco.com/locations

### *1.1.4.3. Other Branch Office Procedures:*

Should the need arise, the Firm shall designate additional OSJs, branch and non-branch offices as it determines necessary in order to supervise its registered and non-registered personnel, taking the following factors into consideration:

- Whether a substantial number of registered representatives conduct securities activities at, or are otherwise supervised from, such location;

- Whether the location is geographically distant from the Home Office or another OSJ of the Firm;
- Whether the representatives of the broker-dealer are geographically dispersed;
- Whether the securities activities at such location are diverse and/or complex; and
- Whether registered persons at the location engage in retail sales or other activities involving regular contact with public customers.

A branch office shall be defined as any location where one or more associated persons regularly conducts the business of effecting any transactions in, or inducing or attempting to induce the purchase or sale of, any security or holds itself out to the public as a location of business (i.e. advertising, signage, etc.), with certain exceptions. Excluded from the definition of a branch office is: (1) a location that operates as a non-sales location/back office; (2) a representative's primary residence provided it is not held out to the public and certain other conditions are satisfied; (3) a location, other than the primary residence, that is used for less than thirty (30) business days annually for securities business, is not held out to the public as an office, and which satisfies certain of the conditions set forth in the primary residence exception; (4) a location of convenience used occasionally and by appointment; (5) a location used primarily for non-securities business and from which less than 25 securities transactions are effected annually; (6) the floor of an exchange; and (7) a temporary location used as part of a business continuity plan. Each branch and non-branch office shall be inspected according to a regular cycle (e.g., at least annually, biannually, etc.) as discussed in the "Office Inspections" section of this manual.

The Firm shall designate one or more appropriately registered Principals in each OSJ (a Designated Principal), including the main office, and where applicable, one or more appropriately registered representatives or Principals in each non-OSJ branch office with authority to carry out the supervisory responsibilities assigned to that office by the Firm.

A copy of this Manual, or the relevant portions thereof, shall be kept and maintained at each OSJ, Branch Office, and at each location where supervisory activities are conducted on behalf of the Firm.

#### 1.1.4.4. Office Inspections

The Chief Compliance Officer, or a designated alternate, shall inspect the Firm's locations per the required schedule:

- Annual Inspections:
  - Branch offices of Supervisory Jurisdiction (OSJ)
- Every three years:
  - Non-OSJ Branch Offices
  - Non-Branch Locations deemed required for inspections.

The Firm's Designated Principal, or a designated alternate, shall evidence the review by signing and dating a checklist or an equivalent written report of findings, which shall include, but not be limited to, the following areas:

- Supervision and safeguarding of customer records
- Validation of customer address changes, or customer account information

- Supervision of operations
- Private placements
- Maintaining Books and records
- Correspondence and advertising
- Compliance with applicable state laws

The Chief Compliance Officer shall consider unannounced visits to any office if it seems appropriate. Such consideration may be based on (i) indications of misconduct or potential misconduct, such as the receipt of a significant number of customer complaints, or (ii) personnel with disciplinary records.

Pursuant to FINRA Rule 3110 ( c) (3) (B), the person conducting an inspection shall not be an associated person assigned to the location, or is not directly or indirectly supervised by, or otherwise reporting to, an associated person assigned to the location.

If an office's activities indicate that more frequent inspections are necessary, the inspection schedule shall be made more frequent. Some of the factors that will be considered in implementing a more frequent inspection schedule include:

- Customer complaints originating from the location;
- Associated persons at a location that have disciplinary history;
- Previous inspections that indicate poor compliance with securities rules and regulations and/or an unsatisfactory performance of supervision.

## 1.2. WEB CRD ENTITLEMENT

FINRA has established a new Super Account Administrator (SAA) role that enables organizations to create account administrators internally. The Super Account Administrator will allow the Firm to manage its own access to FINRA systems. The Firm designates the Chief Compliance Officer as the SAA as he is a member of senior management and associated with the Firm. Once the Firm is notified by FINRA of the requirement to appoint an SAA, the SAA will receive an organization ID/CRD number and The Chief Compliance Officer will commence supervision of the users of the applicable systems.

Both the SAA and current account administrators will be able to create, modify or delete user accounts. The SAA will be responsible all FINRA systems and applications:

As the SAA, The Chief Compliance Officer will be responsible for annually reviewing the Firm's user accounts and certifying electronically to FINRA that all designated users should retain their authorization.

### 1.2.1. Form BD Application/Amendments

The Firm will keep its membership application current with the SEC, FINRA and State jurisdictions by preparing amendments to its Form BD not later than 30 days after learning of the facts or circumstances leading to the amendment. The Chief Compliance Officer, or a designated alternate, will evidence his approval of the change by signing and dating the amendment. The Chief Compliance Officer, or a

designated alternate, will ensure that a copy of all Form BD Amendments will be maintained in the Firm's "Form BD History" file for record keeping purposes.

### 1.2.2. Form BR Filings / Amendments

Effective October 31, 2005, the Form BR (Branch Office Registration form) replaces Schedule E of the Form BD, and certain state branch office forms. The Form BR enables the Firm to register or report branch offices electronically with FINRA and various state jurisdictions that require branch registration or reporting, via a single filing through the CRD system.

There are three types of Form BR filings: (1) an "initial" filing (to apply for approval of or report a branch office), (2) an "amendment" filing (to amend information previously filed), and (3) a "closing/withdrawal" filing (to terminate a branch office registration and/or to withdraw an initial filing prior to approval by a state or SRO).

The Chief Compliance Officer, or a designated alternate, is responsible for keeping the Form BR current at all times. Should a change occur, The Chief Compliance Officer, or a designated alternate, would amend the Form BR to reflect the appropriate change(s), submit electronically to FINRA via the CRD system, and then file the manually executed copy of the amendment in the Firm's "Form BR History" file for record keeping purposes.

### 1.2.3. Form U-4 Application/Amendments

**Uniform Application for Securities Industry Registration or Transfer**

The Firm acknowledges that it is the responsibility of each registered person to provide accurate and prompt information on his/her Form U-4. It is also the responsibility of the Registered Representative to provide timely notification of any new information (e.g. bankruptcy, lien, address change, arbitration, etc.) as the U-4 needs to be accurate and up-to-date within 30 days of any change. The Chief Compliance Officer and/or designated supervisor are responsible for determining if certain complaints or disciplinary incidents will require an amendment of the form.

The Firm will provide each associated person at the time of hire the initial U-4, disclosing the pre-dispute arbitration clause found within the full version of the Form U-4, 15a Item 5.

**Application Registration**

An individual seeking employment working in the securities industry with the Firm shall do so according to FINRA By-Laws, Article V. The Registration Department will ensure that all records for the Firm's associated persons are kept current at all times. The Registration and/or Compliance Department will amend records for its Registered Representatives no later than 30 days after discovery of an event or circumstance that requires such amendments. If such an event or circumstance is egregious enough to warrant a statutory disqualification, as defined in Section 3(a)(39) and 15(b)(4) of the Act, the Compliance Department will file such amendments within 10 days.

| Requirements | Broker/Dealer Actions |
|---|---|
| **Supervisory Responsibility** | |
| **Frequency of Review** | Each time the firm is notified by a Registered Rep or otherwise that a change is required on a Rep's Form U-4. |

| Review Sample | All associated person Form U-4's. |
|---|---|
| **Review Process** | The designated principle will maintain the responsibility for ensuring that all employees Form U-4's are kept accurate.<br><br>When updates are necessary, Registered Representatives are required to notify the Registration and/or Compliance Department in writing so that the Form U-4 can be updated. The Registration Department will make the necessary changes, inform the Rep and file the amendment in the Rep file. It is the responsibility of each Registered Representative to notify the compliance department when information on his/her Form U-4 needs to be updated. The designated principle will be responsible for following up to make sure the Form U-4 is updated within 30 days of notification.<br><br>When a Form U-4 is updated the designated principal will remind the Registered Rep of his/her rights to challenge information on the U-4 per FINRA Rule 2263. Upon initial employment and annually on the ACQ (Annual Compliance Questionnaire) each employee will be provided with a 2263 disclosure. |
| **Evidencing Procedures** | The designated supervisor will sign the initial copy of all Form U-4's electronically. All amendments will be reviewed and signed electronically. A copy of the U-4 will be forwarded to the Representative who will forward a copy to his OSJ Supervising Principal so both the Rep and the OSJ Supervising Principals have files. A copy of the initial 2263 disclosure will be kept in the employee's file. |

### 1.2.4. Form U-5 Terminations/Amendments

**Uniform Termination Notice for Securities Industry Registration (Form U-5)**

The Firm will be responsible for filing each Registered Representative's Form U-5 with the Central Registration Depository (CRD) within 30 days of the date of termination. It is the responsibility of the Firm to also ensure that all forwarded Form U-5's are properly completed with all of the necessary and accurate information prior to sending such document to the CRD. In addition to forwarding the Form to CRD, the Firm is also responsible for forwarding a copy of the Form U-5 to the former associated person. The Compliance Department and/or designated supervisor are also responsible for determining if certain complaints or disciplinary incidents are to be reported on the form. All such forms will be copied and retained at the Firm in the Registered Representative file.

### Termination of Registration

Upon terminating an associated person from the Firm, the Registration Department will be responsible for giving notice within 30 days of termination to FINRA. Such notification shall be made electronically or by such other process as FINRA may prescribe. It is acknowledged that the associated person subject to the termination is a respondent.

### Action Plan for U-5

| Requirements | Broker/Dealer Actions |
|---|---|
| **Supervisory Responsibility** | |
| **Frequency of Review** | Each time the firm is notified by a Registered Representative or a Non-Registered Fingerprinted person (NRF/Sales Assistants) that they are terminating their relationship with the Firm, or any person the Firm mandates they term with the Firm. |
| **Review Sample** | All Registered and non-Registered Fingerprinted persons. |
| **Review Process** | The designated principal will maintain the responsibility for ensuring that all employees Form U-5's are accurate. The form will be filed within 30 days of termination and a copy will be sent to the terminated Registered Rep. All U-5's will be scrutinized completely to ensure the accuracy of each U-5. |
| **Evidencing Procedures** | The designated supervisor, or in their absence, another compliance principal will sign the Form U-5s electronically. The original, signed U-5 will be sent to the Registered Rep with a copy put in the Rep's terminated file. |

## 1.2.5. Fingerprint Card Filings

In accordance with SEC Rule 17f-2, the Chief Compliance Officer will ensure that all of the Firm's partners, directors, officers, registered and non-registered employees are fingerprinted if they are engaged in private placement activities, have access to the Firm's original books and records, or have direct supervisory responsibility over persons engaged in the sale of securities or have access to the Firm's books of original entry.

The Chief Compliance Officer, or a designated alternate, will forward all fingerprint cards to **FINRA – Attn: Fingerprint Card Processing, 9509 Key West Avenue, Rockville, Maryland 20850** or have electronic fingerprints submitted via an authorized vendor for processing by the Federal Bureau of Investigation (FBI) for the purpose of a criminal background check.

FINRA will make available the fingerprint card results via Web CRD, which may include information about criminal charges and convictions that might be required to be reported on the Form U-4. The Chief Compliance Officer, or a designated alternate, will use the fingerprint results to assist in making an informed hiring decision whether a prospective employee is subject to any statutory disqualification under Article III, Section 4 of FINRA's By-Laws. If additional action is required, the Chief Compliance Officer, or a designated alternate, will obtain the appropriate information and/or documentation from the prospective employee, and forward such information or documentation to FINRA/CRD for processing and final disposition.

If required, a second fingerprint card, and a third if necessary, will be forwarded to FINRA in the event the initial fingerprint card is returned as "Illegible." A copy of the Fingerprint Card report from Web CRD will be printed and placed in the employee's "Agent Registration File" for record keeping purposes evidencing the final disposition status.

It is the policy of the Firm to rely on third parties in an off-site location to collect fingerprints and to verify the identity of the person being fingerprinted. Therefore, the Chief Compliance Officer, or a designated alternate, will consider the following:

- requiring applicants to be fingerprinted at a local law enforcement office, where officers likely are trained to verify identity as well as the authenticity of identification cards presented; and
- giving applicants a list of acceptable third-party vendors that provide fingerprinting services.

We do not allow applicants to fingerprint themselves.

All copies of documentation obtained from the prospective employee used to verify his or her identity will be maintained in the individual's "Agent Registration File" for record keeping purposes.

### 1.2.6. FINRA Contact System ("FCS")

In accordance with FINRA Rule 1160, the Firm shall report to FINRA all contact information required by FINRA via FINRA Contact System ("FCS"). The Chief Compliance Officer, or a designated alternate, shall update the Firm's contact information not later than 30 days following any change in such information. Additionally, the Chief Compliance Officer, or a designated alternate, shall review and, if necessary, update its required contact information, via FINRA Contact System, within 17 business days after the end of each calendar year. The Firm will maintain either a paper or electronic copy of all updates made to the FCS, as well as proof of annual reviews, in the Firm's recordkeeping filing system.

## 1.3. GENERAL ACTIVITIES

### 1.3.1. Parking of Registrations

The Firm will submit Form U-4 and maintain the registrations for only those principals and representatives who intend to engage or are engaged in the securities business of the Firm.

The Firm will not maintain registrations for persons who no longer function as principals or representatives of the Firm. The Chief Compliance Officer, or a designated alternate, will review the list of principals and registered representatives when the annual renewals take place in November of each calendar year. In the event an individual appears on the renewal roster that is no longer with the Firm, the Chief Compliance Officer, or a designated alternate, will immediately prepare a complete Form U-5 Agent Termination form and submit electronically to FINRA via Web CRD. A copy of the late Form U-5 will be forwarded to the former employee.

### 1.3.2. Outside Business Activities

Any/all associated persons are required to notify the Firm, in writing ("in writing" includes email) and receive approval in writing, prior to conducting any outside business activities to include employment beyond that of the employer firm. The Firm will determine any such notification structure and format for the required information. Outside business activities may include acting as an Employee, Independent Contractor, Sole Proprietor, Officer, Director or Partner, Finder (to include acceptance of a finder's fee), and being compensated or expecting compensation from another person as a result of any business activity outside the scope of relationship with the member firm.

**Notification Requirements**

When individuals are hired, they will be required to disclose all outside business activities. We will maintain this disclosure in the files, including any decision to terminate an employee if deemed necessary by Senior Management or our CCO.

Upon hire, the individuals are advised that from this point on, PRIOR to engaging in any outside employment or receiving any outside compensation, they must request and receive permission from the Compliance Department.

The notification requirements for outside business activities should include the name of the potential outside employer, type of business performed, type and method of compensation, and the amount of time dedicated to the outside activity.

**Notification of Response**

Upon receipt of a notification of outside business activities by an associated person, the Firm will work with the associated person to evaluate the request and subsequently send approval or disapproval. The Representative's U-4 Form will be updated when applicable and the record put into the employee/associate file with a copy of the approval/disapproval.

**Method of Compensation**

There are various ways for providing compensation for conducting outside business activities. Examples of compensation may include, but are not limited to, a paid salary, issuance of a finder's fee, referral fee, reimbursement of expenses, stock options and/or warrants.

**Action Plan for Outside Business Activities**

| Requirements | Broker/Dealer Actions |
|---|---|
| **Supervisory Responsibility** | Each OSJ Supervising Principal is responsible for the Registered Representatives assigned to them. It is their responsibility to ensure compliance with this rule. |
| **Frequency of Review** | At any time the Firm or OSJ Supervising Principal is notified by a Registered Representative that he or she will be engaged in an outside business activity or at least annually on the ACQ (Annual Compliance Questionnaire). |
| **Review Sample** | All Outside Business Activities disclosed on the ACQ or all written requests received from registered personnel requesting approval for outside business activities. |
| **Review Process** | The designated supervisor will ensure that each Registered Representative completes the annual electronic questionnaire and that all outside business activities are disclosed on the Form U-4.<br><br>Disclosure Questionnaires will be completed by each registered person upon initial employment. Once an outside business activity request is reviewed by the OSJ Supervising Principal, the request will be forwarded to the Compliance Department for approval. The Compliance Department will use a checklist while reviewing each request |

| | to ensure the requirements in Supplementary Material .01 to Rule 3270 are adhered to. The Firm will notify the Registered Representative who submitted the request. The Registered Representative must submit and receive approval prior to engaging in any outside business activity. |
|---|---|
| **Evidencing Procedures** | The Compliance Department will document evidence of approval. |

Note – Outside Business Activity (OBA) requests will not be approved if a reasonable person is likely to believe that the OBA would be conducted by a broker-dealer, or if confusion might result that the causes a reasonable person to believe that the work is being performed by a broker-dealer. This is in keeping with FINRA guidance. As a result, OBAs that cover securities valuations, enterprise valuations, and due diligence any of which could result in or be associated with a securities transaction, must be run through the broker-dealer.

### *1.3.2.1. Private Securities Transactions*

Any/all associated persons are prohibited from conducting private securities transactions except in accordance with the requirements of FINRA Rule 3280.

**Our Firm only approves Private Securities Transactions in exceptional circumstances, and generally prohibits them.**

**Definitions**

**Private Securities Transactions:** Any outside securities transaction conducted beyond the course and scope of the employer firm excluding any previously approved outside securities accounts, transactions among immediate family members, personal transactions involving an investment company and variable annuity securities.

**Tokens and Cybercurrencies:** The word "Securities" in this document is taken to include equity, debt, preferred, and all tokens, including "initial coin offerings." The Firm takes the position that tokens and initial coin offerings come under the jurisdiction generally of the Securities & Exchange Commission (SEC), FINRA, NASAA (North American Securities Administrators Association) and in the instance of pure cybercurrencies, the CFTC (Commodities and Futures Trading Commission). As a general rule, the Firm will not approve Outside Business Activity (OBA) requests for any offering of tokens or cybercurrencies.

**Selling Compensation:** Any directly or indirectly paid compensation involving the purchase or sale of a security to include commissions, finder's fees, tax benefits, expense reimbursements, etc.

**Notification Requirements**

The notification requirements for private securities transactions should include a written notification of the proposed transaction, type of business performed, and the type and method of compensation (if any). (Note – Compensation is not permitted for any Private Securities Transaction)

**Notification of Response**

Upon receipt of a notification of a private securities transaction from an associated person, upon evaluation by Commitment Committee the Firm will issue a written letter of approval or disapproval of the requested activity and place all books and records of correspondence in an employee/associated person file and/or separated file for the purpose of tracking outside business activities of the Firm.

### Compensated Transactions

It is the Firm's policy to prohibit any and all Referred Business Transactions be they public and private placements, underwritings and/or capital markets advisory and mergers and acquisitions. All transactions, compensated or not, must come before the Firm's Commitment Committee and be accepted as firm engagements.

### Non-Compensated Transactions

Upon receipt of a notification of a private securities transaction from an associated person, where the associated person has not and will not receive any "selling compensation", the Firm will issue a written response of acknowledgement to the associated person. As a result, the Firm may also place certain requirements and restrictions on the associated person in connection with the participation in the transaction. (Note – In the rare instance that a private securities transaction is approved by the supervising principal and the firms compliance department, the associated person will be prohibited from soliciting firm accounts as per FINRA rules).

### Action Plan for Private Securities Transactions

| Requirements | Broker/Dealer Actions |
|---|---|
| **Supervisory Responsibility** | Each OSJ Supervising Principal is responsible for the Registered Representatives assigned to them. It is their responsibility to ensure compliance with this rule. |
| **Frequency of Review** | At any time the Firm is notified by a Registered Representative that he or she will be engaged in a private securities transaction or at least annually on the Annual Compliance Questionnaire when any Private Securities Transactions are disclosed by each Registered Representative. |
| **Review Sample** | All private securities transactions of associated persons. |
| **Review Process** | It should be noted that it is the firm's policy that private securities transactions are generally prohibited. However, should an employee desire to engage in a private securities transaction, the representative or designated principal will notify Commitment Committee who will review each request and write an approval or denial letter to the Registered Representative prior to engaging in any private securities transaction. Additionally, the Compliance Department will ensure that the annual electronic disclosure questionnaire regarding private securities |

| | |
|---|---|
| | transactions is completed by each registered representative upon initial employment and annually during the firm element of continuing education. Each request will be evaluated individually. Should a private securities transaction be approved, the Compliance Department will review all employee investment account statements, trade confirmations, and subscription documentation associated with private securities transactions. Finally, the Compliance Department will ensure that the commissions for the outside securities business are properly run through the firm's books. |
| **Evidencing Procedures** | The Compliance Department will electronically approve all disclosures made on the Annual Compliance Questionnaires and will send approval or denial letters for all other requests for approval. The initial request letters and the response letters will be maintained in the employee files. |

#### *1.3.2.2. Annual Attestation*

All associated persons will sign an attestation during the annual compliance meeting stating if he/she is engaged in an outside private securities transaction or outside business activity.

#### *1.3.2.3. Employees of Other Broker/Dealers*

If an employee of another broker/dealer desires to purchase an interest in a private placement that the Firm is offering, Chief Compliance Officer, or a designated alternate, shall not approve the transaction until he has notified the employer member in writing, prior to the execution of a transaction, of the executing member's intention to open or maintain such an account. Upon written request by the employer member, the Chief Compliance Officer, or a designated alternate, will transmit duplicate copies of confirmations, statements, or other information with respect to the employee's account. The Chief Compliance Officer, or a designated alternate, will then notify the person associated with the new account of his intention to provide the notice and information required.

### 1.3.3. Outside Brokerage Accounts (Including Cyberwallets)

In accordance with FINRA Conduct Rule 3050, all associated persons shall be required to notify the Chief Compliance Officers, or a designated alternate, of the existence of all securities accounts maintained by the individual with any foreign or domestic brokerage firm, bank, investment adviser or other financial institution. Further, all associated persons shall be required to notify the Chief Compliance Officer, or a designated alternate, and the executing firm in writing, prior to opening a securities account or

placing an initial order for the purchase or sale of securities with another firm, any foreign or domestic brokerage firm, bank, investment adviser or other financial institution. This written notice shall advise the executing firm, foreign or domestic brokerage firm, bank, investment adviser or other financial institution of: (i) the person's association with the Firm; (ii) the Firm's membership with FINRA; and (iii) the fact that such person is a restricted person in accordance with FINRA Conduct Rule 5130. However, if the account was established prior to the association of the person with the Firm, the associated person shall notify both the Firm and the executing firm in writing after becoming associated. Finally, for purposes of this section, notification shall not be required for transactions and/or accounts dealing exclusively in unit investment trusts, variable contracts, and/or redeemable securities of companies registered under the Investment Company Act of 1940, as amended.

**Cyberwallets-**The Firm takes the view that "cyberwallets" must be held to the same standard as brokerage accounts. It is the responsibility of the associated person to work with the Chief Compliance Officer, or designated alternate, to (i) disclose all cyberwallets to Compliance and (ii) insure that any cyberwallet designed to hold security tokens can provide a verifiable audit trail of transaction history (equivalent of a brokerage account statement) to Compliance for monitoring. In instances where a cyberwallet does not provide an independent and verifiable history of transaction activity, the associated person must close or otherwise dispose of the cyberwallet and notify Compliance of this fact.

### 1.3.4. Annual Attestation

All associated persons will sign an annual attestation during the annual compliance meeting identifying the existence of any and all securities accounts maintained by the associated person with any foreign or domestic brokerage firm, bank, investment adviser or other financial institution.

### 1.3.5. Gifts, Gratuities and Charitable Contributions

Further, in accordance with FINRA Rule 3220 (formerly known as FINRA 3060), no associated person shall accept directly or indirectly, give or permit to be given anything of value, including gratuities, in excess of $100 per individual per year to any person, principal, proprietor, employee, agent or representative of a customer, or to any person, principal, proprietor, employee, agent or representative of any Member of the Association, where such payment or gratuity is in relation to the business of the employer of the recipient of the payment or gratuity. A gift of any kind is considered a gratuity. Associated persons are required to report the distribution and receipt of all gifts to the Chief Compliance Officer, or a designated alternate, who shall enter the gift in a log. The Chief Compliance Officer, or a designated alternate, shall evidence the review by initialing or signing the log.

A charitable contribution, as a result of a solicitation from an employee(s) or agent(s) of a customer or potential customer acting in a fiduciary capacity, could be construed as a conflict of interest similar to the payment of gifts or gratuities as established by FINRA Rule 3220.

The Firm does not restrict contributions to charitable organizations by associated persons acting in their own capacity. The Firm will not reimburse charitable contributions made by associated persons.

The Firm will not give charitable contributions on behalf of agents or employees of customers.

### 1.3.6. Incoming Correspondence

The Chief Compliance Officer, or a designated alternate, shall be responsible for opening all incoming mail on a daily basis. Any incoming correspondence pertaining to client deals, the Chief Compliance Officer, or a designated alternate, will indicate his review by initialing each piece of mail and placing it in the appropriate Customer Deal File for record keeping purposes. If applicable, a photocopy of the correspondence can be provided to the appropriate registered principal or representative.

In the event that a customer complaint or regulatory inquiry is received, it will be the responsibility of the Chief Compliance Officer, or a designated alternate, to respond accordingly in a timely manner to such notification.

| Requirements | Broker/Dealer Actions |
|---|---|
| **Supervisory Responsibility** | Chief Compliance Officer or Series 24 Designee |
| **Frequency of Review** | Daily |
| **Review Sample** | All incoming correspondence |
| **Review Process** | The designated supervisor will review incoming correspondence for customer complaints, indications of inappropriate activity by an associated person, and proper handling of customer funds and securities. |
| **Evidencing Procedures** | A copy of all incoming correspondence will be maintained in the incoming correspondence file in the home office or in the branch, which shows the addressee, the name of the person who prepared the correspondence, the date, and name and initials of the designated supervisor.<br>The designated supervisor will note if any discrepancies were discovered and the result of any follow up on such discrepancies. |

### 1.3.7. Outgoing Correspondence

All outgoing correspondence that is not operational in nature, including correspondence that contains any of the following, must be reviewed and approved with the Designated Principal prior to distribution:

- Any recommendation or solicitation, whether labeled or not as such, to purchase or sell a security, or to initiate a service provided by or through the Firm;
- Offer(s) of free service(s)
- Claim(s) for research facilities

- Statistical table(s), chart(s), graph(s), or other illustration(s)

A copy of written outgoing correspondence shall be mailed to Boulder HQ Compliance or emailed to compliance@weildco.com for record keeping purposes and will be maintained for a period of three (3) years.

**Action Plan for Outgoing Correspondence**

| Requirements | Broker/Dealer Actions |
|---|---|
| **Supervisory Responsibility** | Chief Compliance Officer or other Series 24 Designee |
| **Frequency of Review** | At least weekly |
| **Review Sample** | All outgoing written correspondence including letters and faxes. |
| **Review Process** | The designated supervisor shall review and approve all outgoing correspondence weekly |
| **Evidencing Procedures** | A copy of all outgoing correspondence will be maintain in the outgoing correspondence file in the OSJ office. The correspondence should include the addressee, name of person who prepared the correspondence, the date, and name and initials of the designated supervisor evidencing his/her approval (where applicable). The designated supervisor will note if any discrepancies were discovered and follow up on such discrepancies. |

### 1.3.8. Regulatory Communications

All regulatory inquiries whether written or oral are to be directed to the Chief Compliance Officer for response. Further, all responses and other correspondence will be handled by the Chief Compliance Officer, or a designated alternate, or legal counsel for the Firm, and the representative will make no statements on behalf of the Firm, to any person in a regulatory agency, unless specifically authorized to do so by the Firm.

### 1.3.9. Customer Complaints

In accordance with FINRA Rule 4530 (formerly FINRA Rule 3070), any complaint directed to or uncovered by the Designated Principal or designee will be entered as a matter of record and will be kept in the corporate office. The Designated Principal or designee shall be responsible for maintaining a record of all customer complaints and the disposition of same. The Designated Principal or designee will have the absolute right to determine the disposition of all customer complaints.

It shall be the responsibility of the Designated Principal or designee to timely report all customer complaint information and other specified events, to FINRA electronically via WEB/CRD in accordance with FINRA Rule 4530. In this regard, on behalf of the Firm, the

Designated Principal or designee shall promptly report within thirty calendar days of when the Firm knows or should have known, if the Firm and/or an associated person:

a) has been found to have violated any securities-, insurance-, commodities-, financial- or investment-related laws, rules, regulations or standards of conduct of any domestic or foreign regulatory body, self-regulatory organization or business or professional organization;

b) is the subject of any written customer complaint involving allegations of theft or misappropriation of funds or securities or of forgery;

c) is named as a defendant or respondent in any proceeding brought by a domestic or foreign regulatory body or self-regulatory organization alleging the violation of any provision of the Exchange Act, or of any other federal, state or foreign securities, insurance or commodities statute, or of any rule or regulation thereunder, or of any provision of the by-laws, rules or similar governing instruments of any securities, insurance or commodities domestic or foreign regulatory body or self-regulatory organization;

d) is denied registration or is expelled, enjoined, directed to cease and desist, suspended or otherwise disciplined by any securities, insurance or commodities industry domestic or foreign regulatory body or self-regulatory organization or is denied membership or continued membership in any such self-regulatory organization; or is barred from becoming associated with any member of any such self-regulatory organization ;is indicted, or convicted of, or pleads guilty to, or pleads no contest to, any felony; or any misdemeanor that involves the purchase or sale of any security, the taking of a false oath, the making of a false report, bribery, perjury, burglary, larceny, theft, robbery, extortion, forgery, counterfeiting, fraudulent concealment, embezzlement, fraudulent conversion, or misappropriation of funds, or securities, or a conspiracy to commit any of these offenses, or substantially equivalent activity in a domestic, military or foreign court;

e) a director, controlling stockholder, partner, officer or sole proprietor of, or an associated person with, a broker, dealer, investment company, investment advisor, underwriter or insurance company which was suspended, expelled or had its registration denied or revoked by any domestic or foreign regulatory body, jurisdiction or organization or is associated in such a capacity with a bank, trust company or other financial institution that was convicted of or pleaded no contest to, any felony or misdemeanor in a domestic or foreign court;

f) is a defendant or respondent in any securities or commodities-related civil litigation or arbitration is a defendant or respondent in any financial-related insurance civil litigation or arbitration, or is the subject of any claim for damages by a customer, broker or dealer that relates to the provision of financial services or relates to a financial transaction, and such civil litigation, arbitration or claim for damages has been disposed of by judgment, award or settlement for an amount exceeding $15,000. However, when the Firm is the defendant or respondent or is the subject of any claim for damages by a customer, broker or dealer, then the reporting to FINRA shall be required only when such judgment, award or settlement is for an amount exceeding $25,000;

g) is involved in the sale of any financial instrument, the provision of any investment advice or the financing of any such activities with any person who is, subject to a "statutory disqualification" as that term is defined in the Exchange

Act. The report shall include the name of the person subject to the statutory disqualification and details concerning the disqualification; or

h) an associated person of the Firm is the subject of any disciplinary action taken by the Firm involving suspension, termination, the withholding of compensation or of any other remuneration in excess of $2,500, the imposition of fines in excess of $2,500 or is otherwise disciplined in any manner that would have a significant limitation on the individual's activities on a temporary or permanent basis.

The Firm, through the Designated Principal, shall promptly report to FINRA, but in any event not later than 30 calendar days, after the Firm has concluded or reasonably should have concluded that an associated person of the Firm or the Firm has violated any securities, insurance, commodities, financial or investment-related laws, rules, regulations or standards of conduct of any domestic or foreign regulatory body or self-regulatory organization. With respect to violations by the Firm, FINRA expects the Firm to report only conduct that has widespread or potential widespread impact to the Firm, its customers or the markets, or conduct that arises from a material failure of the Firm's systems, policies or practices involving numerous customers, multiple errors or significant dollar amounts. With respect to violations by an associated person, FINRA expects the Firm to report only conduct that has widespread or potential widespread impact to the Firm, its customers or the markets, conduct that has a significant monetary result with respect to the Firm's customer(s) or market(s), or multiple instances of any violations. In addition, with respect to violations by an associated person, the reporting must be read in conjunction with the reporting obligation under paragraph (a)(2) of this Rule. If the Firm has concluded that an associated person has engaged in violations and imposes the discipline set forth under paragraph (a)(2) of this Rule, then the Firm is required to report the event under paragraph (a)(2) of Rule 4370. the Chief Compliance Officer will review any potential violations by the Firm or its associated persons under this section to ascertain the impact on the Firm, its customers or the markets conduct or if the actions have a significant monetary result with respect to the Firm's customer(s) or market(s), or multiple instances of any violations prior to reporting any violations under this paragraph. After concluding any investigation, the Chief Compliance Officer will follow the procedures as described under *Complaint Investigation* for reportable events regarding associated persons or the Firm.

Events reported in the previous paragraphs do not have to be reported if the Firm discloses the event on the associated person's Form U5.

In keeping with the requirements of Rule 4530, each associated person of the Firm shall report within 48 hours to the Firm the existence of any of the conditions set forth above. In turn, the Firm shall report to FINRA the existence of any of the conditions set forth above within 30 calendar days.

The Firm, through the Designated Principal or designee shall also report electronically to FINRA statistical and summary information regarding written customer complaints by the 15th day of the month following the calendar quarter in which the customer complaint was received by the Firm.

For purposes of this section, "customer" shall include any person other than a broker or dealer with whom the Firm has engaged, or has sought to engage, in securities activities, and "complaint" includes any written grievance by a customer involving the Firm or a person associated with the Firm.

On behalf of the Firm, the Designated Principal or designee shall promptly file with FINRA copies of the following documents: (1) any indictment, information or other criminal complaint or plea agreement for conduct reportable under paragraph (a)(1)(E) of Rule 4530; (2) any complaint in which the Firm is named as a defendant or respondent in any securities or commodities related private civil litigation, or is named as a defendant or respondent in any financial related insurance private civil litigation; (3) any securities or commodities related arbitration claim, or financial related insurance arbitration claim, filed against the Firm in any forum other than the FINRA Dispute Resolution forum; and (4)any indictment, information or other criminal complaint, any plea agreement, or any private civil complaint or arbitration claim against a person associated with a member that is reportable under question 14 on Form U4, irrespective of any dollar thresholds Form U4 imposes for notification, unless, in the case of an arbitration claim, the claim has been filed in the FINRA Dispute Resolution forum. In the event that any of the documents required by items 1-4 above have been the subject of a request by FINRA's Registration and Disclosure staff, the documents do not have to be provided as long as the Firm produces the requested documents to the Registration and Disclosure staff not later than 30 days after receipt of such request.

**Action Plan for Receiving and Reporting Claims**

| Requirements | Broker/Dealer Actions |
| --- | --- |
| **Supervisory Responsibility** | |
| **Frequency of Review** | Each time a customer complaint is received. |
| **Review Sample** | All customer complaints. |
| **Review Process** | Upon receipt of a customer complaint, the individual that becomes aware of the compliance needs to bring it to the Chief Compliance Officer's attention within 48 business hours.<br>A designated supervisor will review to determine the nature of the complaint and determine whether it needs to be promptly filed (within 30 days) or quarterly (15$^{th}$ day after the quarter ends) as defined in FINRA Rule 4530 and file the complaint as such.<br>The designated supervisor will report all applicable disclosure information relating to customer complaints on the associated person's Form U-4 or Form U-5.<br>Once the internal review is complete, the principal will provide the customer with a response to the complaint if applicable. |
| **Evidencing Procedures** | Each customer complaint will be logged onto complaint tracking and a file will be made evidencing a detailed log of events surrounding review and steps taken. Each OSJ must maintain a complaint tracking file that is published to the central Compliance (if no complaints have been received the file |

| | should state that no complaints have been received) and the firm shall maintain a centralized complaint tracking file. |
|---|---|

### 1.3.10. Complaint Investigation

The Designated Principal or designee will review all customer complaints.

The Designated Principal or designee will be responsible for educating all registered personnel on the procedures to follow if they receive a customer complaint.

The Designated Principal or designee will train an employee to open the mail, recognize a customer complaint, and forward the complaint to the appropriate registered principal. The Designated Principal or designee will ensure that all registered representatives understand the Firm's electronic communication policy and that they forward any customer complaints that they receive electronically to the Designated Principal or designee.

The Designated Principal or designee will log the complaint into the customer complaint file and maintain a separate listing for verbal and written complaints. The Designated Principal or designee will make copies of the customer complaint and forward one to the registered representative and supervisor subject to the complaint, and file a copy in the customer complaint file.

The Designated Principal or designee will contact the customer, acknowledge receipt of the complaint, and follow-up the conversation in writing. The Designated Principal or designee will keep the customer apprised of the status of the complaint during the investigation, and provide the customer with his or her name and telephone number in case the customer has any future questions about the investigation.

The Designated Principal or designee will contact the registered representative and all appropriate departments to obtain all material pertaining to the complaint. Materials that may typically be obtained include: the new account form and all other new account documentation, customer account agreement, option agreement (if applicable), discretionary agreement (if applicable), the broker's book, order tickets, trade confirmations, account statements, account detail history, commission history, copies of any customer acknowledgment or disclosure forms, and any record of conversations between Firm personnel and the customer.

Depending on the allegations, the Designated Principal or designee will review the above to determine suitability of the transaction, the customer's investment objectives, the use of discretion, withdrawals of funds, pattern of trading, commissions paid by the customer, if the trade was solicited or unsolicited, the notes of the discussion with the customer from the broker's book, and any transcript of the conversations between the customer and the registered representative.

Once the Designated Principal or designee has reviewed all the pertinent documents and facts, the Designated Principal or designee will contact the registered representative to discuss the allegations of the complaint. After the discussion with the registered representative, the Designated Principal or designee will contact the customer and obtain any further information that is pertinent so that the investigation may be concluded.

The Designated Principal or designee will render a decision only after reviewing all the above information and circumstances. The Designated Principal or designee will also review FINRA, SEC and State rules and regulations to ascertain if any of their regulatory statutes have been violated. If necessary, the Designated Principal or designee will contact counsel. If the disposition of the complaint could have a major impact on the Firm's finances, reputation, or future operations, the Designated Principal or designee will meet with the Managing Members to discuss the findings. If the Managing Members concurs with the Designated Principal or designee's decision, the Designated Principal or designee will discuss the decision with the registered representative. The registered representative and the customer will then be informed of the decision in writing. If the customer's allegations are found to be correct, the Designated Principal or designee will attempt to negotiate a settlement with the customer. If the customer is unwilling to reach a settlement with the Firm, the matter will be referred to legal counsel for final resolution.

If necessary, the Form U4 of the registered representative will be amended and appropriate, regulatory action will be initiated.

The Designated Principal or designee should look for patterns of complaints such as:

- Does one registered representative have a large number of complaints?
- Do a disproportionate number of complaints come from a particular branch?
- Do a disproportionate number of complaints come from the registered representatives assigned to a particular principal?

The Designated Principal or designee will cause the Firm to create a record as to each associated person of each written customer complaint received by the Firm concerning that associated person. The record shall include the complainant's name, address, and account number; the date the complaint was received; the name of any other associated person identified in the complaint; a description of the nature of the complaint; and the disposition of the complaint. Instead of the record, the Firm may maintain a copy of each original complaint in a separate file by the associated person named in the complaint along with a record of the disposition of the complaint. [Refer to SEC Rule 17a-3(a)(18)]

### 1.3.11. Multi-State Registrations

New customer relationships with regard to investment banking and private placement deals shall be reviewed by the Chief Compliance Officer to determine if the Firm and registered representative are registered in the prospective customer's home state. If they are not, the Chief Compliance Officer shall not approve the transaction engagement unless an exemption is available.

Should the need arise to register in a specific jurisdiction, the Chief Compliance Officer, or a designated alternate, shall inquire as to the registration requirements for the specific jurisdiction(s). A Form BD Amendment for the Firm, and a Form U-4 Amendment for the Chief Compliance Officer, requesting one or more state registrations will be submitted electronically to the FINRA and state jurisdiction via Web CRD. The Chief Compliance Officer, or a designated alternate, will ensure the appropriate state and agent registrations fees are readily available to be deducted directly from the Firm's CRD Daily Account balance upon submission of the Form BD and U-4 Amendments.

The Chief Compliance Officer, or a designated alternate, shall then file any documents or information directly with the state jurisdiction, as deemed necessary by each jurisdiction, in order to complete the Firm and agent registrations for final approval.

### 1.3.12. Outsourcing and Use of Service Providers

The Designated Principal or designee will be responsible for all outsourcing activities of third-party providers. The Firm will not outsource any activities that would deem the provider as an associated person. The Firm's outsourced activities will consist of, but not be limited to electronic communications archiving and compliance and regulatory consulting and document preparation to include the following;

- Preparation of Anti-Money Laundering Compliance Program;
- Independent Anti-Money Laundering Testing;
- Preparation of Annual Compliance Meeting;
- Preparation of Written Supervisory Procedures;
- E-Mail and/or Other Recordkeeping Electronic Storage;
- Preparation of Annual Continuing Education Plan; and
- Web CRD Administration and Maintenance
- Office Inspections

The Designated Principal or designee will be responsible for determining the proficiency of the service provider and to determine the service provider is compliant with the terms of the contract. As such, the Designated Principal or designee will review the credentials of the service provider including, but not limited to: the history of the Firm; its ownership; the experience of the professional staff; determine if any persons have been statutorily disqualified; determine if any of the providers are employed by another member firm; and insure that the services being provided are in accordance with federal securities laws, FINRA rules. The Designated Principal or designee will evidence the review by signing and placing a memorandum to the file with all supporting documents.

As part of his due diligence review, the Designated Principal or designee will obtain from the third-party provider evidence of its privacy policy and/or a confidentiality agreement in accordance with Regulation SP and a summary of its business continuity plan. Additionally, the Designated Principal or designee will obtain any documentation, which determines are appropriate based on the facts and circumstances of the service provided. The Designated Principal or designee will place copies of these documents in the file after the review.

On an annual basis, the Designated Principal or designee will review the contract to insure that all services are being provided and are in accordance with the agreement. The Designated Principal or designee will also review the services to make sure that they are in accordance with federal securities laws, FINRA rules. The Designated Principal or designee will evidence the review by signing and placing a memorandum to the file. Should the Designated Principal or designee determine that the services are not being provided in accordance with the contract, or applicable securities laws, FINRA rules, the Designated Principal or designee will immediately terminate the contract.

Should the compliance and regulatory consultants become aware of any customer complaints as defined in the Manual, they will promptly notify the Designated Principal or designee of said complaint. The Designated Principal or designee will conduct an investigation into the grievance in the same manner as any other complaint, in accordance with the appropriate section of these Written Supervisory Procedures.

The Designated Principal or designee will review all reports, manuals, plans and CRD filings prepared by the compliance and regulatory consultants, except those of a financial nature, which will be reviewed by the FINOP. The Designated Principal or designee will indicate his review and approval by initialing or signing the CRD filing procedures or plans received. The service provider will bring any reports or plans indicating any material deficiencies to the attention of the Designated Principal or designee and the Managing Members. The Designated Principal or designee will provide a written response to the service provider and Managing Members including the resolution to the deficiency or an action plan to correct the deficiency. The FINOP will be responsible to follow the same procedures as the Designated Principal or designee in response to any material deficiencies discovered related to financial matters.

Where there are changes in regulatory requirements regarding the outsourced service, the Designated Principal or designee will review the regulatory change with the third party service provider prior to implementation of the rule to insure compliance with the rule change.

# 2 Communications with the Public

## 2.1. GENERAL

It is the policy of the Firm that all communications with the public shall be based on principles of fair dealing and good faith and shall provide a sound basis for evaluating the merits of any security or type of security, industry discussed, or service offered by the Firm. No material fact or qualification may be omitted if the omission, in light of the context in which the material is presented, would cause the communication to be misleading. Exaggerated, unwarranted or misleading statements or claims shall not be used in any public communication made by the Firm. Furthermore, the Firm shall not, directly or indirectly, publish, circulate or distribute any public communication that the Firm knows or has reason to know contains any untrue statement of a material fact or is otherwise false or misleading.

Advertisements and sales literature shall prominently disclose the name of the Firm. Sales literature shall contain the name of the person or company preparing the material, if other than the Firm, and the date on which it is first published, circulated or distributed. If the information in the material is not current, this fact should be stated. Statistical tables, charts, graphs or other illustrations used by the Firm in advertising or sales literature must disclose the source of the information if not prepared by the Firm. No claim or implication may be made for research or other facilities beyond those which the Firm possesses or has reasonable capacity to provide.

Communications with the public must not contain promises of specific results, exaggerated or unwarranted claims or unwarranted superlatives, opinions for which there is no reasonable basis, or forecasts of future events which are unwarranted, or which are not clearly labeled as forecasts.

Each item of advertising, sales literature, institutional sales material, and independently prepared reprints will be approved by the Chief Compliance Officer of the Firm prior to use by the Firm. Evidence of approval would include the name of the person preparing such item, the initials or signature of the Chief Compliance Officer, and the date of review on a copy of the item or the prototype to be used. All items of advertising and sales literature will be reviewed to ensure that it is not misleading, does not contain inaccurate statements, that it complies with the standards applicable to the use and disclosure of the Firm's name, that it adheres to the guidelines in these written supervisory procedures, and that it complies with the content standards of FINRA Rule 2210(d) and the interpretive memorandums that follow the Rule and with Rule 2211(d).

A separate file of all advertisements, sales literature, and independently prepared reprints including the name(s) of the person(s) who prepared such and or approved their use, shall be maintained for a period of three years from the date of each use.

**General Standards for Communication under Rule 2210:**

- All communications should be based on "principles of fair dealing and good faith"
- Any dissemination of false, misleading, exaggerated, and/or unwarranted statements to the public is prohibited
- Consideration should be given to certain risks, volatility, and uncertainty associated with the securities industry and general market conditions

- Public appearances or speaking activities- Firms and associated persons must comply with both general and specific standards of FINRA Rule 2210(d) when sponsoring and/or participating in an event which may or may not be considered as an advertisement
- Any omission of material facts which could mislead the public is prohibited
- All communications should be tailored to the size, scope, and level of investment experience of the audience for a clear understanding of the content of the message
- All communications should provide a sound basis for evaluating the facts regarding the security, type of security, industry, or service discussed

### 2.1.1. Recommendations

In making a recommendation of a security, whether or not labeled as such, the Firm must have a reasonable basis for the recommendation. FINRA Rule 2310 provides that in recommending to a customer the purchase, sale, or exchange of any security, a member must have reasonable grounds for believing that the recommendation is suitable for such customer on the basis of the facts available, including the customer's other security holdings, financial situation, and needs. If a principal source of a member's information about a recommended security is the Internet, on-line communications, or other electronic medium, the member should consider the need for further investigation or research before recommending the security.

Accordingly, special care should be taken where an associated person of the Firm transmits via e-mail, television, radio, or other electronic medium messages concerning a particular security to a broad universe of investors of varying financial sophistication, experience, and resources. In such circumstances, the suitability of the security should be determined with respect to each customer who responds to the message before effecting a transaction. Further, consideration should be given to the desirability of including a notice in the electronic transmission alerting the recipients of the message to the need to assess the security in the context of each customer's individual circumstances.

When a registered representative recommends the purchase or sale of a security to a customer, he or she must not only avoid affirmative misstatements, but also must disclose material adverse facts about which the salesperson is, or should be, aware. This obligation includes disclosing any conflicts of interest that could influence the salesperson's recommendation or the customer's decision to purchase or sell the security. Particular care should be taken with respect to the accuracy and completeness of information concerning securities that have been promoted on the Internet or other electronic media.

In addition, the Firm must, at such time, disclose any of the following, which are applicable:

- That the Firm, at the time the advertisement or sales literature was published, was making a market in the securities being recommended, or in the underlying security if the recommended security is an option or security future, or that the Firm or an associated person will sell to or buy from customers on a principal basis;
- That the Firm or its officers or partners own options, rights or warrants to purchase any of the securities of the issuer whose securities are recommended, unless the extent of such ownership is nominal; or

- That the Firm was a manager or co-manager of a public offering of any securities of the recommended issuer within the last 12 months.

The Firm shall provide, or offer to furnish upon request, available investment information supporting any recommendation. Recommendations in corporate equities must provide the price at the time the recommendation is made.

The Firm will use material referring to past recommendations only if it sets forth all recommendations as to the same type, kind, grade or classification of securities made by the Firm within the last year. Longer periods of years may be covered if they are consecutive and include the most recent year. Such material must also name each security recommended and give the date and nature of each recommendation, (e.g. whether a buy or sell), the price at the time of the recommendation, the price at which or the price range within which the recommendation was to be acted upon, and indicate the general market conditions during the period covered.

The Firm may also use material which does not make any specific recommendation, but which offers to furnish a list of all recommendations made by the Firm within the past year or over longer periods of consecutive years, including the most recent year, if this list contains all the aforementioned information. Neither the list of recommendations, nor material offering such list, shall imply comparable future performance. Reference to the results of a previous specific recommendation is prohibited if the intent or the effect is to show the success of a past recommendation, unless all of the foregoing requirements with respect to past recommendations are met.

### 2.1.2. Communications with the Public

Communications with the public include advertisements, sales literature, correspondence, public appearances, institutional sales material and independently prepared reprints.

### 2.1.3. Advertisement

Any material, other than an independently prepared reprint and institutional sales material published or used in any electronic or public media, including any Web site, newspaper, magazine or other periodical, radio, television, telephone or tape recording, videotape display, signs or billboards, motion pictures or telephone directories (other than routine listings).

The Firm acknowledges that any distribution of business-related electronic communications may be considered advertising under FINRA Rule 2210, and is therefore prohibited unless previously reviewed by the Firm or under a Qualified Institutional Finance (QIF) procedure that has been authorized by Compliance (see section 6.8). The designated supervisor is responsible for periodically reviewing the Firm's website to ensure that the information is current, the disclosures are adequate, and the site is otherwise in compliance with the requirements of FINRA Rule 2210. The designated supervisor is also responsible for reviewing the website for compliance with FINRA Rule 2111 and the guidelines listed in NTM 01-23.

### 2.1.4. Sales Literature

Any written or electronic communication, other than an advertisement, an independently prepared reprint institutional sales material and correspondence, that is generally

distributed or made available to customers or the public, including circulars, research reports, market letters, performance reports or summary, form letters, telemarketing scripts, seminar texts, reprints (that are not independently prepared reprints) or excerpts of any other advertisement, sales literature or published article, and press releases concerning a members products. Press releases that are made available only to members of the media are excluded from the filing requirements.

### 2.1.5. Public Appearances

Participation in a seminar, forum (including an interactive electronic forum including chat rooms), radio or television interview, or other public appearance or public speaking activity.

### 2.1.6. Correspondence

**Definitions**

For purposes of Rule 2210, this Rule, and any interpretation thereof:

- "Correspondence" consists of any written letter or electronic mail message distribute by a member to:
  - Fewer than 25 retail investors within a 30 calendar-day period
- "Institutional Communication" consists of any communication that is distributed or made available only to institutional investors.
- "Institutional Investor" means any:
  - Insurance companies;
  - Banks, savings and loans;
  - Registered investment companies;
  - Employee benefit plan that meets the requirements of Section 403(b) or Section 457 of the Internal Revenue Code and has at least 100 participants, but does not include any participant of such a plan;
  - Qualified plan, as defined in Section 3(a)(12)(C) of the Act, that has at least 100 participants, but does not include any participant of such a plan;
  - FINRA member or registered associated person of such a member;
  - Person acting solely on behalf of any such institutional investor
- "Existing Retail Customer" means any person for whom the member or a clearing broker or dealer on behalf of the member carries an account, or who has an account with any registered investment company for which the member serves as principal underwriter, and who is not an institutional investor.
- "Prospective Customer" means any person who has not opened such an account and is not an institutional investor.

**Incoming and Outgoing Written Correspondence**

All incoming and outgoing correspondence relating to the Firm's business is subject to review by the Firm. This includes letters, emails, facsimiles, and other similar materials. The designated supervisor will be responsible for reviewing incoming correspondence for possible customer complaints, to ensure that customer funds and securities are handled in accordance with the Firm's procedures, and for indications of inappropriate activity by an associated person from the Firm.

### 2.1.7. Institutional Sales Material

Communications that are distributed or made available only to institutional investors do not have a pre-use approval or filing requirement. The Firm may not treat a communication as being distributed to an institutional investor if it has reason to believe that the communication or any excerpt will be forwarded or made available to any person other than an institutional investor.

Institutional Investor is defined as any:

- Person described in Rule 3110(c)(4), regardless of whether that person has an account with a FINRA member. This includes:

Form letters and group e-mails sent to 25 or more prospective retail customers within any 30-calendar-day period will continue to be subject to the pre-use approval, filing, and record-keeping requirements of Rule 2210.

## 2.1.8. Independently Prepared Reprints

An independently prepared reprint consists of any article reprint that meets certain standards that are designed to ensure that the reprint was issued by an independent publisher and was not materially altered by the Firm. The Firm may alter the contents of an independently prepared reprint in a manner necessary to make it consistent with applicable regulatory standards or to correct factual errors.

Independently prepared reprints are excluded from the FINRA filing requirements and most of Rule 2210(d)'s content standards. However, independently prepared reprints must be approved by a principal prior to being used and they are subject to the record-keeping requirements of FINRA Rule 2210 and SEC Rule 17a-4.

An article reprint qualifies as an "independently prepared reprint" only if, among other things, its publisher is not an affiliate of the Firm using the reprint or any underwriter or issuer of the security mentioned in the reprint.

Article reprints and research reports that do not meet the definition of "independently prepared reprint" constitute sales literature and must comply with all of the requirements applicable to sales literature.

## 2.1.9. Electronic Communication (E-Mails, Group E-Mails, Instant Messaging)

### *2.1.9.1. E-Mails*

In lieu of written correspondence, registered persons may also use electronic communications (e-mail) to send personalized letters to individual clients. E–mails may fall under any one of the following categories of communications: correspondence; advertisements; sales literature; reprints and institutional sales material. Like advertising or sales literature, the Firm's policy shall be that all e-mail correspondence must comply with the same content standards as traditional written correspondence under Rule 2210.

The Chief Compliance Officer shall be responsible for supervising and reviewing business-related e-mail sent by registered representatives, regardless if from home or the office. The Chief Compliance Officer, or a designee, shall be responsible for assigning personnel with a name@weildco.com email address, or approving any personalized email addresses, such as through AOL, GMail, Hotmail, or Yahoo, before a registered representative can communicate with clients on securities deals. Additionally,

the Chief Compliance Officer may also authorize the use of other domain name email addresses on a case-by-case basis.

The Firm is currently using a third party vendor, Smarsh, for the archival and review of all employee e-mail. All e-mail are automatically captured and stored on the Firm's communications archive.

The Compliance Department reviews a statistically significant sample of emails randomly selected by the system and/or emails selected based on sophisticated key word searches. The system maintains records that evidence the reviewed the emails, and reviews are further evidenced by notes in the Surveillance file. The search criterion is risk based, based upon a registered representative's disciplinary history and experience.

If the reviewer feels that the correspondence may conflict with the standards outlined in Rule 2210, the reviewer shall consult with the representative and take corrective action and contact the customer either verbally or in writing, if appropriate, in order to clarify any possible misunderstandings. Records of such actions and all approved e-mail correspondence will be retained for three years, with two-years in an easily accessible location.

Notwithstanding the preceding procedures, all correspondence that will be sent to 25 or more existing retail customers within a 30-day period and that makes a financial or investment recommendation or that promotes a product or service of the Firm, must be approved by the Chief Compliance Officer or his designee, prior to sending such correspondence. This shall be accomplished by the associated person that intends to send the correspondence, printing a draft of the proposed e-mail and providing this copy to the Chief Compliance Officer for review, to which he shall evidence his approval by initialing the draft.

The Chief Compliance Officer shall be responsible for having all employees (registered or not) sign an Email Policy Acknowledgment on an annual basis regarding the Firm's email policy. The acknowledgments shall be maintained in the respective employee's Compliance Acknowledgment folder for recordkeeping purposes.

The Chief Compliance Officer shall be responsible for notifying FINRA that the Firm is going to rely on electronic storage of any Firm records, client data, email, etc. The Chief Compliance Officer shall also be responsible for notifying FINRA electronically should the Firm change, modify, or add vendors for providing such electronic storage service(s).

Records of such actions and all approved e-mail correspondence will be retained for three (3) years, two (2) in an easily accessible location.

#### 2.1.9.2. Instant Messaging

***NOTE: The use of any form of instant messaging is strictly prohibited at the Firm unless and until the associated person arranges with Compliance to subscribe to, and pay for, the content capturing application that is available through the Firm's third-party vendor***

FINRA Notice to Members 03-33 requires member firms to treat instant messaging consistent with the requirements to supervise any other form of e-mail messaging. Instant messaging can be either correspondence or sales literature. In either event, supervision, review and retention procedures must be followed. The Firm utilizes the

same supervisory procedures for instant messaging that it utilizes for the supervision of individual e-mail.

### 2.1.9.3. Personal E-Mail Accounts

The use of personal e-mail accounts is strictly prohibited without the prior written permission of a registered principal. To the extent the use of a personal e-mail account is permitted, all e-mails must also be copied to the associated person's Firm e-mail address and will be subject to the review standards of all other electronic communications.

### 2.1.9.4. Use of Twitter

***The use of Twitter is strictly prohibited at the Firm unless and until the associated person arranges with Compliance to subscribe to, and pay for, the content capturing application that is available through the Firm's third-party vendor.***

### 2.1.9.5. Use of Blogs and Social Networking Sites

The use of blogs and social networking sites for business purposes such as Twitter, Facebook and LinkedIn are covered by FINRA Rule 2210 as they are deemed to be Communications with the Public. Business purposes include, but are not limited to, the use of the Firm's name as well as discussions of securities activities. The type of communication as defined by Rule 2210 is determined by the nature of the communication as either interactive or static.

***The use of blogs and social network sites is strictly prohibited at the Firm unless and until the associated person arranges with Compliance to subscribe to, and pay for, the content capturing application that is available through the Firm's third-party vendor.***

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An interactive electronic forum such as a blog (to the extent that the blog contains discussions between multiple parties) or a social network site is considered a public appearance and does not require pre-approval by a principal but still must be supervised by the Firm and are subject to the recordkeeping requirements of SEC Rules 17a-3 and 17a-4. As the Firm is currently unable to monitor and retain interactive blogs or social network sites, their use for business purposes is strictly prohibited. Should a customer engage in communication regarding securities activities on an interactive site, responses to the customer should be made through a Firm approved e-mail system. Static content on a social media site is considered advertising as it is available to visitors to the site and must be approved by the Chief Compliance Officer prior to use. Static content includes content such as a profile, background or wall information. Advance approval is not required to the extent that a registered person limits the information on the site to the information that is on his or her pre-approved business card. The Firm does not permit any additional information to be posted on a social media site beyond the information on a business card or approved language. Any registered person utilizing a

social media site on which they display Firm related information must provide prompt written notification to the Chief Compliance Officer.

Upon hiring all associated persons will be provided with a copy of the Firm's policies and procedures regarding the use of social media sites. They will sign an attestation indicating their understanding of the policies and procedures regarding limitations on the use of social media sites for business purposes and will disclose any currently utilized social media sites. On an annual basis, associated persons will be required to update the information on file.

The Compliance Officer will conduct a random sample review of the social media sites of the individuals who state that they are utilizing the same in an effort to ensure posted information is consistent with business card or other approved content. The sample will take into consideration the disciplinary history of the individual, length of time in the industry and the length of service with the Firm. Evidence the review by printing out and initialing a copy of the profile page of each site reviewed.

Additionally, Compliance Officer will conduct a random search for the names of Firm personnel on the internet on a random basis to ascertain if unapproved sites are being utilized for business purposes. The review will take into consideration the disciplinary history of the individual, length of time in the industry and the length of service with the Firm. To the extent that the random search reveals employees utilizing unapproved sites for business purposes the sample will be increased. The Compliance Officer will evidence the review by initialing a log of the names searched.

#### 2.1.9.6. Facsimiles

Any document that is to be sent via facsimile should be presented in hard copy form to a designated principal for review and approval. This copy will then be retained in the correspondence file along with the fax confirmation as evidence of the review and approval. The approved correspondence/fax will be retained for three (3) years, of which two (2) years shall be kept in an easily accessible location.

#### 2.1.9.7. Letterhead and Business Cards

The Chief Compliance Officer shall review and approve all letterhead and business cards for Registered Representatives of the Firm who list their e-mail addresses, on their business cards and letterhead. A copy of the approved "copy" shall be retained in the Firm's files and to the extent the Firm is subject to FINRA's pre-filing requirements for all Advertising and Sales Literature, a copy of said materials shall be filed with FINRA for approval, at least 10 days prior to use. It shall be the responsibility of the Chief Compliance Officer to comply with FINRA's pre-filing requirements for Advertising and Sales Literature. All business cards and letterhead used by the Chief Compliance Officer and its associated persons shall disclose the address and telephone number of the registered location that supervises the representative's securities activities.

#### 2.1.9.8. Cold Calling

While the Firm does not engage in Cold Calling activities at this time, in the event the Firm will utilize cold callers or “solicitors”, the following procedures shall govern those activities.

In accordance with FINRA Rule 2212, the Firm shall make and maintain a centralized Do-Not-Call list of persons who do not wish to receive telephone solicitations from the Firm or its associated persons. While engaged in a cold call, should the recipient of the call request that their name be placed on the Firm Do-Not-Call List, the cold caller shall forward this request to the Chief Compliance Officer.

Prior to allowing anyone to engage in cold calling on the Firm’s behalf, the Chief Compliance Officer shall ensure that they have received training regarding the requirements of FINRA Rule 2212. The training given shall be documented with a memo outlining the training, authored by the Chief Compliance Officer, or by an attendance list.

Further, in accordance with FCC rules for cold-calling solicitations, associated persons shall:

- be prohibited from making any cold calls before 8:00 AM or after 9:00 PM at the called party's location; unless
    - The Firm has an established business relationship;
    - The Firm has received the individuals prior express invitation or permission; or
    - The individual called is a broker/dealer.
- provide the called party with the name of the caller, the name of the Firm and any agent for whom the call is being placed, and a telephone number and address for contacting the caller.

## 2.1.10. GENERAL PROVISIONS

### *2.1.10.1.Recordkeeping*

The Chief Compliance Officer will maintain all advertisements, sales literature, and independently prepared reprints in a separate file for a period of three (3) years from the date of last use. The file must include the name of the registered principal who approved each advertisement, item of sales literature, and independently prepared reprint and the date that approval was given.

### *2.1.10.2.Filing Requirements*

All advertisements for new members, and for members that have not previously submitted advertising to FINRA Advertising Department for its review, must file its initial advertisement with FINRA Advertising Department at least 10 business days prior to use and shall continue to file its advertisements with FINRA Advertising Department at least 10 business days prior to use for a period of one year.

The Chief Compliance Officer will provide to FINRA, with each filing, the actual or anticipated date of first use, the name and title of the registered principal who approved the advertisement or sales literature, and the date that the approval was given. The proposed advertisement will be forwarded to FINRA Advertising Department along with a Filing Cover Sheet via facsimile for the Department's review. Payment for the review will be made by check, credit card, or debited directly from the Firm's CRD or Advertising Account balance. The Chief Compliance Officer will withhold the advertising submission from publication or circulation until any changes specified by FINRA Advertising Department have been made and approved.

All advertising and sales literature concerning registered investment companies that are not governed by FINRA Rules 2210(c)(3) or 2210(c)(4) must be filed with the Department within 10 business days of first use or publication. This 10-business-day filing requirement also applies to advertisements and sales literature concerning public direct participation programs and advertisements concerning government securities. FINRA Rule 2210(c)(3) applies a 10-business day pre-filing requirement to sales literature containing bond fund volatility ratings. FINRA Rule 2210(c)(4) maintains the 10-business day pre-filing requirement for registered investment company advertisements and sales literature that include or incorporate self-created rankings or comparisons, advertisements concerning collateralized mortgage obligations, and advertisements concerning security futures.

#### *2.1.10.3.Reference to FINRA Membership*

Pursuant to Interpretive Material 2210-4, if the Firm refers to its FINRA membership on the Firm's website, the website must contain a hyperlink to FINRA's home page, such as: www.finra.org. The hyperlink must be in close proximity to FINRA reference. Should the website contain multiple references to FINRA, the Firm is required to have one hyperlink, as long as it is in close proximity to any reference that is reasonably designed to draw the public's attention to the Firm's FINRA membership.

Prior to approving a website design or change, the Chief Compliance Officer or his designee will review the Firm's website or any revisions to the website

to ensure that if there is a reference to the Firm's FINRA membership that a hyperlink exists to FINRA's home page, www.finra.org. He will indicate his review and approval by initialing and dating the Firm's file copy of the website.

### 2.1.10.4. Securities Investor Protection Corporation

The Chief Compliance Officer will ensure that all advertisements to the investing public reference the Firm's SIPC membership. However, should the Firm's business activities allow it to drop its SIPC membership and should the Firm elect to withdraw from SIPC, then no references to SIPC shall appear on the Firm's communications.

As the Firm's securities are not eligible for SIPC coverage it currently does not have to provide the SIPC disclosure to its customers.

All advertising materials and brochures that contain references to SIPC coverage shall be reviewed by the Chief Compliance Officer prior to distribution to ensure that such coverage is not improperly referred to as "insurance coverage" and that all limitations to such coverage are expressly detailed to the customer.

If the Firm intends to explain what SIPC is, one of the two following descriptions will be utilized:

a) "Member of SIPC, which protects securities customers of its members up to $500,000 (including $250,000 for claims of cash). Explanatory brochure available upon request at **www.sipc.org.**"

b) "Member of SIPC. Securities in your Account protected up to $500,000. For details, please see **www.sipc.org**."

The words "Member of SIPC" may be omitted if either of the official explanatory statements is used in conjunction with the official SIPC symbol l.

# 3 Registered Representative Activities

## 3.1. NEW EMPLOYEES

Central Compliance will do a full evaluation of new employees, including fingerprinting and FBI background check, prior to being allowed to solicit securities transactions on behalf of the Firm. In addition, the registered representative will be assigned to a senior registered principal or registered representative.

The Registration Department will provide all new employees a complete set of New Employee Checklist documents that must complete and return to the Compliance Officer before processing the initial Form U-4 Agent Registration Application, or Non-Registered Filing (NRF) Application, with the Firm. Upon receipt of the completed New Employee Checklist packet, the Registration Department will conduct a background check and Pre-Employment Search of the individual's employment and resignation histories respectively. An employee file will be established and maintained in the "Active Personnel" section of the Firm's compliance books and records. Copies of all documentation will be maintained in the employee's agent registration file for safekeeping.

### 3.1.1. Records of Associated Persons

The Chief Compliance Officer, or designated alternate, will conduct a thorough background check of potential associated personnel using one or more of the following methods:

- Telephone call to previous employer(s);
- Letter to previous employer(s);
- Review of Form U-5 filings made by previous employer(s); or
- Review of Pre-Employment Search through the Web CRD system.

All letters, notes of conversations, etc. will be kept as a part of the employee's permanent file and initialed by the Designated Principal or Chief Compliance Officer. The Firm shall use its best efforts to obtain copies of each person's Form U-5 filing through FINRA/CRD or the individual applicant. Notwithstanding the requirement to obtain copies of the most recent Form U-5 filing, the Firm recognizes the fact that due to electronic filings of Form U-5s with FINRA/CRD and or closure of the previous employer, a Form U-5 may not be available for every individual.

All individuals that will become registered representatives of the Firm via FINRA shall receive an application package from the Designated Principal or Chief Compliance Officer consisting of at minimum the following materials:

a) CRD Pre-Employment Search authorization form;

b) Compliance Forms & Attestations;

c) Policies & Procedures Acknowledgement;

d) IRS Form I-9;

e) Supervisory Procedures Manual;

f) AML Policy

### 3.1.2. Registration Review

The Chief Compliance Officer, or a designated alternate, will review the registration of each associated person using Web CRD to review the associated person's qualifications and ensure that they are properly licensed for the products the Firm is approved to sell. The Chief Compliance Officer, or a designated alternate, evidences approval by digitally signing and submitting the U4 using Web CRD. A copy of the U4 downloaded from Web CRD is placed in the personnel folder of the associated person and delivered to them for their personal files. All personnel records will be maintained in accordance with SEC Rule 17a-3(a)(12) and Notice to Members 01-80. Such records shall include, but not be limited to, records of every written complaint received by the broker/dealer against each associated person; records of all agreements pertaining to the associated person's relationship with the Firm and a summary of each associated person's compensation arrangement and records listing transactions for which each associated person will be compensated.

It shall be the responsibility of the Chief Compliance Officer to ensure that the appropriate employee files are established for each new associated person and that they are maintained for at least three years after the person's departure from the Firm.

### 3.1.3. Examination Requests

If exams are requested for a registered individual, a note shall be made in the individual's file. The Firm shall also maintain a log or record reflecting the expiration dates of exam requests and of the results of exams. The Chief Compliance Officer shall ensure that an individual does not engage in any activity requiring registration until the individual has successfully passed all required exams and they are properly registered in the appropriate jurisdictions.

### 3.1.4. Heightened Supervisory Procedures

A heightened level of supervision will be employed where any registered representative has a history of multiple customer complaints and arbitrations that were resolved against the registered representative. The Chief Compliance Officer will be responsible for the supervision of any registered representative who falls into any of the above categories. The Chief Compliance Officer will assess the degree of additional supervision needed based on the form and quantity of violations. The Chief Compliance Officer will notify the applicable registered representative of the additional supervision, its format and length of time. Both the Chief Compliance Officer

and the registered representative will sign an acknowledgment as to the terms and time for the special supervision. The product, customer or activity type will be examined to determine if the representative's activities will be restricted or additional reviews will be performed. The Chief Compliance Officer will review all new account forms for completeness and accuracy. Additionally he will contact customers on a random basis to review the information with the client and note the review on the new account form. All communication with the public will receive prior approval in writing by the Chief Compliance Officer before being utilized by the registered representative.

Where an associated person has been readmitted after having been statutorily disqualified, all such individuals shall attend mandatory weekly compliance meetings to be held by the Chief Compliance Officer Such meetings will cover at a minimum: i) current projects being worked on by the associated person with an emphasis on compliance issues relating thereto; (ii) a question and answer period in which the associated person may ask any question he may have and receive authoritative guidance concerning compliance issues relating thereto; (iii) a review of regulatory developments, Firm policies and similar information. As evidence of attendance of such compliance meetings, attendance records will be maintained by the Firm, which shall reflect the date and location of the meeting, those in attendance and the subjects discussed.

### 3.1.5. Change of Address Validation

Any change of address will require written notification from the customer. The Chief Compliance Officer after reviewing the request will approve the address change by initialing the request letter, address change form, or similar document. He/she will cause a copy of notification of the address change to be forwarded to both the old and new address of the customer on or before the 30th day after the date the Firm received notice of any change. An alternate principal will review address changes of The Chief Compliance Officer's clients, yet to be determined.

### 3.1.6. Statutorily Disqualified Individuals

All securities related activities conducted by an individual who has been readmitted by FINRA after having been statutorily disqualified shall be reviewed and approved in writing by the Chief Compliance Officer prior to commencement. In addition, all correspondence dealing with the solicitation of securities transactions with customers of the Firm shall be reviewed and approved in writing by the Chief Compliance Officer prior to dissemination.

All associated persons assigned to clerical positions will be screened prior to employment, and supervised by, the Chief Compliance Officer

Further, it is the Firm's position that in order for any individual to become associated after having been previously statutorily disqualified shall consent to a six (6) month strict probationary period during which (a) the Chief Compliance Officer shall accompany the associated person to any and all meetings the associated person might have with clients of the Firm; (b) the Chief Compliance Officer shall randomly spot check phone conversations as

they transpire between the associated person and clients of the Firm; and (c) clients of the Firm may be contacted by the Chief Compliance Officer and questioned as to representations made by the associated person during their course of dealings with the subject associated person.

### 3.1.7. Compliance Meetings

All associated persons shall attend mandatory annual compliance meetings to be conducted by the Chief Compliance Officer, and will be held at the Firm's main office, in person and/or shall be conducted via telecommunications. Such compliance meetings shall cover at a minimum,

a) a review of the Firm's approved types of securities business, and method of operation of each associated person with an emphasis on related compliance issues;

b) a question and answer period in which the Firm's associated persons may ask any question he or she may have and receive authoritative guidance concerning compliance issues relating thereto;

c) a review of regulatory developments, Firm policies, and similar information; and Firm policies and recent regulatory developments and or cases dealing with insider trading, unauthorized trading, private securities transactions, and other recent regulatory developments of interest to the Firm.

An attendance record will be maintained by the Chief Compliance Officer, which shall reflect the date and location of the meeting, those in attendance and the subjects discussed. The annual compliance meeting shall be a requirement for all employees of the Firm regardless of registration status.

To the extent the Chief Compliance Officer chooses to conduct an annual compliance meeting other than in person with all employees present, it shall be the Chief Compliance Officer's responsibility to ensure that the communication means to be utilized will permit interactive communication. This means, at a minimum, that the representatives that attend the compliance meeting via electronic or telecommunications means must be able to hear presenters live and, in an interactive environment, ask questions and engage in dialogue with the presenters. Presenters may use supplemental learning and communications tools such as videotapes or computer programs that include informational or instructional materials from persons who are not physically present.

*Note:* Notice to Members 98-18 cautions Member Firms who choose to conduct such conferences through electronic means or aids that they bear a heightened responsibility associated with electronic communications to ensure that representatives scheduled to appear at a particular location in fact arrive at and stay for the entire conference.

## 3.2. CONTINUING EDUCATION

### 3.2.1. The Firm Element

The firm element of continuing education, compliant with FINRA Rule 1240, shall apply to any person registered with the Firm who has direct contact with customers, and to the immediate supervisors of such persons (collectively, "covered registered persons"). For this section, "Customer" shall mean any natural person and any organization, other than another broker or dealer, executing securities transactions with or through the Firm.

The Compliance Officer will provide training material to all registered personnel on at least an annual basis related to their job functions, services, and products. Such training will emphasize both product/service knowledge and sale practices including firm commitment underwritings and the Company's and registered persons' specific responsibilities thereon. Firm element training materials can be developed internally or through an outside vendor. This can be done individually or combined with the annual compliance meeting.

To satisfy the firm element of continuing education each registered representative must earn a minimum of 15 CE Credits per year. CE credits are earned by Completing CE Content. This can be done by participating in CE Events or completing CE Modules/Training

CE credits can be earned by attending a pre-approved Continuing Education Event. A Continuing Education Event may take the form of a lecture, webinar, course, training, or a similar type of event that facilitates interactive learning within a relevant aspect of the finance industry. CE Events may be created and assigned by Weild & Co. Compliance, or they may be submitted to and approved by Weild & Co. Compliance. For CE Events, 1 CE Credit will be earned for every 20 minutes of content created or participated in. All CE Events need to be pre-approved for any CE Credits to be earned.

CE credits can also be earned by creating or completing CE Modules

Modules may be created by Weild personnel, but must be pre-approved and constructed to specifications and include:

- Subject (name)
- Content Creators | Sources (list)
- Statement of Objective (describe)
- Estimated run time and quiz time (in minutes)
- Multiple choice questions/exam to demonstrate retention (10 questions)

If there is another training or module that representatives would like to attend that is outside what is offered or promoted by the firm, it must be submitted to Weild & Co. compliance for approval prior to attending or completing the course/module.

For CE Modules, 5 CE credits will be earned for each completed module. All CE Modules need to be pre-approved for any CE Credits to be earned.

CE Content can be mandatory or elective

- Mandatory content will be assigned by Weild & Co. Compliance
- Elective content must be pre-approved by Weild & Co. Compliance

Criteria for CE content to be approved:

- It must be a topic that is relevant to our business – per discretion of Weild & Co. Compliance.
- Completion of CE content must be demonstrable (a certificate or some other form of proof of attendance/completion by the training authority)

Regardless of how many CE credits have been earned in a year, each representative is required to take a course or participate in an event regarding Anti Money Laundering, for which pre-approval of the content is required

All individuals employed with the Firm after November 1st will be added to the next year's Continuing Education Plan. There are no exemptions for registered persons who deal with clients or are first line supervisors in the securities industry. All registered persons must meet and demonstrate compliance with the firm element on an annual basis.

### 3.2.2. CE Contact Person

In accordance with FINRA Rule 1120 and Notices to Members 04-22, a Compliance Officer is designated with FINRA as the primary contact person to receive email notifications provided electronically by the CRD regarding when a registered person is approaching the end of his or her Regulatory Element time frame and when a registered person is deemed inactive due to failure to complete the requirements of the Regulatory Element program.

### 3.2.3. The Regulatory Element (FINRA-Mandated Continuing Education)

Each covered person shall complete the Regulatory Element on the occurrence of their second registration anniversary date and every three years thereafter, or as otherwise prescribed by FINRA. On each occasion, the Regulatory Element must be completed within 120 days after the person's registration anniversary date. A person's initial registration date, also known as the "base date," shall establish the cycle of anniversary dates for purposes of this Rule. The content of the Regulatory Element shall be appropriate to either the registered representative or principal status of persons subject to the Rule. The content of the Regulatory Element for a person designated as eligible for a waiver pursuant to Rule 1210.09 shall be determined based on the person's most

recent registration status, and the Regulatory Element shall be completed based on the same cycle had the person remained registered.

Unless otherwise determined by FINRA, any covered persons who have not completed the Regulatory Element within the prescribed time frames will have their registrations deemed inactive until such time as the requirements of the program have been satisfied. Any person whose registration has been deemed inactive under this Rule shall cease all activities as a registered person and is prohibited from performing any duties and functioning in any capacity requiring registration. Further, such person may not accept or solicit business or receive any compensation for the purchase or sale of securities. However, such person may receive trail or residual commissions resulting from transactions completed before the inactive status, unless the member with which such person is associated has a policy prohibiting such trail or residual commissions. A registration that is inactive for a period of two years will be administratively terminated. A person whose registration is so terminated may reactivate the registration only by reapplying for registration and meeting the qualification requirements of the applicable provisions of Rules 1210 and 1220. FINRA may, upon application and a showing of good cause, allow for additional time for a covered person to satisfy the program requirements. If a person designated as eligible for a waiver pursuant to Rule 1210.09 fails to complete the Regulatory Element within the prescribed time frames, the person shall no longer be eligible for such a waiver.

## 3.3. COMPANY WATCH LIST

The Company Watch List ("WL") is a confidential list of securities about whose issuers the Firm may have received material confidential information, usually concerning a transaction or other event for which the Firm has been engaged, or where the Firm has been retained to advise an issuer or otherwise has determined that there is a reason to monitor trading activities in securities of said issuer.

The WL is ordinarily used to facilitate the monitoring of, without restricting, research and trading and other activities in those securities in order to monitor compliance with the Chinese Wall procedures set forth in the Firm's Written Supervisory Procedures.

The contents of the WL and any restrictions that result from them are confidential. No one may engage in discussions regarding the contents of the WL with persons inside the Firm except in accordance with the Firm's Chinese Wall procedures. No one may engage in a discussion with anyone outside the Firm concerning the contents of the WL.

Weild reps are responsible for verifying that they do not complete any trades in securities on the WL. Weild reps are also required to notify Weild Compliance of any companies they are involved with that should be added to the WL.

### 3.3.1. Placement of Securities on and off the Watch List

When a security is placed on the Watch List, a notification from the involved Rep indicating date and time the security became restricted is sent to Compliance. Once Compliance is notified that a security is to be placed on the WL, the symbol is added to the Firm's rules to flag any trades in that security. The security is then added to the Watch List. The Stock Symbol, the exchange it trades on, the name of the company, the person or group that is restricted, the date the restriction was effective and the reason

for the restriction are tracked. Along with the indicated restricted person or group, all managers, traders, and compliance personnel are automatically restricted.

#### 3.3.1.1. Monitoring

When a security has been placed on the WL, the Firm will conduct a regular review of transactions in securities that are on the WL until the security is removed.

Reviews will be conducted by the Compliance Department under the direction of the Chief Compliance Officer or designated alternate. The reviews will be documented.

## 3.4. COMPANY RESTRICTED LIST

The Compliance Department will review newly received duplicate statements and trade confirmations on a regular basis to verify there is no trades in WL securities until the security is removed from the RL.

Reviews will be conducted by the Compliance Department under the direction of the Compliance Officer. The reviews will be evidenced by the initials and date of review on the duplicate statements and trade confirmations, and noted in the Surveillance file.

Any trades of RL securities identified will be brought to the attention of the Chief Compliance Officer.

Unauthorized trades in employee and their affiliated accounts shall be busted absent a satisfactory, legal, and ethical reason. All profits from such trades shall be forfeited to the Firm and losses charged to the employee. Personnel involved in improper Firm transactions (i.e., those that are not unsolicited orders from a client) shall be disciplined. The disciplinary action shall range from a verbal warning to dismissal and may include fines. The action shall take into consideration the seriousness of the violation and whether it is a repeat violation. All investigations, trade reversals, and disciplinary measures shall be documented via memos or written notes to the appropriate file. The Chief Compliance Officer's initials or signature on the appropriate document shall evidence supervision.

Weild reps are responsible for verifying that they do not complete any trades in securities on the RL. Weild reps are also required to notify Weild Compliance of any companies they are involved with that should be added to the RL.

### 3.4.1. Use of the Restricted List

The RL is solely for the internal use of the Firm. No one may engage in discussions regarding whether a security is or is not on the RL with persons outside the Firm without specific clearance from the Chief Compliance Officer The RL is distributed periodically (electronically and/or in written form) to associated persons.

#### 3.4.1.1. Prohibitions Relating to Restricted List Securities

The placement of a security on the RL generally restricts trading in the specific classes of the security unless the Chief Compliance Officer grants an exception. This means that, depending on the reason for placing a security on the RL, absent an exception, the

following activities in RL securities may be prohibited: trading in personal or certain related accounts.

RL prohibitions generally apply to all securities, which are convertible, exchangeable or exercisable into a security that is on the RL.

### *3.4.1.2. Placement of Securities on and off the Restricted List*

A security may be placed on the RL for a number of reasons. Therefore, no inferences should be drawn concerning a company or its securities due to its inclusion on the RL.

Securities may be placed on the RL at the direction of the Chief Compliance Officer.

It is essential that associated persons are alert to circumstances that might require the placement of a security on or off the RL. When in doubt, their supervisor should be consulted.

Generally, a security will be removed by the Compliance Department from the RL at the request of the Chief Compliance Officer The security can be removed from the RL when the Firm's involvement in the transaction relating to the security has ended, when the transaction has been concluded, or when it is otherwise determined that it is no longer necessary to restrict activities in the security.

### *3.4.1.3. Exceptions to the Restricted List*

The Compliance Department may grant exceptions to Restricted List prohibitions in appropriate circumstances. Any request for such an exception may be granted only by the Chief Compliance Officer, and the exception must be granted before any otherwise prohibited activity is effected.

### *3.4.1.4. Monitoring the Restricted List*

The Compliance Department will review newly received duplicate statements and trade confirmations on a regular basis to verify there is no trades in RL securities until the security is removed from the RL.

Reviews will be conducted by the Compliance Department under the direction of the Compliance Officer.  The reviews will be evidenced by the initials and date of review on the duplicate statements and trade confirmations, and noted in the Surveillance file.

Any trades of RL securities identified will be brought to the attention of the Compliance Officer.

Unauthorized trades in employee and their affiliated accounts shall be busted absent a satisfactory, legal, and ethical reason. All profits from such trades shall be forfeited to the Firm and losses charged to the employee. Personnel involved in improper Firm transactions (i.e., those that are not unsolicited orders from a client) shall be disciplined. The disciplinary action shall range from a verbal warning to dismissal and may include fines. The action shall take into consideration the seriousness of the violation and whether it is a repeat violation. All investigations, trade reversals, and disciplinary measures shall be documented via memos or written notes to the appropriate file. The Compliance Officer's initials or signature on the appropriate document shall evidence supervision.

## 3.5. INSIDER TRADING

All associated persons shall be assigned to a qualified supervisor of the Firm. It shall be the policy of the Firm to require all registered representatives to provide the Firm with a list of all affiliations either directly or indirectly with any publicly registered companies. Such listing shall include the name of the company, the nature of the affiliation, the percentage (%) ownership (either direct or indirect), and the date in which the affiliation first existed.

It shall be the policy of the Firm to request duplicate statements and confirmations from other SEC registered broker/dealers for each registered representative of the Firm. Copies of the duplicate statements shall be maintained as part of the Firm's records for six years. Such duplicate account statements, as well as the account statements for employee affiliated accounts held at the Firm, shall be reviewed regularly by the Compliance Officer or authorized designee. The review is evidenced by initialing the account statements and writing the date of review of the first page of the statement.

If the review discloses the purchase or sale of a large amount of stock or options, the reviewer shall ask the employee the reason for such and make a notation as to the response. The reviewer shall then review the stock's performance subsequent to the transaction in question. If the stock's move is large relative to the market or industry segment as a whole, and there is an increase in the stock's volume, the Compliance Officer shall search the business press for any news that would explain the move. If necessary, he shall conduct an additional interview with the employee. If in the Chief Compliance Officer's opinion insider trading has occurred, the employee shall be disciplined (written reprimand, fined, suspended, and/or terminated) and if appropriate, the SEC shall be notified.

All associated persons of the Firm are expressly prohibited from misusing "inside" or nonpublic "proprietary" information as such terms are defined herein for purposes of this section. No associated person may purchase or sell a security or cause the purchase or sale of a security for any account while in possession of inside information relating to that security. Further, no associated person may recommend or solicit the purchase or sale of any security while in possession of inside information relating to that security. No associated person may disclose inside information to others, except disclosures made in accordance with the Firm's policies and procedures to other Firm personnel or persons outside the Firm (such as the Firm's outside legal counsel or the client's attorneys or accountants) who have a valid business reason for receiving such information.

No associated person may purchase or sell or cause the purchase or sale of a security for an employee or employee-related account or a proprietary account of the Firm or an account over which an employee exercises investment discretion, while in possession of proprietary information concerning a contemplated block transaction in the security or for a customer account when such customer has been provided such information by any associated person.

A copy of the Restricted List shall be made available to all associated persons of the Firm. Further any transactions which occur, in an Employee Account or Employee Related Account, which the Firm feels may be inappropriate and/or otherwise questionable will be investigated by the Chief Compliance Officer and inquiries will be made into the circumstances surrounding such transaction.

The Compliance Officer shall monitor trading by making a daily comparison of transactions in securities placed on the Firm's watch or restricted list. The Compliance Officer will immediately investigate any transactions that occur in close proximity to a security being placed on either list. The results of the investigation will be prepared in writing and forwarded to the Designated Principal for review.

### 3.5.1. Inside Information

Certain information received by the Firm in the course of its activities may be "inside" information within the meaning of federal securities laws that prohibit the fraudulent misuse of such information in connection with the purchase or sale of securities. For purposes of the Firm's policies and procedures, "inside" information includes "material, nonpublic" information provided to the Firm by an external source such as a client, prospective client, or other third party with the expectation that the Firm will keep the information confidential and use it only for the benefit of the client or prospective client.

Under the Firm's policies and procedures, certain "tips" may be treated as inside information. "Tips" are generally material nonpublic information received from persons outside of a client relationship. For example, during the course of gathering information from which to prepare their research reports, research analysts may be provided material, nonpublic information by corporate officials. Associated persons of the Firm who receive information in such circumstances should check with the Chief Compliance Officer, who then may contact legal counsel for the Firm, before using or disclosing the information.

### 3.5.2. Proprietary Information

Certain information possessed by associated persons of the Firm is proprietary to the Firm. Such information may include unpublished research information, opinions, and recommendations; the Firm's security positions; the Firm's intentions with respect to trading in its proprietary accounts; the Firm's investment or trading strategies or decisions; pending or contemplated customer orders; unpublished analyses of companies, industries or economic forecasts; and analyses done by research personnel of companies that are potential acquirers of other companies or their assets or companies that are possible candidates for acquisition, merger, or sale of assets.

### 3.5.3. Material Information

Information is material if there is a substantial likelihood that a reasonable investor would consider the information important in deciding whether to purchase, hold or sell a security. In other words, there must be a substantial likelihood that disclosure of the information would have been viewed by a reasonable investor as having significantly altered the total mix of information made available. Information may be material even if it relates to speculative or contingent events.

Material information may include information about: dividend increases or decreases; earnings or earnings estimates; changes in previously released earnings or earnings estimates; write-downs of assets; additions to reserves for bad debts; expansion or curtailment of operations; increases or declines in orders, new products, or discoveries; borrowing; litigation; liquidity problems; management developments; contests for corporate control; public offerings of securities; changes of ratings of debt securities; proposed transactions such as refinancings; tender offers; recapitalizations, leveraged

buy-outs, acquisitions, mergers, restructurings, or purchases or sales of assets; advance knowledge of unannounced government actions that is likely to have an effect on the market; knowledge of unannounced events that will affect one or more companies in a significant way; or knowledge of unannounced inventions.

### 3.5.4. Nonpublic Information

Unless information has been publicly disclosed, such as by means of a press release, in the Dow Jones or Reuters press services, in a newspaper, in a public filing made with a regulatory agency, in materials sent to shareholders or potential investors such as a proxy statement or prospectus, or in materials available from public disclosure services, Firm associated persons should assume that all information obtained in the course of their employment by the Firm should be considered non-public information.

### 3.5.5. Annual Attestation

The Chief Compliance Officer will be responsible for updating employees on new or revised regulations pertaining to insider trading as they are issued. If applicable, he will distribute an addendum to the written supervisory procedures to all employees, and a copy of the addendum will be placed in the file.

At the time of employment, and annually thereafter during the annual compliance meeting, all associated persons and registered representatives will be required to sign the Insider Trading Acknowledgment indicating that they have read and understand the procedures. A copy of the Acknowledgment will be placed in each individual's personnel folder.

## 3.6. CHINESE WALL PROCEDURES

In certain circumstances individuals engaged in investment banking activities will deal with public companies and will receive nonpublic information. This information may only be provided to personnel on a need-to-know basis and Weild & Co. has procedures to ensure that nonpublic information is safeguarded. Those individuals that receive nonpublic information are also considered to be "Over the Wall".

All associated persons should take the following steps to safeguard the confidentiality of inside information:

a) Do not discuss confidential information in public places such as elevators, hallways, restrooms, or at social gatherings;

b) To the extent practicable, limit access to the Firm's offices where confidential information could be observed or overheard to Firm associated persons with a business need for being in the area;

c) Avoid using speakerphones in areas where unauthorized persons may over hear conversations;

d) Where appropriate, maintain the confidentiality of client identities by using code names or numbers for confidential projects;

e) Exercise care to avoid placing documents containing confidential information in areas where they may be read by unauthorized persons and store such documents in secure locations when they are not in use;

f) Destroy copies of confidential documents no longer needed for a project or not otherwise required to be maintained under federal securities laws;

g) Access to the Firm's records and offices shall be restricted only to employees who need access to such, and to clients when accompanied by an employee;

h) When documents containing non-public material information are to be disposed of, they shall be destroyed by shredding or some other secure manner which can prevent readable copies from accidentally falling in the hands of non-insiders;

i) All employees, including non-registered personnel, shall be apprised of these procedures when initially hired, and at the annual compliance meeting;

j) Associated persons engaging in meetings with corporate officers of companies for the purpose of gathering information or follow up meetings with companies shall maintain written notes of said meetings, including, but not limited to:

- the names of Firm representatives and of corporate officers of the subject company in attendance;
- the time, date, and location of the meeting;
- the purpose of the meeting;
- notes of conversations between the corporate officers and Firm representatives in attendance; five (5) copies of any handouts or other written materials given to Firm representatives in. attendance;

k) The Firm shall maintain a file containing a list of all written materials issued within the previous 12 month period to customers of the Firm. Copies of such materials shall also be maintained in the files of the Firm; and

l) The Firm's private placement records, and any other records that may contain material non-public information, shall be kept in locked drawers and file cabinets. They shall only be removed when needed for working on the deal, and shall be locked up each evening.

## 3.7. TRADING LIMITATIONS

No purchases or sales of securities should be made for an employee or employee-related account based on information learned from customers or derived from customer accounts.

No purchase or sale of securities may be made for an employee or employee-related account if the transaction is prohibited by the Restricted List. Employees should check whether a security is on the Watch or Restricted List before making a purchase or sale for an employee or employee-related account.

The Chief Compliance Officer has overall responsibility for developing and maintaining policies and procedures for handling inside and proprietary information. The Chief Compliance Officer shall be responsible for the implementation of these policies and procedures.

## 3.8. ANNUAL ATTESTATION

At the time of employment, and annually thereafter during the annual compliance meeting, all associated persons and registered representatives will be required to sign the Chinese Wall Procedures Acknowledgment indicating that they have read and understand the procedures. A copy of the Acknowledgment will be placed in each individual's personnel folder.

# 4 Books and Recordkeeping Procedures

It is the Firm's policy that all accounting records will be maintained on a daily basis in order to comply with the regulations relative to net capital requirements and other regulated practices in this area. SEC Rule 17a-3 mandates the specific records that must be kept, and how often a firm must update each record. SEC Rule 17a-4 specifies the length of time that a firm must keep and maintain such records.

The Firm will operate pursuant to the exemptive provisions of paragraph (k)(2)(i) of SEC Rule 15c3-3 and maintain a net capital of $5,000 pursuant to the provisions of paragraph (a)(2)(vi) of SEC Rule 15c3-l. The Firm will not alter its exemptive provision or net capital requirement without prior FINRA approval.

## 4.1. FINANCIAL STATEMENTS AND NET CAPITAL COMPUTATION

The FINOP will be responsible for preparing reconciliations on a monthly basis of all asset and liability accounts, and he will indicate his review and approval by initialing each monthly statement. In addition, on a monthly basis when the bank statement is received, The FINOP will prepare the following un-audited financial statements: a trial balance, balance sheet, income statement, Net Capital Computation, Statement of Aggregate Indebtedness, and bank reconciliation. The FINOP will review all such reports and approve same by initialing and dating of each monthly calculation.

These records and all work papers used to make the calculations shall be kept for at least three (3) years.

## 4.2. FOCUS IIA REPORTS

On a quarterly basis, The FINOP will prepare the FOCUS IIA Report and such other financial reports that may be required to be filed with the SEC, FINRA or state regulatory agencies. The FINOP will review the FOCUS IIA Report. The FINOP will submit the final report within seventeen (17) business days from the end of the quarter.

In order to facilitate filing the FOCUS IIA Report electronically, The FINOP is designated as the Web based FOCUS Account Administrator and is assigned as an Account User for filing purposes. The FINOP will be responsible for executing the "User Account Agreement Acknowledgment Form" and the "Account Administrator Entitlement Form."

## 4.3. SEC RULE 17A-11 NOTIFICATION

The FINOP, in accordance with SEC Rule 17a-11, is required to notify the SEC and FINRA of any net capital deficiencies. SEC Rule 17a-11 requires the Firm to notify the SEC and FINRA when the Firm's:

- net capital declines below the minimum amount required pursuant to §240.15c3–1 (notice is required the same day);
- aggregate indebtedness is in excess of 1,200 percent of its net capital (notice is required within 24 hours); or
- total net capital is less than 120 percent of the broker's or dealer's required minimum net capital (notice is required within 24 hours).

The FINOP will transmit any notices required by Rule 17a-11 via electronic transmission to the SEC's principal office in Washington, D.C., the SEC's regional office, and FINRA's principal office and regional offices. The FINOP will retain a copy of any notices filed with the Firm's regulators.

## 4.4. ANNUAL FILINGS

On an annual basis, the Chief Compliance Officer and the Financial Operations Principal shall review the annual certified audit as to its accuracy and compliance with SEC and FINRA rules and regulations. Such review and approval shall be evidenced by either principal's dated execution of each annual audit report, or by their initials on a file copy if another person who is an executive officer executes the audit report. The Chief Compliance Officer, or another designated alternate, will ensure that the audited reports are sent in time to be received by the appropriate regulatory body within sixty days of the Firm's fiscal year-end. A copy of each year's executed annual audit report shall be made a part of the Firm's permanent files.

The FINOP will review all FINRA assessments and fees when received and ensure that they are paid on a timely basis.

## 4.5. PREPARATION OF CORPORATE RECORDS

The Firm shall make and keep current the following books and records relating to the Firm's business:

1. Ledgers (or other records) reflecting all assets and liabilities, income and expense and capital accounts.
2. A record of the proof of money balances of all ledger accounts in the form of trial balances, and a record of the computation of aggregate indebtedness and net capital, as of the trial balance date, pursuant to 1934 Act Rule 15c3-l.
3. A questionnaire or application for employment executed by each "associated person" of the Firm, which shall be approved in writing by an authorized representative of the Firm and shall contain, at a minimum, the following:
   a) name, address. social security number and the starting date of employment or other association with the Firm;
   b) date of birth;
   c) A complete statement of business connections for the preceding ten years, including whether such employment was part-time or full-time;
   d) A record of any denial of membership or registration, and of any disciplinary action taken, or sanction(s) imposed, by any federal or state agency, or by any national securities exchange or national securities association, including any finding that was a cause of any disciplinary action or had violated any law;
   e) A record of any denial, suspension, expulsion or revocation of membership or registration of any broker-dealer with which the individual was associated in any capacity when such action was taken;
   f) A record of any permanent or temporary injunction entered against the individual or any broker-dealer with which the individual was associated in any capacity at the time such injunction was entered;
   g) A record of any arrest or indictment for any felony, or any misdemeanor pertaining to securities, commodities, banking, insurance or real estate, fraud, false statements or omissions, wrongful taking of property or bribery, forgery or counterfeiting or extortion, and the disposition of the foregoing;
   h) A record of any other name by which the individual has been known or has used; and
   i) A record listing every associated person of the Firm which shows every office of the Firm where the associated person

j) regularly conducts the business of effecting any transactions in, or inducing or attempting to induce the purchase or sale of any security for the Firm, and the Central Registration Depository number, if any, and every internal identification number or code assigned to that person by the Firm.

4. Records required to be maintained pursuant to paragraph (d) of 240.17f2.
5. Copies of all Forms X-17F-1A filed pursuant to 240.17f-l with respect to missing, lost, counterfeit or stolen securities, all agreements between reporting institutions regarding registration or other aspects of 240.17f-l, and all confirmations or other information received from the Commission or its designee as a result of inquiry.
6. Records required to be maintained pursuant to paragraph (e) of 240.17f2.
7. Records regarding any internal broker-dealer system of which the Firm is the sponsor.
8. For each account with a natural person as a customer or owner:

   a) An account record including the customer's or owner's name, tax identification number, address, telephone number, date of birth, and employment status (including occupation and whether the customer is an associated person of a member, broker or dealer). In the case of a joint account, the account record must include personal information for each joint owner who is a natural person. The account record shall indicate whether it has been signed by the associated person responsible for the account, if any, and approved or accepted by a principal of the Firm.

   b) A record indicating that:

      i. The Firm has furnished to each customer or owner within thirty days of the opening of the account, and thereafter at intervals no greater than thirty-six months, a copy of the account record or an alternate document with all information required by paragraph (a)(17)(i)(A) of SEC Rule 17a-3. The Firm may elect to send this notification with the next statement mailed to the customer or owner after the opening of the account. The Firm may choose to exclude any tax identification number and date of birth from the account record or alternative document furnished to the customer or owner. The Firm shall include with the account record or alternative document provided to each customer or owner an explanation of any terms regarding investment objectives. The account record or alternate document furnished to the customer or owner shall include or be accompanied by prominent statements that the customer or owner should mark any corrections and return the account record or alternate document to the Firm, and that the customer or owner should notify the Firm of any future changes to information contained in the account record.

      ii. For each account record updated to reflect a change in the name or address of the customer or owner, the Firm furnished a notification of that change to the customer's old address, or to each joint owner, and the associated person, if any, responsible for that account, on or before the 30th day after the date the Firm received notice of the change.

      iii. For each change in the account's investment objectives the Firm has furnished to each customer or owner, and the associated person, if any,

responsible for that account a copy of the updated customer account record or alternative document with all information required to be furnished by paragraph (a)(17)(A)(2)(a) of SEC Rule 17a-3, on or before the 30th day after the date the Firm received notice of any change, or, if the account was updated for some reason other than the Firm receiving notice of a change, after the date the account record was updated. The Firm may elect to send this notification with the next statement scheduled to be mailed to the customer or owner.

c) For purposes of this paragraph (a)(17), the neglect, refusal, or inability of a customer or owner to provide or update any account record information required under paragraph (a)(l7)(A)(l) shall excuse the Firm from obtaining that required information.

d) The account record requirements in paragraph (a)(17)(A)(l) shall only apply to accounts for which the Firm is, or has within the past 36 months been, required to make a suitability determination under the federal securities laws or under the requirements of a self-regulatory organization of which it is a member. Additionally. the furnishing requirement in paragraph (a)(17)(A)(2)(a) shall not be applicable to an account for which, within the last 36 months, the Firm has not been required to make a suitability determination under the federal securities laws or under the requirements of a self-regulatory organization of which it is a member. This paragraph (a)(17)(A)(4) does not relieve the Firm from any obligation arising from the rules of a self-regulatory organization of which it is a member regarding the collection of information from a customer or owner

e) If an account is a discretionary account, a record containing the dated signature of each customer or owner granting the authority and the dated signature of each natural person to whom discretionary authority was granted.

f) A record for each account indicating that each customer or owner was furnished with a copy of each written agreement entered into pertaining to that account and that, if requested by the customer or owner, the customer or owner was furnished with a fully executed copy of each agreement.

11. A record:

a) As to each associated person of each written customer complaint received by the Firm concerning that associated person. The record shall include the complainant's name, address, and account number; the date the complaint was received; the name of any other associated person identified in the complaint; a description of the nature of the complaint; and the disposition of the complaint. Instead of the record, the Firm may maintain a copy of each original complaint in a separate file by the associated person named in the complaint along with a record of the disposition of the complaint.

b) Indicating that each customer of the Firm has been provided with a notice containing the address and telephone number of the department of the Firm to which any complaints as to the account may be directed.

12. A record:

a) As to each associated person listing each purchase and sale of a security attributable, for compensation purposes, to that associated person. The

record shall include the amount of compensation if monetary and a description of the compensation if non-monetary. In lieu of making this record, the Firm may elect to produce the required information promptly upon request of a representative of a securities regulatory authority.

b) Of all agreements pertaining to the relationship between each associated person and the Firm including a summary of each associated person's compensation arrangement or plan with the Firm, including commission and concession schedules and, to the extent that compensation is based on factors other than remuneration per trade, the method by which the compensation is determined.

13. A record documenting that the Firm has complied with, or adopted policies and procedures reasonably designed to establish compliance with, applicable federal requirements and rules of a self-regulatory organization of which the Firm is a member which require that advertisements, sales literature, or any other communications with the public by a member, broker or dealer or its associated persons be approved by a principal.
14. A record for each office listing, by name or title, each person at that office who, without delay, can explain the types of records the Firm maintains at that office and the information contained in those records.
15. A record listing each principal of the Firm responsible for establishing policies and procedures that are reasonably designed to ensure compliance with any applicable federal requirements or rules of a self-regulatory organization of which the Firm is a member that require acceptance or approval of a record by a principal.

The term office means any location where one or more associated persons regularly conduct the business of effecting any transactions in, or inducing or attempting to induce the purchase or sale of, any security.

## 4.6. PRESERVATION OF RECORDS

The Firm shall preserve for a period of not less than six (6) years, the first two (2) years in an easily accessible place, the following records:

1. Blotters (or other records of original entry);
2. Ledgers (or other records) reflecting all assets and liabilities, income and expense and capital accounts;
3. Records of each office listing, by name or title, each person at that office who, without delay, can explain the types of records the Firm maintains at that office and the information contained in those records; and
4. Records listing each principal of the Firm responsible for establishing policies and procedures that are reasonably designed to ensure compliance with any applicable federal requirements or rules of a self-regulatory organization of which the Firm is a member that require acceptance or approval of a record by a principal.

The Firm shall preserve for a period of not less than three (3) years, the first two (2) years in an accessible place, the following records:

1. Ledgers (or other records) required to be made pursuant to 1934 Act Rule 240.17a-3(a)(4);
2. Memoranda of brokerage orders required to be made pursuant to 1934 Act Rule 240.17a-3(a)(6);
3. Memoranda of purchases and sales required to be made pursuant to 1934 Act Rule 240.17a-3(a)(7);
4. Copies of confirmations of all purchases and sales of securities required to be made pursuant to 1934 Act Rule 240.17a-3(a)(8);
5. Records regarding any internal system of which the Firm is sponsor;
6. Records for each associated person of each written customer complaint received by the Firm;
7. Record of each purchase and sale of a security for each associated person for compensation purposes;
8. A record of all agreements pertaining to the relationship between each associated person and the Firm including a summary of the compensation arrangement;
9. Record documenting the Firm has complied with federal requirements and rules of a self-regulatory organization which requires that advertisements, sales literature or any other communication be approved by a principal;
10. All checkbooks, bank statements, canceled checks and cash reconciliations;
11. All bills receivable or payable (or copies thereof), paid or unpaid, relating to the business of the Firm;
12. Originals of all communications received and copies of all communications sent by the Firm relating to its business (including inter-office memoranda and communications);
13. All trial balances, computations of aggregate indebtedness and net capital (and accompanying working papers), financial statements, branch office reconciliations and internal audit working papers relating to its business;
14. All guarantees of accounts and all powers of attorney and other evidence of the granting of any discretionary authority given in respect of any account and copies of resolutions empowering an agent to act on behalf of a corporation;
15. All written agreements (or copies thereof) entered into by the Firm relating to its business, including agreements with respect to any account;
16. Records which contain the information required by l934 Act Rule 17a-4(b)(8) in support of amounts included in the report prepared as of the audit date on Form X-17A-5 Part II or Part IIA;
17. With respect to broker-dealers subject to the requirements of 1934 Act Rule l5c3-3 concerning physical possession or control of fully paid and excess margin securities, a current and detailed description of the procedures followed by the Firm to comply with the possession or control requirements of Rule 15c3-3;
18. Records required to be maintained pursuant to 15c-3-4 and the results of the periodic reviews conducted pursuant to 15c3-4(d); and

19. All notices furnished to customers relating to an internal broker/dealer system sponsored by the Firm.

The Firm shall preserve, during its existence and that of any successor enterprise, all articles of incorporation or charter documents, minute books and stock certificate books, all amendments and licenses showing the registration of the Firm with any regulatory authority.

The Firm shall also preserve, for a period of not less than six (6) years after the earlier of the date the account was closed or the date information was replaced or changed all account records in accordance with 17a-3(a)(17).

The Firm shall preserve each report which a securities regulator has requested the Firm to provide pursuant to an order of settlement, and each securities regulatory authority examination report until three (3) years after the date of the report.

The Firm shall preserve each compliance, supervisory and procedures manual including updates, modifications and revisions until three (3) years after the date of the report.

The Firm shall preserve all exception reports for a period of eighteen (18) months after the date of the report.

The Firm shall preserve for a period of not less than six (6) years after the closing of any customer's account any account cards or records which relate to the terms and conditions with respect to the opening and maintenance of the account.

The Firm shall also maintain and preserve in an easily accessible place:

1. Questionnaires or applications for employment executed by each "associated person" of the Firm, which questionnaires or applications shall be approved in writing by an authorized representative of the Firm and contain at least the information required by 1934 Act Rule 17a-3(a)(12), until at least three (3) years after the "associated person" has terminated his or her employment and any other connection with the Firm;
2. All records required pursuant to 1934 Act Rule 17f-2(d) until at least three (3) years after the termination of employment or association of all persons required to be fingerprinted thereunder;
3. All records required pursuant to 1934 Act Rule 17f-2(e) for the life of the enterprise; and
4. Copies of all Forms X-17F-1A filed pursuant to 1934 Act Rule 17f-l, all agreements between reporting institutions regarding registration or other aspects of Rule 17f-l, and all confirmations or other information received from the SEC or its designee as a result of any inquiry relating thereto, for three (3) years.

It shall be the responsibility of the Chief Compliance Officer to maintain the appropriate books and records as set forth herein and to retain said records in accordance with the provisions of SEC Rules 17a-3 and 17a-4.

## 4.7. FIDELITY BONDS

It shall be the responsibility of the Chief Compliance Officer to ensure that the Firm obtains and maintains a Fidelity Bond with the coverage required by FINRA Rule 4360(b) (formerly FINRA Rule 3020(a)).

The Chief Compliance Officer shall also ensure that the bond has a cancellation rider which states that FINRA shall be notified if the bond is cancelled or materially changed. Prior to the bond's anniversary, The Chief Compliance Officer shall review the Firm's net capital requirements during the preceding twelve months and determine the amounts of coverage that must be obtained for the bond's renewal. He shall evidence his supervision of this activity by initialing or signing the renewal application.

## 4.8. STORING RECORDS ELECTRONICALLY

The Chief Compliance Officer will notify FINRA prior to employing electronic storage of the Firm's books and records in an electronic storage media.

The Chief Compliance Officer will provide the representation or obtain the representation from the storage medium vendor or other third party with appropriate expertise that the selected storage media meets the following criterion. The electronic storage media must:

- Preserve the records exclusively in a non-rewriteable, non-erasable format;
- Verify automatically the quality and accuracy of the storage media recording process;
- Serialize the original and, if applicable, duplicate units of storage media, and time-date for the required period of retention the information placed on such electronic storage media; and
- Have the capacity to readily download indexes and records preserved on the electronic storage media to any medium acceptable under as required by the Commission or FINRA.

The Firm will comply with the following requirements in the use of electronic storage media:

- At all times have available, for examination by the staffs of the Commission and FINRA, facilities for immediate, easily readable projection or production of micrographic media or electronic storage media images and for producing easily readable images.
- Be ready at all times to provide, and immediately provide, any facsimile enlargement which the Commission or its representatives may request.
- Store separately from the original, a duplicate copy of the record stored on any medium acceptable under 240.17a-4 for the time required.
- Organize and index accurately all information maintained on both original and any duplicate storage media.
- At all times, the Firm will be able to have such indexes available for examination, by the staffs of the Commission and FINRA.
- Each index must be duplicated and the duplicate copies must be stored separately from the original copy of each index.
- Original and duplicate indexes must be preserved for the time required for the indexed records.

The Firm will have in place an audit system providing for accountability regarding imputing of records required to be maintained and preserved pursuant to 240.17a-3

and 240.17a-4 to electronic storage media and inputting of any changes made to every original and duplicate record maintained and preserved thereby.

At all times, the Firm will be able to have the results of such audit system available for examination by the staffs of the Commission and FINRA. The audit results must be preserved for the time required for the audited records.

The Firm will maintain, keep current, and provide promptly upon request by the staffs of the Commission or FINRA all information necessary to access records and indexes stored on the electronic storage media; or place in escrow and keep current a copy of the physical and logical file format of the electronic storage media, the field format of all different information types written on the electronic storage media and the source code, together with the appropriate documentation and information necessary to access records and indexes.

The Chief Compliance Officer will ensure that at least one third-party, who has access to and the ability to download information from the Firm's electronic storage media to any acceptable medium, files the following with respect to the Firm's records:

> *The undersigned hereby undertakes to furnish promptly to the U.S. Securities and Exchange Commission ("Commission"), its designees or representatives, upon reasonable request, such information as is deemed necessary by the Commission's or designee's staff to download information kept on the broker's or dealer's electronic storage media to any medium acceptable under Rule 17a-4.*
>
> *Furthermore, the undersigned hereby undertakes to take reasonable steps to provide access to information contained on the broker's or dealer's electronic storage media, including, as appropriate, arrangements for the downloading of any record required to be maintained and preserved by the broker or dealer pursuant to Rules 17a-3 and 17a-4 under the Securities Exchange Act of 1934 in a format acceptable to the Commission's staff or its designee. Such arrangements will provide specifically that in the event of a failure on the part of a broker or dealer to download the record into a readable format and after reasonable notice to the broker or dealer, upon being provided with the appropriate electronic storage medium, the undersigned will undertake to do so, as the Commission's staff or its designee may request.*

The Chief Compliance Officer will obtain a copy of the above attestation and include it in the files of the Firm. He will initial and date the attestation indicating his review of the document.

## 4.9. NEW PRODUCT AND COMMITMENT COMMITTEE

The Firm uses a "Commitment Committee" to sign off and approve all transactions, marketing materials associated with those transactions and new products. If the Firm determines at Commitment Committee that a transaction might fall outside the scope of the Firm's approved business in the Membership Agreement, the Firm will seek review and possibly approval of any new product by FINRA before commencing the potential new business.

The Firm also uses a "New Product Committee" to review and approve of all new products. The New Product Committee consists of Commitment Committee members who, after consulting with the New Product sponsor, will identify and convene a group of relevant experts to review and approve the New Product. If a transaction comes before the "Commitment Committee" and is found by the "Commitment Committee" to constitute a New Product, the Commitment Committee will kick it out to the New Product Committee.

There are two types of New Products:

1. **New Product, Manufactured:**
   These are new or innovative products that the Firm has developed:
   - Products that are new to the industry, or that the firm is one of the first to introduce to the market (including indices);
   - Existing products with novel and/or material modifications, such as the addition of innovative structural elements (e.g., protection features, novel asset class), a conversion of a traditional institutional product for sale to retail investors, etc.
2. **New Product Distributed:**
   New products that The Firm has started selling:
   - "New" products that The Firm is selling for the first time.
   - Existing products that have gone through a novel and/or material modification, such as: the addition of innovative structural elements (i.e., protection features, novel asset class), a conversion of a traditional institutional product for sale to retail investors, etc.

# 5 Customer Transaction Records

## 5.1. NEW ACCOUNTS

All new accounts opened with the Firm will require a principal's acceptance of such account. Acceptance will be acknowledged by the designated principal's signing of all subscription agreements and/or New Account Forms. The Chief Compliance Officer, on behalf of the Firm, shall accept customer Accounts.

The Firm will not maintain margin accounts, discretionary accounts, or third party accounts.

A completed New Account Form and payment of related fees or retainer must accompany all requests from the customer for private placement transaction. It is understood that with respect to private placements of securities the fee should be reasonable and not unfairly discriminatory between customers. All customer requests for private placement business are to be entered through the Firm's main office and shall be reviewed and accepted by the Chief Compliance Officer

All fees for private placement activities will be negotiated in each transaction and stipulated in each engagement letter.

## 5.2. INSTITUTIONAL ACCOUNTS

The Chief Compliance Officer, or other alternate principal, will review institutional accounts for suitability. The scope of the Firm's suitability is based on the ability of the institution's capability to evaluate risk independently and the extent to which the institution is exercising independent judgment in the Firm's recommendation. The Firm must have reasonable grounds for believing that the institution is making an independent decision and is capable of independently evaluating the risk. Items that should be considered are:

- the use of one or more consultants, investment advisers or bank trust departments;
- the general level of experience of the institutional customer in financial markets and specific experience with the type of instruments under consideration;
- the customer's ability to understand the economic features of the security involved;

- the customer's ability to independently evaluate how market developments would affect the security;
- the complexity of the security or securities involved; and
- any written or oral understanding that exists between the member and the customer regarding the nature of the relationship between the member and the customer and the services to be rendered by the member.

## 5.3. CUSTOMER SUITABILITY AND DUE DILIGENCE

All associated persons will continually determine each customer's investment objectives and desires. These efforts will be documented as described in the paragraphs recordkeeping section of this manual that describes new account documents. These objectives and desires will be evaluated with respect to each client's circumstances and financial condition. Investments will not be allowed nor recommended which are not compatible with the objectives and desires of each customer.

Factors to be utilized in determining such objectives and desires will include, but not be limited to the following:

a) customer's relative financial position;

b) income and type of employment;

c) level of education;

d) marital status; and

e) customer's ability to hold an investment, long-term.

All reviews to determine suitability whether the customer is institutional or retail will be evidenced by initialing the new account form and by reviewing the account activity. Account reviews shall be evidenced by initialing the account statements or by maintaining a review log. If a log is utilized, it shall list the account, time period reviewed, date of review, and any comments concerning the review. The Chief Compliance Officer or a designated alternate shall be the reviewer.

## 5.4. ACCOUNT REVIEW

The Chief Compliance Officer, or other alternate principal, shall supervise all private placement transactions by reviewing each subscription agreement and/or engagement letter, and shall review the Transaction Blotter with all commission charges noted when a transaction is completed. The Chief Compliance Officer shall indicate said review by initialing the Transaction Blotter. This will ensure that the Firm's compensation charges are consistent with the fees set forth in each private placement memorandum.

### 5.4.1. Customer Checks and Securities

The Firm does not intend to accept delivery of customer funds or securities. All checks will be mailed by the customer directly to the issuer in the case of

a private placement or the buyer in the case of a merger and acquisition transaction.

# 5.5. REGULATION S-P (PRIVACY POLICY)

The Chief Compliance Officer will be responsible for the implementation of Regulation S-P, which is built around an "opt-out" policy. This means that, as long as certain notices are given to consumers and customers, the Firm is permitted to share such consumers' and customers' financial information with its affiliated and non-affiliated third parties except in respect of any consumer and customer who opts out of the information sharing arrangement. **<u>The Firm does not currently intend to disclose or share its clients' financial information with non-affiliated third parties.</u>**

A "Consumer" is an individual who obtains or has obtained a financial product or service from the Firm. A "Customer" is a consumer who has developed a continuing relationship with the Firm to provide products or services. The Firm may share consumers' and/or customers' information with its affiliates as long as that fact is disclosed in the privacy notices. Consumers and customers may not opt out of that information sharing arrangement.

Notices will be provided to customers at the same time as the New Account Form is completed, or delivered by mail or email directly to the customer for review. Customers will be provided with an updated Privacy Policy Statement each year on the anniversary of when the account was established.

In the first year the Firm becomes subject to the Regulation S-P, the Firm shall comply with the following requirements:

- prepare notices describing its privacy policies;
- provide an initial privacy notice and opt-out notice to each consumer:
- provide an initial privacy notice to each new customer (who did not receive a notice when he or she was a consumer);
- provide an annual privacy notice to each existing customer; and
- adopt policies and procedures that address the protection of customer information and records. After the first year, the Firm will revise notices only to reflect changes in its privacy policies.

## 5.5.1. Delivery of Privacy Notices

Notices shall also be delivered to a client upon execution of an engagement agreement, and annually thereafter if applicable, for each client deal. The Chief Compliance Officer shall document the Firm's compliance with Regulation S-P by keeping an electronic and/or hardcopy of the notice and a cover letter, or e-mail, to each client in the "Client Deal File".

## 5.5.2. Protection of Customer Records

The Firm has implemented the following measures to ensure the protection and confidentiality of customer information.

- Access to areas that house customer records shall be restricted only to employees who need access to such, and to clients when accompanied by an employee.
- To the extent practicable, the Firm will limit access to its offices where confidential information could be observed or overheard by individuals that do not need to know such information.
- To the extent practicable, the Firm will limit access to its offices and areas where customer funds and securities are received and disbursed and where mail is received and distributed. The access shall be limited to the employees that are engaged in these activities and to their immediate supervisors. If possible, these areas shall be locked with access limited to the above-referenced people who shall be issued keys or electronic passes.
- Firm personnel will be instructed to exercise care to avoid placing documents containing confidential information in areas where they may be read by unauthorized persons and store such documents in secure locations (i.e., locked files) when they are not in use.
- Client records, and any other records that may contain non-public financial information, shall be kept in locked drawers and file cabinets. They shall only be removed when needed to service the client's account, and shall be locked up each evening. The principal or a designated alternate shall maintain the keys.
- Firm personnel are prohibited from discussing confidential information in public places such as elevators, hallways, restrooms, or at social gatherings.
- The Firm shall require all nonaffiliated organizations that come into contact with non-public confidential information (lawyers, accountants, printers, etc.) to conform to its privacy standards and will contractually obligate them to keep the provided information confidential and used as requested.
- When documents containing non-public financial information are to be disposed, they shall be destroyed by shredding or some other secure manner, which can prevent readable copies from being used.
- All employees, including non-registered personnel, shall be apprised of these procedures when initially hired, and at the annual compliance meeting.
- Should the Firm suspect that an incident of identity theft has occurred or if it is notified by a customer that they suspect an identity theft, the designated principal or a designated alternate shall contact the Firm's legal department and compliance department. These departments shall commence an investigation and determine if an identity theft may have occurred. If the investigation determines that one may have occurred, Compliance and Legal shall notify the appropriate law enforcement agencies. (This includes the local Sheriff, the FBI, and Secret Service. The FTC serves as a clearinghouse for complaints against credit reporting agencies and credit grantors, referrals, and resources for assistance for victims of identity theft. They should be

notified if the suspected victim requests this type of assistance. Refer to "Title 18 USC 1028" and to "Identity Theft and Assumption Deterrence Act of 1998.")

The Chief Compliance Officer, or a designated alternate, shall enforce these procedures by observing the conduct of the Firm's employees and taking corrective action when necessary, and by observing how records are handled and taking corrective action when necessary. These observations and supervision shall be continuous and ongoing.

### 5.5.3. Safeguard of New Technologies

The Chief Compliance Officer, or a designated alternate, shall be responsible for safeguarding Firm and client information against new technologies that may impact confidential information; such as computer software or hardware changes or upgrades. The Chief Compliance Offer shall also be responsible for employing computer software to protect the Firm's network against unauthorized access ("hackers"), phishing, or viruses, to name a few. The Chief Compliance Officer will also ensure the Firm utilizes locking file cabinets and desk drawers for all employees in order to safeguard against unauthorized access to any confidential client or Firm information.

### 5.5.4. Testing of Regulation S-P Policies and Procedures

On an annual basis, the Chief Compliance Officer, or a designated alternate, will review the Firm's Regulation S-P policies and procedures for compliance with current rules and regulations. The Chief Compliance Officer will provide a written report of his review and findings in the annual Supervisory Controls Report.

## 5.5.5. PRIVACY PLEDGE AND NOTIFICATION

Weild & Co. respects your right to privacy. We have always been committed to secure the confidentiality and integrity of your personal information. We are proud of our privacy practices and want our current and prospective customers to understand what information we collect and how we use it.

Why We Collect Your Information:

We gather information about you and your account so that we can (i) know who you are and thereby prevent unauthorized access to your information, (ii) design and improve the products and services we offer, and (iii) comply with the laws and regulations that govern us.

What Information We Collect:

We may collect the following types of 'nonpublic personal information' about you:

- Information about your identity, such as your name, address and social security number;
- Information about your transactions with us;
- Information we receive from you on applications, such as your financial or employment status.

What Sources We Use to Obtain Your Information:

We collect nonpublic personal information about our clients such as you from the following sources:

- Information we receive from you on applications or other forms; and
- Information about your transactions with us, or others.

What Information We Disclose:

We **do not disclose** any nonpublic personal information about our customers, or former customers to anyone, except as permitted by law. Moreover, we will not release information about our customers, or former customers, unless one of the following conditions is met:

- We receive your prior written consent;
- We believe the recipient to be you or your authorized representative;
- We are required by law to release information to the recipient.

We only use information about you and your accounts to help us better serve your investment needs, or to suggest services or educational materials that may be of interest to you.

Confidentiality And Security:

We maintain physical, electronic and procedural safeguards to guard your personal account information. We also restrict access to your personal and financial data to authorized associates of Weild & Co. who have a need for these records. We require all nonaffiliated organizations to conform to our privacy standards and are contractually obligated to keep the information provided confidential and used as requested. Furthermore, we will continue

to adhere to the privacy policies and practices described in this notice even after your account is closed or becomes inactive.

We will continue to conduct our business in a manner that conforms with our pledge to you, your expectations and all applicable laws.

# 6 Structuring

FINRA does not define "Structuring", so our firm has indicated to FINRA the activities we consider falling under the category of Structuring and are supervising accordingly. All Structuring must be supervised from an OSJ by a Series 24 who has the Series 79. Branch Offices that are not OSJs do not qualify to Supervise.

So, for clarity, and after discussion with FINRA Staff, Weild is using the following definition of what constitutes "Structuring".

Structuring includes[(1)]:

- Commissions (size of cash commission, warrants/equity, retainers, etc)
- Valuation (initial and changes) – May or may not be determined by the Company/presented at Commitment Committee)
- Choice of security structure and changes (may or may not be determined at Commitment Committee, generally determined by Company and its lawyers in consultation with banker)
- Minimum investment amount or no minimum – and use of escrow.
- Plan of distribution i.e. Who may invest (accredited vs. non-accredited investors; QIBs vs. non QIBs, etc.) AND Type of exemption from registration (506b vs. 506c, etc)
- Documentation requirements (PPM needed or not for a 5123 filing, subscription agreement sign off, investor rights agreements)
- Finder's Fees
- Engagement Letter Sign Off

[1] This definition will evolve in consultation with other seasoned bankers and as our product mix evolves.

(CC) = Commitment Committee, Closing Committee and/or New Product Committee sign-off required

The Firm's approach to Structuring:

- "Structuring" requires the Series 79 (until further notice).
- All Structuring should be supervised/approved by Commitment Committee or an authorized OSJ Principal (requires SIE, S63, S24 and the S79 )

# 7 Private Placement Activities

All Corporate Securities Offerings sponsored by the Firm will be supervised by the Designated Principal, or other alternate principals, which will be responsible for the structuring, packaging and marketing of private placements to ensure compliance with SEC Rules 15c2-4 and 10b-9. The Firm will not engage in the secondary trading of Direct Participation Programs or in the distribution of publicly traded Direct Participation Programs.

In instances where an OSJ (Office of Supervisory Jurisdiction) is overseen by a Designated Principal who has been deemed qualified to locally supervise QIB-only placements of corporate debt or real estate transactions by the Firm's Chief Compliance Officer, that OSJ will be designated a "QIF Office" ("Qualified Institutional Financing") permitted to supervise and execute transactions locally under the "Streamlined QIF Process for QIF Designated Offices" – see Section 6.8 below.

In relation to private offerings, it is the Firm's intent from time to time to participate in the private placement of securities. At such time, no participation will be conducted unless the offering complies with state and federal rules and regulations. In accordance with the exemptive provisions of SEC Rules 15c3-1 and 15c3-3 the Firm will participate in private offerings only on a "Best Efforts" basis as a placing agent only. It is also the Firm's intent to spend the time and effort necessary, based on its abilities, to research and evaluate each and every security vehicle which it intends to merchandise.

Furthermore, it is the Firm's intent to offer to its customers only those securities in which the Firm can ethically and morally have confidence. It is also the Firm's intent to keep any and all associated persons highly informed with pertinent information related to each situation. This can be maintained through meetings, close supervision and genuine interest on the part of each designated person. The purpose of the meetings will be to discuss thoroughly the nature of any security, underwriting or offering in which the Firm participates. The discussions will include the type of investment, necessary investor suitability, special risks, financial history and other general information relative to keeping the merchandising of such vehicle on a high ethical basis.

The Designated Principal or a designated alternate will supervise all private placement activities. Further, the Designated Principal or a designated alternate will be responsible for the structuring, packaging and marketing of private placements sponsored by the Firm. The Designated Principal will be responsible for preparing a list of approved DPP's, updating the list monthly and circulating it throughout the Firm.

Further, the Firm shall use its best efforts to inquire of an issuer as to whether any associated person of the issuer will be participating in the distribution of units or securities proposed to be offered by the Firm. The Firm shall take reasonable steps to require proof of compliance with SEC Rule 3a4-1 by the issuer and its associated person(s). The Firm shall further have its compliance department review the transaction for compliance with FINRA Conduct Rule 2040, Dealing with Payments to Unregistered Persons.

The Firm shall use its best efforts to perform a due diligence review of all prospective issuers prior to participating in the distribution of units or securities on behalf of such issuer, in an effort to determine that said issue is in compliance with SEC Rules 10b-5 and 10b-6.

In the case of a private placement of securities, whether in accordance with Regulation A, 144A, or D of the Securities & Exchange Act of 1933, the Firm shall maintain a written record showing to whom confidential offering memorandums were distributed. Such record shall include the date distributed, the name of the offering, the memorandum number, the recipient name, address and the name of the associated person distributing the memorandum to the customer and a notation shall be made [including the date returned/destroyed] as to whether said memorandum was returned to the Firm or destroyed by recipient, in the event the recipient does not purchase units in the private placement.

If the Firm is involved in a distribution where there is an affiliation with the issuer, in accordance with SEC Rule 15c1-5, the Firm shall provide written disclosure of the affiliation prior to the completion of the transaction. A copy of the disclosure provided to the customer will be maintained in the customer file.

If the Firm is involved in a distribution and it receives a fee in any capacity, in accordance with SEC Rule 15c1-6, the Firm shall provide written disclosure to a customer at or before the completion of a transaction. A copy of the disclosure provided to the customer will be maintained in the customer file.

The Chief Compliance Officer, or a designee, shall ensure that if a notice filing or fee payment is required in a state where the issue has been sold that such is done, also known as "Blue Sky Notice Filing." This shall be documented by maintaining a file copy of any such notices that the Firm files, or a copy of a letter from the issuer or its counsel that such has been filed or else that the issue is exempt from filing, or a memo to the files by the Chief Compliance Officer, or a designee, or the Firm's counsel that a filing or fee payment is not required.

## 7.1. RULE 5123 AND FILINGS

Rule 5123 https://www.finra.org/rules-guidance/rulebooks/finra-rules/5123

When the Firm sells a security in a non-public offering in reliance on an available exemption from registration under the Securities Act ("private placement") it will: (i) submit to FINRA, or have submitted on its behalf by a designated member, a copy of any private placement memorandum, term sheet or other offering document, including any materially amended versions thereof, used in connection with such sale within 15 calendar days of the date of first sale; or (ii) notify FINRA that no such offering documents were used. The Firm will provide FINRA with the required documents or notification and related information, if known, by filing an electronic form in the manner prescribed by FINRA.

### Exemptions

The following private placements are exempt from the requirements of this Rule:

(1) offerings sold by the member or person associated with the member solely to any one or more of the following:

(A) institutional accounts, as defined in Rule 4512(c);

(B) qualified purchasers, as defined in Section 2(a)(51)(A) of the Investment Company Act;

(C) qualified institutional buyers, as defined in Securities Act Rule 144A;

(D) investment companies, as defined in Section 3 of the Investment Company Act;

(E) an entity composed exclusively of qualified institutional buyers, as defined in Securities Act Rule 144A;

(F) banks, as defined in Section 3(a)(2) of the Securities Act;

(G) employees and affiliates, as defined in Rule 5121, of the issuer;

(H) knowledgeable employees as defined in Investment Company Act Rule 3c-5;

(I) eligible contract participants, as defined in Section 3(a)(65) of the Exchange Act; and

(J) accredited investors described in Securities Act Rule 501(a)(1), (2), (3) or (7).

**IMPORTANT: Of the 8 types of Accredited Investors defined in Rule 501(a), only 4 are exempt from 5123 filings:**

- **501(a)(1):** Any bank as defined in section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934; any insurance company as defined in section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of

the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

- **501(a)(2):** Any private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940;
- **501(a)(3):** Any organization described in section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000; and
- **501(a)(7):** Any trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in § 230.506(b)(2)(ii).

(2) offerings of exempted securities, as defined in Section 3(a)(12) of the Exchange Act;

(3) offerings made pursuant to Securities Act Rule 144A or SEC Regulation S;

(4) offerings of exempt securities with short term maturities under Section 3(a)(3) of the Securities Act and debt securities sold by members pursuant to Section 4(2) of the Securities Act so long as the maturity does not exceed 397 days and the securities are issued in minimum denominations of $150,000 (or the equivalent thereof in another currency);

(5) offerings of subordinated loans under SEA Rule 15c3-1, Appendix D (see NASD Notice to Members 02-32 (June 2002));

(6) offerings of “variable contracts,” as defined in Rule 2320(b)(2);

(7) offerings of modified guaranteed annuity contracts and modified guaranteed life insurance policies, as referenced in Rule 5110(h)(2)(D);

(8) offerings of non-convertible debt or preferred securities that meet the transaction eligibility criteria for registering primary offerings of non-convertible securities on Forms S-3 and F-3;

(9) offerings of securities issued in conversions, stock splits and restructuring transactions that are executed by an already existing investor without the need for additional consideration or investments on the part of the investor;

(10) offerings of securities of a commodity pool operated by a commodity pool operator, as defined under Section 1a(11) of the Commodity Exchange Act;

(11) business combination transactions as defined in Securities Act Rule 165(f);

(12) offerings of registered investment companies;

(13) standardized options, as defined in Securities Act Rule 238; and

(14) offerings filed with FINRA under Rules 2310, 5110, 5121 and 5122, or exempt from filing there under in accordance with Rule 5110(h)(1)

## 7.2. 5122 MEMBER FIRM PRIVATE OFFERINGS

In addition, the Firm will submit filings regarding member firm private offerings (MPOs), as required by FINRA Rule 5122 through the Firm Gateway.

## 7.3. SUITABILITY

### 7.3.1. Investor Suitability

The Firm must have reasonable grounds to believe that a recommendation to purchase, sell or exchange a security is suitable for the customer pursuant to FINRA Rule 2310. This analysis has two principal components. First, the "reasonable basis" suitability analysis requires the broker-dealer to have a reasonable basis to believe, based on a reasonable investigation, that the recommendation is suitable for at least some investors. Second, the "customer specific suitability" analysis requires that the broker-dealer determine whether the security is suitable for the customer to whom it would be or is being recommended.

The Firm shall use reasonable efforts to ensure that its customers that invest in private placements meet the following standards:

- that the customer is in a financial position appropriate to enable him to realize, to a significant extent, the benefits described in the private placement memorandum, including the tax benefits in instances where they are a significant aspect of the program; and
- the customer has a fair market net worth sufficient to sustain the risks inherent in the program, including loss of investment and lack of liquidity.

The Firm shall maintain a written record showing to whom confidential offering memorandums were distributed. Such record shall include the date distributed, the name of the offering, the memorandum number, the recipient name, address and the name of the associated person distributing the memorandum to the customer and a notation shall be made [including the date returned/destroyed] as to whether said memorandum was returned to the Firm or destroyed by recipient, in the event the recipient does not purchase units in the private placement. The Firm shall also review private placement investor information in accordance with the Anti-Money Laundering and Customer Identification procedures that are discussed in the Anti-Money Laundering section of this manual**.**

### 7.3.2. Sponsor and Management Suitability

The Designated Principal, or a designee, will make reasonable investigations of the business prospects and activities that are related to the investment offering. That would include a review and investigation of the issuer and management, the business prospects of the offering, the assets to be acquired, the claims being made and the intended use of the proceeds of the offering. Depending on the circumstances, that review would include such things as:

- Inquiring about the industry in which the issuer conducts its business, the prospects for that industry, any existing or potential regulatory restrictions on that business and the competitive position of the issuer.
- Document any business plan, business model or other description of the business intentions of the issuer and its management and their expectations for the business, and analyzing management's assumptions upon which any business forecast is based.
- Closely examine the proposed use of funds.
  Document and review financial models used to generate projections or targeted returns, and maintain a summary of the analysis that was performed on those financial.
- Perform reasonable investigations of the quality of the assets and facilities of the issuer. Those investigations might include:
  - Obtaining documentation supporting the viability of any patent or other intellectual property rights held by the issuer.

- Visiting and inspecting a sample of the issuer's assets and facilities to determine whether the value of assets reflected in the financial statements is reasonable and that management's assertions concerning the condition of the issuer's physical plants and the adequacy of its equipment are accurate.
- Examining any geological, land use, engineering or other reports by third-party experts that may raise red flags.
- With respect to energy development and exploration programs, obtain expert opinions from engineers, geologists and others necessary as a basis for determining the suitability of the investment prior to recommending the security to investors.

- Review and maintenance of documentation related to the asset acquisitions, such as:
  - audited financial statements and independence of auditor
  - copy of letters to management
    - Document previous or potential regulatory or disciplinary problems of the sponsor.
- Structure & Organization.
  - review the sponsors' governing documentation
  - organizational documentation
  - bylaws, partnership agreements, operational agreements
  - are there any restriction on its activities.
  - ownership;
  - officers & directors;
  - document internal audit controls
- Prior offerings
  - document any regulatory issues related to prior offerings of the sponsor;
  - document any defaults related to prior offerings of the sponsor;
  - document past and pending litigation of the issuer or its affiliates;
  - document the past securities offerings by the issuer and the outcome;
  - status of the funding of prior offerings.

## 7.4. DUE DILIGENCE AND RECORDKEEPING

### 7.4.1. Due Diligence

Prior to participating in a distribution of securities or otherwise offering a private placement and/or an alternative investment for sale to its customers,

the Firm has established due diligence procedures to determine whether the offering will be suitable for at least some of the investors. In evaluating an offering, the Firm will assess the viability of a particular offering, the complexity and risks associated with an offering, and how the offering may or may not fit within the Firm's business model.

In the event the Chief Compliance Officer, or a designated alternate, gives consent to the offer or sale of a private placement, the Chief Compliance Officer, or a designee, will conduct, prior to any offer or sale of a private placement, a due diligence investigation of the issuer and securities to be offered. Depending on the nature of the issuer, the Firm may retain the services of qualified experts (e.g., engineers, architects, lawyers and accountants) to assist it in conducting the due diligence inquiry.

No offering material (e.g., private placement memorandums, offeree questionnaires, sales literature, correspondence. etc.) may be used in connection with a private placement of securities unless such material has been reviewed and approved by the Firm's compliance department. In the event such approval has been given and offering material is distributed in connection with a private placement, any and all subscription documents received from prospective investors must be reviewed by the Designated Principal or a designated alternate to determine whether such subscribers meet the requirements of the offering with respect to sophistication, wealth or "accredited investor" status.

The Firm shall not participate in a closing of a private placement offering nor accept any selling compensation on account of such offering until the Designated Principal or a designated alternate has received advice from the Firm's compliance department that all necessary conditions of the exemption from registration of the offering have been satisfied.

No fewer than seven (7) business days, or as modified at the sole discretion of the Chief Compliance Officer or management, prior to completion of a Referred Business Transaction, the Registered Representative shall provide written notice to the Firm about the pending closing, which notice shall include information as set forth in the Firm's Commitment Committee Pre-Closing Form ("Pre-Closing Form") as set forth in the WSP, as modified from time to time. Within five (5) business days of its receipt of the completed Pre-Closing Form respecting a Referred Business Transaction, the Firm may by written notice to the Registered Representative cause the registered representative immediately to cease providing Securities Services on such Referred Business Transaction, including without limitation not completing such Referred Business Transaction.

Registered Representatives acknowledge that it is the Registered Representative's responsibility to conduct a Bring-Down Due Diligence Call ("DD Call") call with the Management of a Referred Business Transaction at pricing and closing of any transaction, where relevant. The DD Call requires Management to provide confirmation that the sound condition of the issuer, following the initial due diligence exercise, remains the case, and that there have been no adverse changes that a reasonable investor would find to be "Material" to his or her investment decision. To the extent that a material adverse change is discovered, it must be immediately communicated to the

Commitment Committee which must convene and instruct the Registered Representative as to how to proceed.

### 7.4.2. Recordkeeping (or Client Deal Files)

The Chief Compliance Officer, or a designee, as deemed appropriate, will ensure that some or all of the following documents are reviewed and maintained:

- Review and maintain the Private Offering Memorandum, Blue Sky Memorandum, Subscription Agreement and a copy of any sales or marketing summaries distributed with the Private Offering Memorandum;
- Managing Selling Agent – generally, there is a duty to other placing agents to perform more due diligence.
- Confirm who everyone appears to be: criminal and civil background check and credit check on the sponsor and senior management.
- Preparation of Private Offering Memorandum or disclosure document. Are the risks disclosed:
  - Specific to the business;
  - Specific to the offering;
  - Specific to the potential investors;
  - Attorney prepared or reviewed;
  - Blue Sky memorandum.
- FINRA Filings. Review corporate finance documentation, if any.
- Plan of Distribution
  - Review of the agreement between sponsor and managing placing agent;
  - Review of the agreement between the managing placing agent and participating broker-dealers;
  - Is there compensation payable to finders and non-FINRA members.
- Contingent Offering
  - Written agreement;
  - Between broker-dealer, bank and sponsor;
  - Styling and forwarding of investor funds;
  - Are the payments of finder's fees by the sponsor disclosed.
- Conflicts of Interest
  - Full disclosure of loans or other transactions between the sponsor and issuer or its affiliates and members of management
  - Full disclosure about the forms and amount of management compensation, who determines the compensation and the extent

to which the forms of compensation could present serious conflicts of interest.

In addition to the Memorandum Distribution Record, the Firm shall maintain copies of the following documents (to the extent deemed appropriate by the Chief Compliance Officer) for all private placements distributed by associated persons of the Firm:

- List of investors, state of residency and number of units purchased;
- Copy of all investor checks or bank wires received and forwarded to escrow account;
- Copy of the Cash Receipts and Delivered Blotter;
- Copy of the Private Offering Memorandum;
- Blue Sky Memorandum;
- Copy of any Sales or Marketing Summaries distributed with the Private Offering Memorandum;
- Incorporation Documents;
- Subscription Agreement with Power of Attorney;
- Share certificates;
- Escrow Agreement and account statements; (Refer to Notices to Members 98-4, 87-61, and 84-7);
- Fictitious Business Name Statement;
- Legal opinion;
- Underwriting Agreement between Sponsor and Managing Placing Agent;
- Underwriting Agreement between Managing Placing Agent and Participating Broker/Dealers;
- Description of corporation;
- Instructions for persons wishing to Purchase;
- Management Agreements;
- Form of Promissory Note to be utilized under the stated investment plan (if applicable);
- Asset acquisition related documents such as:
  - Purchase Contract;
  - Title Report and Title Insurance;
  - Tenant Estoppel Certificates;
  - All Affidavits;
  - Loan Documentation;
  - Appraisal of Property(ies);
  - Note and Deed of Trust;
  - Lease(s) between Partnership and Seller(s);

- Escrow Instructions;
- Mortgage Documents (all Wrap Agreements); and
- Other documents peculiar to the transaction.

- Business, marketing, and financial plans;
- Most recent audited financial and income statements; most recent financial and income statements even if unaudited;
- Notes of any meetings and conversations with management, suppliers, key customers, competitors, etc.
- Background checks on key managers and owners;
- Anti-Money Laundering documentation (obtain identification documentation for the entity and its key managers /officers; check these against the OFAC list); and
- Form D if the offering is a Regulation D offering.

If the Firm participates in an underwriting or placement that is managed by another FINRA member that is considered reputable, the Firm may rely on its due diligence review provided that:

- The Designated Principal has reasonable grounds to believe that such inquiry was conducted with due care;
- the results of the inquiry were provided to the Designated Principal with the consent of the member or members conducting or directing the inquiry; and
- no member that participated in the inquiry is a sponsor of the program or an affiliate of such sponsor.

The Chief Compliance Officer, or a designee, shall be responsible for maintaining a listing of all offerings in which the Firm has participated, including the name of the underwriting, the allotment, retention, price per share and the role in which the Firm acted (i.e. Placing Agent or Managing Placing Agent).

Private placements, which are often in the form of stock offerings or limited partnerships, are generally exempt from registration. They are made under strictly defined conditions which involve factors such as the nature of the issuer, the value of the securities offered, the number, nature and residences of offerees and purchasers, the information disclosed to purchasers, filings made with the SEC and certain blue-sky authorities, and the manner in which offerees are solicited. Private placements frequently involve products that are more complex than other securities. The relative investor risks and tax consequences of private placements may have a wide range of implications. Accordingly, any registered representative of the Firm shall not offer private placements without the express prior written consent of the appropriate Designated Principal. A general explanation of the laws applicable to the offering and sale of private placements follows.

## 7.5. ESCROW ACCOUNT RULE

In all instances, checks received by an associated person must be delivered same business day to the Chief Compliance Officer, or a designee, for proper forwarding.

At no time shall any associated person hold a customer's check overnight. All customer checks will be forwarded by the Firm to the appropriate recipient no later than noon of the business day following receipt by the Firm or as otherwise allowed by law. To the extent a customer check and/or bank wire is received by the Firm which has been made payable to the Firm instead of to appropriate recipient, the Firm shall return the check or wire to the customer. In the case of a bank wire made payable to the Firm instead of to the appropriate recipient, such transaction will be returned to sender with correct wire transfer instructions. Further, the Chief Compliance Officer, or a designee on behalf of the Firm, shall forward written notice to the customer advising the customer of the error in format on the check and directing the customer to make check payable directly to appropriate recipient. A copy of said correspondence shall be retained in the Firm's files in accordance with SEC Rule 15c3-1, as amended.

In the case of private placement offerings where the terms of the offering specify that a certain contingency must be met prior to the release and disbursement of funds to the issuer, all customer funds received in connection with such offerings will be deposited into an escrow account in accordance with SEC Rules 15c2-4 and 10b-9 until such time as the applicable contingency has been met or the offering, by its terms, has terminated. The Designated Principal, or a designee, or another registered principal, shall serve as signatory to that escrow account. In the case of the termination of an offering prior to meeting the contingency required to break escrow, all investor funds will be promptly returned to the investors. In addition, investor checks received in connection with such offerings shall be made payable to the escrow agent or escrow account, at least until the contingency has been met. Checks received from investors in connection with such offerings which are made payable to some party other than the escrow agent or escrow account before the contingency is met shall be promptly returned to the investors.

The Chief Compliance Officer or a designee, shall be responsible for the Firm’s compliance with SEC Rules 15c2-4 and 10b-9 and ensure that the escrow agreement conforms to the guidelines discussed in Notices to Members 98-4, 8761, and 84-7. The Designated Principal, or a designee, shall evidence supervision of the escrow account by signing a copy of the escrow agreement, and shall evidence oversight of the escrow account by initialing copies of the escrow account statements. The Designated Principal, or a designee or another registered principal shall serve as signatory to that escrow account.

## 7.6. COMPENSATION

The Firm shall not pay commissions, referral fees or other similar transaction based compensation to any entities involved in the offer, sale or distribution of private placement securities, which are not members of FINRA or foreign broker/dealers appropriately registered in the jurisdiction where domiciled.

The Designated Principal, or a designee, will review disbursements connected with a direct participation program to ensure that payments are not made to unregistered persons or entities.

The Designated Principal, or a designee, will review the prospectus to determine that the underwriting compensation does not exceed 10% of the gross proceeds of the offering including trail commissions. An additional .5% may be reimbursed to members or independent due diligence firms for bona fide due diligence expenses, which can be documented. An additional 4.5% is permitted for issuer organization offering expenses (O&O expenses). In sum total issuer organization offering expenses are limited to 15% of the offering proceeds. The Designated Principal, or a designee, may rely on the results of an inquiry conducted by another member if the above criterions are met. The Designated Principal will place a memorandum to the file indicating the review of the compensation terms.

The Chief Compliance Officer, or a designee, will remind associated persons on the prohibitions concerning the receipt of gifts with more than a de minimis value, the prohibition of payments or reimbursements preconditioned on the achievement of a sales target, and the prohibition of payments and reimbursements for travel and meetings that are not bona fide due diligence meetings or training and education meetings.

Non-Cash Compensation is any form of compensation received in connection with the sale and distribution of securities that is not cash, including but not limited to merchandise, gifts and prizes, travel expenses, meals and lodging.

No FINRA member or associated person may accept or make payments or offers of payment of non-cash compensation except:

- gifts of up to $100 per associated person annually;
- an occasional meal, ticket to a sporting event or theater, or comparable entertainment;
- payment or reimbursement for training and education meetings held by broker/dealers or issuers/sponsors for the purpose of educating associated persons of broker/dealers, so long as;
    - associated persons receive prior approval from their Firm and attendance is not conditioned on the achievement of a sales target;
    - the location is appropriate to the meeting which would be the office of the issuer or an affiliate, the office of the member, or a facility located in the vicinity of the issuer or affiliate or the member, or a regional location if a regional meeting;
    - payment or reimbursement does not include guests; and
- name (s) of entities making the non-cash compensation;
- names of the associated persons in attendance;
- nature and value of the non-cash compensation;
- location of training and education meetings; and

- any other pertinent information proving compliance with the rules and regulations.

## 7.7. OFFERING TERMS AND CONDITIONS

In accordance with SEC Rule 10b-9(2), with respect to Min/Max offerings, the Firm shall not participate in any transaction where the security being offered or sold, is being offered or sold on any other basis whereby all or part of the consideration paid for any such security will be refunded to the purchaser if all or some of the securities are not sold, unless the security is part of an offering or distribution being made on the condition that all or a specified part of the consideration paid for such security will be promptly refunded to the purchaser unless (i) a specified number of units of the security are sold at a specified price within a specified time, and (ii) the total amount due to the seller is received by him/her by a specified date. In keeping with this provision, to the extent the minimum is not reached by the termination date of the offering, the offering shall be terminated in accordance with the provisions of SEC Rule 10b-9, unless the offering is otherwise extended, prior to the termination date, by the express written consent of all purchasers as of the date of termination. Further, any requests for permission to extend, which shall be given to purchasers pursuant to this section, shall also include the ability for the customer to terminate his purchase of the offering and to receive a refund of his or her investment.

In accordance with SEC Rule 10b-5, to the extent an offering is extended, the offering documents shall be stickered accordingly to reflect the new termination date of the offering. No other changes may be made to the offering or the terms and conditions of the offering. In the event the terms of the offering are changed or otherwise amended, each purchaser shall receive a refund of their initial purchase and the opportunity to invest in the "new offering" created by the change in terms and conditions. The Chief Compliance Officer, or a designee, shall be responsible for the Firm's compliance with SEC Rules 10b-5 and 10b-9. In the event terms of an offering are changed, the Chief Compliance Officer, or a designee, shall make a record, which shall include the names of all pre-amendment purchasers, the amount of the refund made to each purchaser, the date that refund was made, and a notation specifying the date on which the new offer was extended to each individual purchase.

## 7.8. USE OF MARKETING MATERIALS

All sales literature, including power point presentations and other marketing materials to be used in connection with any private placement offering in which the Firm participates, shall be fair, accurate and balanced; shall be approved prior to use by the Chief Compliance Officer; and shall be maintained for a minimum of three (3) years. the Chief Compliance Officer shall evidence the Firm's approval of sales literature, including power point

presentations and other marketing materials, by initialing a copy of all approved marketing materials.

Neither the Firm nor any Representatives may solicit the offer or sale of the securities of any issuer in a private placement offering by means of an advertisement or other form of general solicitation. In this regard, selling agreements with participating broker-dealers involved in the offer, sale and distribution of private placement offerings with respect to which the Firm is acting as dealer manager shall prohibit the participating broker-dealers from offering or selling the private placement securities by means of any form of general solicitation or advertising.

No such solicitation of the sale of securities may be made in any seminar or meeting whose attendees have been invited by any form of general solicitation. In addition, the Firm's Representatives are not permitted to participate in any seminar or meeting whose attendees have been invited by any form of general solicitation at any period of time during which the Firm is actively engaged in any private placement offering unless the written consent of the Chief Compliance Officer is obtained.

# 7.9. OFFERINGS UNDER THE SECURITIES ACT OF 1933

## 7.9.1. Regulation D Offerings

Regulation D, which contains a series of eight rules (Rules 501-508), is a safe harbor for private placement offerings. By complying with the applicable rules, an issuer will not be required to go through the registration process of public offerings. If the provisions of Rules 501-508 are not followed, the offering may still be eligible for private placement status, but it will have to rely on another exemption or on the case law and interpretations of section 4(2) of the Securities Act of 1933. Regulation D and Rules 501-508 largely replace the exemptions formerly provided under Rules 146, 240 and 242 of the 1933 Act. Note that certain state securities regulations (commonly referred to as the "Uniform Limited Offering Exemptions"), usually parallel Regulation D, but often impose more stringent requirements on issuers.

### *7.9.1.1. Rule 501*

Rule 501 of Regulation D sets forth definitions and terms applicable to the regulation. Perhaps the most important definition is that for the term "accredited investor." This definition provides that certain categories of accredited investors are excluded for purposes of determining whether the number of purchasers of a privately placed security exceeds the applicable limit. For purposes of this section, the following is a definition of an "accredited investor":

1. A bank, insurance company, registered investment company, business development company, or small business investment company;
2. An employee benefit plan, within the meaning of the Employee Retirement Income Security Act, if a bank, insurance company, or registered investment advisor makes the investment decisions, or if the plan has total assets in excess of $5 million;
3. A charitable organization, corporation, or partnership with assets exceeding $5 million, and not formed to acquire the securities offered;
4. A direction, executive officer, or general partner of the company (issuer) selling the securities;
5. A business in which all the equity owners are accredited investors;
6. A natural person with a net worth of at least $1 million;
7. A natural person with annual income exceeding $200,000 in each of the two most recent years or joint annual income with a spouse exceeding $300,000 for those years and a reasonable expectation of the same income level in the current year; or
8. A trust not formed to acquire the securities offered with assets of at least $5 million and with a sophisticated person directing its purchases.

### *7.9.1.2. Rule 502*

Rule 502 describes general conditions applicable to the regulation. This Rule provides a "safe harbor" from the integration of sales of securities by the issuer made six months prior to or six months after a Regulation D offering, describes when and what type of disclosure must be furnished and provides guidance on applicable limitations on resale.

### 7.9.1.3. Rule 503

Rule 503 provides a Uniform Notice of Sale Form (Form D) to be filed by the issuer for exemption qualification due fifteen (15) days after the first sale, then due every six (6) months after the first sale and thirty (30) days after the last sale.

### 7.9.1.4. Rule 504

Rule 504 concerns the Small Corporate Offering Registration (SCOR), pursuant to which an issuer can raise up to an aggregate amount of $1,000,000 in any consecutive twelve-month period. While there is no cap on the number of investors which may participate in the offering and the payment of commissions is permitted, a minimum offering price of $5 per share is imposed. Rule 504 essentially shifts the administration of such smaller offerings to the states, with the significant proviso that these offerings remain subject to federal anti-fraud and civil liability provisions of the 1933 Act.

### 7.9.1.5. Rule 505

Rule 505 provides an exemption for offers and sales of securities where the aggregate offering price in any 12-month period does not exceed $5 million. Under this exemption, the company may sell to an unlimited number of "accredited investors" and up to 35 other persons who need not satisfy the sophistication or wealth standards associated with other exemptions. Purchasers must buy for investment only, not for resale, as the issued securities are restricted. Consequently, a company must inform investors that they may not sell for at least a year without registering the transaction. The company may not use general solicitation or advertising to sell the securities.

As long as it does not violate the antifraud provisions, the company (issuer) may decide what information to give accredited investors. However, the company must give non-accredited investors disclosure documents that generally are the same as those used in registered offerings. If it provides information to accredited investors, it must make this information available to the non-accredited investors as well. The company must also be able to answer questions by prospective purchasers.

### 7.9.1.6. Rule 506

Rule 506 is a "safe harbor" for the Section 4(2) private offering exemption. Generally, the company (issuer) may qualify for the Rule 506 safe harbor by satisfying the following conditions:

- The company can raise an unlimited amount of capital;
- The company cannot use general solicitation or advertising to market the securities;
- The company can sell securities to an unlimited number of accredited investors (see Rule 505) and up to 35 other purchasers. Unlike Rule 505, all non-accredited investors, either alone or with a purchaser

representative, must be sophisticated; they must have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of the prospective investment;

- The company may decide what information to give accredited investors, as long as it does not violate the antifraud prohibitions. However, it must give non-accredited investors disclosure documents that generally are the same as those used in registered offerings. If it provides information to accredited investors, it must make this information available to the non-accredited investors as well;
- The company must be able to answer questions by prospective purchasers;
- Financial statement requirements are the same as for Rule 505; and
- Purchasers receive restricted securities. Consequently, purchasers may not freely trade the securities in the secondary market after the offering.

#### *7.9.1.7. Rule 507*

Rule 507 states that the Reg D exemption is not available to the issuer if the issuer, any of its predecessors or any of its affiliates have been subject to a court order, judgment or decree enjoining such person for failure to comply with Rule 503.

#### *7.9.1.8. Rule 508*

Rule 508 covers the circumstances in which “Insignificant Deviations from a Term, Condition or Requirement of Regulation D” will still enable the issuer to be eligible for a Reg D exemption.

If the Firm engages in a private placement and relies on Regulation D for the exemption from registration, the Designated Principal shall evidence the Firm’s compliance with Regulation D offerings by initialing the Firm’s file copy of the Form D filing (if such was filed) and by his initials or signature on each subscription/placement agreement.

#### *7.9.1.9. Filing Requirements*

The Firm will obtain a copy of the Form D that has been completed and filed with the appropriate regulators (including the SEC) no later than 15 days after the first sale of securities that is made in reliance on Rule 504, 505, or 506 in each state or other jurisdiction, unless the applicable exemption under a state or other jurisdiction requires the Form D to be filed at another time or times. A copy of such Form D filing will be maintained along with the customer transaction documents.

An authorized signatory of the issuer must manually sign the Form D, while one original and four copies of the Form D must be filed with the SEC in its Washington D.C. offices. The Form D should normally be sent to the SEC via some form of return receipt mail, such as Federal Express, UPS, or US Postal Service/Express Mail; and a copy of the document evidencing delivery of the

Form D filing should be placed in the Form D file for such private placement transaction.

In addition to federal filing requirements, the issuer generally is required to file the Form D and other documents with the appropriate state regulators within 15 days after the first sale in each state. Prior to consummating a sale of securities, the Chief Compliance Officer, or a designee, will review the filing requirements of the state in which the issuer has its principal place of business as well as the state or states in which the purchasers reside or have their principal place of business. The Firm must ensure that all appropriate filings are made with such state regulatory bodies on a timely basis. Copies of such filings will be maintained with the transaction documents.

#### 7.9.1.10. Accredited Investors

In order to ensure compliance with an appropriate exemption from the registration requirements of the Securities Act, the Firm shall make a determination as to the "accredited investor" status of each investor in a private placement offering. In making such determination as to the accredited investor status of the purchasers in private placement offerings, the Firm may rely on a combination of financial statements or other financial information provided by the investors and certifications or representations in the placement/subscription agreements of the investors certifying and/or representing as to their accredited investor status.

The Chief Compliance Officer, or a designee, will review account information provided on the new account form and/or the placement/subscription agreement to ensure that the investment is suitable for the customer, and shall evidence the review by signing or initialing the subscription/placement agreement as well as by signing the new account form.

#### 7.9.1.11. Resale Limitations

Securities sold pursuant to Reg D or other private placement exemptions of the Securities Act, cannot be resold without registration or an exemption from registration. The Firm will ensure that it or the issuer will provide written notice to each purchaser prior to the consummation of the transaction that the securities have not been registered under the Securities Act and, therefore, cannot be resold unless they are registered or unless an exemption from registration is available.

### 7.9.2. Regulation S Offerings

Regulation S (Reg. S) is a safe harbor from registration requirements in the United States for the offer and sale of securities to investors outside the United States. The designated supervisor should take notice that a Regulation S underwriting can be extremely complex and extensive in nature. As a result, the designated supervisor has an obligation to ensure that the firm completely reviews all applicable laws, rules and regulation, both foreign and domestic, as they apply. Satisfying this requirement may include hiring legal counsel or a consultant who specializes in Reg. S underwritings.

Prior to conducting a Reg. S offering, the designated supervisor shall ensure that such an exemption applies to the underwriting. The following is intended to be an overview for the designated supervisor, further research is required for each underwriting. The designated supervisor shall review potential investors in the Reg. S underwriting to ensure that none of the purchasers are U.S. Citizens or U.S. companies. Furthermore, the principal shall ensure that the securities may not be resold to U.S. citizens unless certain exemptions apply.

Securities that are sold under the Reg. S exemptions are considered restricted securities under SEC Rule 144. As such, the designated supervisor must ensure that such securities are not resold through the Firm unless the transaction is done so under the specific conditions of Reg. S, Rule 144, and Rule 144A. The principal must also ensure that purchasers do not engage in any hedging transaction with these securities or use promissory notes to pay for securities.

#### 7.9.2.1. Rule 144a – Private Resale of Securities

The Chief Compliance Officer shall review and approve all transactions subject to the restrictions of SEC Rule 144A. The Firm shall obtain and maintain copies of one of the following documents to verify that the investor is an institutional investor.

- The buyer's most recent publicly available financial statements, provided that such statements present the information as of a date within 16 months preceding the date of sale in the case of a U.S. purchaser and within 18 months preceding such date of sale for a foreign purchaser;
- The most recent publicly available information appearing in documents filed by buyer with the SEC or another United States federal, state, or local governmental agency or self-regulatory organization, or with a foreign governmental agency or self-regulatory organization, provided that any such information is as of a date within 16 months preceding the date of sale in the case of a U.S. purchaser and within 18 months preceding such date of sale for a foreign purchaser;
- The most recent publicly available information appearing in a recognized securities manual, provided that such information is as of a date within 16 months preceding the date of sale in the case of a U.S. purchaser and within 18 months preceding such date of sale for a foreign purchaser; or
- A certification by the chief financial officer, a person fulfilling an equivalent function, or other executive officer of the purchaser, specifying the amount of securities owned and invested on a discretionary basis by the purchaser as of a specific date on or since the close of the purchaser's most recent fiscal year, or, in the case of a purchaser that is a member of a family of investment companies, a certification by an executive officer of the investment adviser specifying the amount of securities owned by the family of investment

companies as of a specific date on or since the close of the purchaser's most recent fiscal year.

The Chief Compliance Officer shall review the above documents. Qualified institutional buyers are defined as being one or more of the following:

- Any of the following entities, acting for its own account or the accounts of other qualified institutional buyers, that in the aggregate owns and invests on a discretionary basis at least $100 million in securities of issuers that are not affiliated with the entity:
  - Any insurance company as defined in section 2(a)(13) of the Act;
  - Any investment company registered under the Investment Company Act or any business development company as defined in section 2(a)(48) of that Act;
  - Any Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958;
  - Any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees;
  - Any employee benefit plan within the meaning of title I of the Employee Retirement Income Security Act of 1974;
  - Any trust fund whose trustee is a bank or trust company and whose participants are exclusively plans of the types identified in paragraph (a)(1)(i)(D) or (E) of this section, except trust funds that include as participants individual retirement accounts or H.R. 10 plans;
  - Any business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940;
  - Any organization described in section 501(c) (3) of the Internal Revenue Code, corporation (other than a bank as defined in section 3(a)(2) of the Act or a savings and loan association or other institution referenced in section 3(a)(5)(A) of the Act or a foreign bank or savings and loan association or equivalent institution), partnership, or Massachusetts or similar business trust; and
  - Any investment adviser registered under the Investment Advisers Act.
- Any dealer registered, pursuant to section 15 of the Exchange Act, acting for its own account or the accounts of other qualified institutional buyers, that in the aggregate owns and invests on a discretionary basis at least $10 million of securities of issuers that are not affiliated with the dealer, provided, that securities constituting the whole or a part of an unsold allotment to or subscription by a dealer as a participant in a public offering shall not be deemed to be owned by such dealer;

- Any dealer registered, pursuant to section 15 of the Exchange Act, acting in a riskless principal transaction on behalf of a qualified institutional buyer;
- Any investment company registered under the Investment Company Act, acting for its own account or for the accounts of other qualified institutional buyers, that is part of a family of investment companies which own in the aggregate at least $100 million in securities of issuers, other than issuers that are affiliated with the investment company or are part of such family of investment companies. Family of investment companies means any two or more investment companies registered under the Investment Company Act, except for a unit investment trust whose assets consist solely of shares of one or more registered investment companies, that have the same investment adviser (or, in the case of unit investment trusts, the same depositor), provided that, for purposes of this section:
  - Each company (as defined in Rule 18f-2 under the Investment Company Act ) shall be deemed to be a separate investment company; and
  - Investment companies shall be deemed to have the same adviser (or depositor) if their advisers (or depositors) are majority-owned subsidiaries of the same parent, or if one investment company's adviser (or depositor) is a majority-owned subsidiary of the other investment company's adviser (or depositor);
- Any entity, all of the equity owners of which are qualified institutional buyers, acting for its own account or the accounts of other qualified institutional buyers; and
- Any bank as defined in section 3(a)(2) of the Act, any savings and loan association or other institution as referenced in section 3(a)(5)(A) of the Act, or any foreign bank or savings and loan association or equivalent institution, acting for its own account or the accounts of other qualified institutional buyers, that in the aggregate owns and invests on a discretionary basis at least $100 million in securities of issuers that are not affiliated with it and that has an audited net worth of at least $25 million as demonstrated in its latest annual financial statements, as of a date not more than 16 months preceding the date of sale under the Rule in the case of a U.S. bank or savings and loan association, and not more than 18 months preceding such date of sale for a foreign bank or savings and loan association or equivalent institution.

The Designated Principal shall evidence his review and approval that the entity is a qualified institution by placing a signed memorandum in the client deal file.

The Firm shall obtain and maintain copies of legal opinions or other evidence from the issuer's counsel that the sale meets the requirements of the rule, and the 144A Forms that are filed with the SEC, and appropriate exchange when such filing is required. The Designated Principal shall review the selling documents and evidence his approval of same by initialing or signing the file copy.

To qualify for exemption under Rule 144A, an offer or sale must meet the following conditions:

1. The securities are offered or sold only to a qualified institutional buyer or to an offeree or purchaser that the seller and any person acting on behalf of the seller reasonably believe is a qualified institutional buyer. In determining whether a prospective purchaser is a qualified institutional buyer, the seller and any person acting on its behalf shall be entitled to rely upon the following non-exclusive methods of establishing the prospective purchaser's ownership and discretionary investments of securities:
    a) The prospective purchaser's most recent publicly available financial statements, provided that such statements present the information as of a date within 16 months preceding the date of sale of securities under this section in the case of a U.S. purchaser and within 18 months preceding such date of sale for a foreign purchaser;
    b) The most recent publicly available information appearing in documents filed by the prospective purchaser with the Commission or another United States federal, state, or local governmental agency or self-regulatory organization, or with a foreign governmental agency or self-regulatory organization, provided that any such information is as of a date within 16 months preceding the date of sale of securities under this section in the case of a U.S. purchaser and within 18 months preceding such date of sale for a foreign purchaser;
    c) The most recent publicly available information appearing in a recognized securities manual, provided that such information is as of a date within 16 months preceding the date of sale of securities under this section in the case of a U.S. purchaser and within 18 months preceding such date of sale for a foreign purchaser; or
    d) A certification by the chief financial officer, a person fulfilling an equivalent function, or other executive officer of the purchaser, specifying the amount of securities owned and invested on a discretionary basis by the purchaser as of a specific date on or since the close of the purchaser's most recent fiscal year, or, in the case of a purchaser that is a member of a family of investment companies, a certification by an executive officer of the investment adviser specifying the amount of securities owned by the family of investment companies as of a specific date on or since the close of the purchaser's most recent fiscal year;
2. The seller and any person acting on its behalf takes reasonable steps to ensure that the purchaser is aware that the seller may rely on the exemption from the provisions of section 5 of the Act provided by this section;
3. The securities offered or sold:
    a) Were not, when issued, of the same class as securities listed on a national securities exchange registered under section 6 of the

Exchange Act or quoted in a U.S. automated inter-dealer quotation system; provided, that securities that are convertible or exchangeable into securities so listed or quoted at the time of issuance and that had an effective conversion premium of less than 10%, shall be treated as securities of the class into which they are convertible or exchangeable; and that warrants that may be exercised for securities so listed or quoted at the time of issuance, for a period of less than three years from the date of issuance, or that had an effective exercise premium of less than 10%, shall be treated as securities of the class to be issued upon exercise; and provided further, that the

Commission may from time to time, taking into account then-existing market practices, designate additional securities and classes of securities that will not be deemed of the same class as securities listed on a national securities exchange or quoted in a U.S. automated inter-dealer quotation system; and

b) Are not securities of an open-end investment company, unit investment trust or face-amount certificate company that is or is required to be registered under section 8 of the Investment Company Act; and

4.

a) In the case of securities of an issuer that is neither subject to section 13 or 15(d) of the Exchange Act, nor exempt from reporting, pursuant to Rule 12g3-2(b) under the Exchange Act, nor a foreign government as defined in Rule 405 eligible to register securities under Schedule B of the Act, the holder and a prospective purchaser designated by the holder have the right to obtain from the issuer, upon request of the holder, and the prospective purchaser has received from the issuer, the seller, or a person acting on either of their behalf, at or prior to the time of sale, upon such prospective purchaser's request to the holder or the issuer, the following information (which shall be reasonably current in relation to the date of resale under this section): a very brief statement of the nature of the business of the issuer and the products and services it offers; and the issuer's most recent balance sheet and profit and loss and retained earnings statements, and similar financial statements for such part of the two preceding fiscal years as the issuer has been in operation (the financial statements should be audited to the extent reasonably available).

b) The requirement that the information be reasonably current will be presumed to be satisfied if:

   i. The balance sheet is as of a date less than 16 months before the date of resale, the statements of profit and loss and retained earnings are for the 12 months preceding the date of such balance sheet, and if such balance sheet is not as of a date less than 6 months before the date of resale, it shall be accompanied by additional statements of profit and loss and

retained earnings for the period from the date of such balance sheet to a date less than six months before the date of resale;

ii. The statement of the nature of the issuer's business and its products and services offered is as of a date within 12 months prior to the date of resale; or

iii. With regard to foreign private issuers, the required information meets the timing requirements of the issuer's home country or principal trading markets.

The Designated Principal shall review the above documents that are applicable to determine that the sale qualifies for exemption under Rule 144A. A copy of the document(s) reviewed shall be placed in the transaction file with a memorandum from the Designated Principal indicating his approval.

### 7.9.3. Regulation A Offerings

Regulation A permits an issuer to raise up to $50 million in a 12-month period and be exempt from the registration requirements under section 3(b) of the Securities Exchange Act of 1933. The Designated Principal will ensure that the issuer of the securities meets the following criteria in order to comply with the requirements of Rule 251 of Regulation A:

1. it is an entity organized under the laws of the United States or Canada, or any State, Province, Territory or possession thereof, or the District of Columbia, with its principal place of business in the United States or Canada;
2. it is not subject to section 13 or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") immediately before the offering;
3. it is not a development stage company that either has no specific business plan or purpose, or has indicated that its business plan is to merge with an unidentified company or companies;
4. it is not an investment company registered or required to be registered under the Investment Company Act of 1940 ;
5. it is not issuing fractional undivided interests in oil or gas rights as defined in Rule 300, or a similar interest in other mineral rights; and
6. it is not disqualified because of Rule 262.

The Designated Principal will evidence his review of the exemption status by placing a memorandum to the client deal file.

An Offering Statement Form 1-A must be filed with the SEC’s main office in Washington, DC. The Offering Statement is qualified without SEC action 20 calendar days after it is filed as long as there is no delaying notation on the Offering Statement. If there is a notation on the offering statement the offering can only be qualified by order of the SEC unless the notation is removed. The Designated Principal, or a designee, will review the Offering Statement to make sure that the offering is qualified or receive a legal opinion from the issuer’s attorney. He will initial and date the Offering

Circular indicating his review and approval. After the Offering Statement Form 1-A has been filed oral offers may be made; written offers under Rule 255 may be made and printed advertisement or radio or television broadcasts made if they state where the Preliminary Offering Circular or Final Offering Circular may be obtained.

The Preliminary Offering Circular may be utilized prior to qualification of the offering statement but after its filing, in accordance with the requirements of Rule 255. The Preliminary Offering Circular contains substantially the information required in an offering circular by Form 1-A, except that information with respect to offering price, underwriting discounts or commissions, discounts or commissions to dealers, amount of proceeds, conversion rates, call prices, or other matters dependent upon the offering price may be omitted. The outside front cover page of the Preliminary Offering Circular shall include a bona fide estimate of the range of the maximum offering price and maximum number of shares or other units of securities to be offered or a bona fide estimate of the principal amount of debt securities to be offered The Offering Circular is filed as a part of the Offering Statement.

Solicitations of interest may be utilized prior to an offering statement. If the issuer chooses to utilize any written document or script, the issuer should submit a copy to the SEC's main office in Washington, D.C., on or before its first date of use. The written document or script of the broadcast shall: state that no money or other consideration is being solicited, and if sent in response, will not be accepted; state that no sales of the securities will be made or commitment to purchase accepted until delivery of an offering circular that includes complete information about the issuer and the offering, state that an indication of interest made by a prospective investor involves no obligation or commitment of any kind; and identify the chief executive officer of the issuer and briefly and in general its business and products. Solicitations of interest may not be made after the filing of the offering statement. Sales may not be made until 20 calendar days after the last publication or broadcast.

Until the offering statement is qualified, no sale of a security may take place. A Preliminary Offering Circular or Final Offering Circular will be furnished to a prospective purchaser at least 48 hours prior to the mailing of the confirmation of sale to that person; and a final offering circular will be delivered to a purchaser with the confirmation of sale, unless it has been delivered to that person at an earlier time. The Designated Principal will ensure that a preliminary offering circular and a final offering circular are delivered to all prospective purchasers. A listing of the Preliminary Offering Circular and/or Final Offering Circular will be maintained including the name and the address of the purchasers and the date of the mailing. The Designated Principal will initial and date the listing indicating his approval of the forwarding of the prospectuses.

The issuer and/or each selling security holder shall file seven copies of a report concerning sales and use of proceeds on Form 2-A or other prescribed form with the main office of the Commission in Washington, D.C. every six months after the qualification of the offering statement, or any amendment, until substantially, all the proceeds have been applied; and within 30 calendar

days after the termination, completion or final sale of securities in the offering, or the application of the proceeds from the offering, whichever is the latest event. This report should be labeled, the final report. The Designated Principal will review Form 2-A reports to make sure that they are filed on a timely basis and initial the copy of the report and place it in the deal file.

Should the Regulation A exemption be suspended, a copy of the suspension order shall be placed in the client deal file, and the Designated Principal will provide notification to all representatives.

If none of the securities subject to the offering statement have been sold, the offering statement may be withdrawn with the SEC's consent. The Designated Principal will place a copy of the withdrawal order in the deal file, and provide notification to all representatives.

### 7.9.4. Section 4(2) Offerings

Section 4(2) of the Securities Act of 1933 provides an exemption from registration for securities not involving a public offering. In participating in private offerings on a "best efforts" or an "all or nothing" basis, each registered representative, subject to the supervision of the Designated Principal or a designated alternate, shall:

- Verify that all offers and purchasers are sophisticated investors who do not require the protections of the registration provisions of the Securities Act of 1933.
- Use reasonable diligence to ensure that all material facts relating to the issuer, the issuer's securities and the offering have been accurately disclosed in the offering memorandum.
- Refrain from making representations, oral or written, about the issuer or its securities other than as set forth in the offering memorandum or in publicly available and reliable investment research materials and observe the prohibition against solicitation or advertising as set forth in Rule 502(c).

## 7.10. QUALIFIED INSTITUTIONAL FINANCE (QIF) (FOR DESIGNATED OFFICES ONLY)

A Quaified Insitutional Financing ("QIF") may only be marketed to Qualified Institutional Buyers (QIBs).

A Qualified Institutional Financing may occur when the office is designated as an OSJ (Office of Supervisory Jurisdiction) and is (i) Pre-authorized to supervise QIF business within the OSJ, (ii) Supervised by a duly-registered professional holding the Series 24 license and all other relevant licenses, (iii) Which Series 24 is responsible for supervising all QIF business and satisfying QIF requirements and (iv) Where a form of engagement letter has been pre-authorized by the WC Commitment Committee, the Series 24 Supervisory

Professional may act locally and not come before the Commitment Committee as long as the Series 24 signs off and forwards all approvals, deal documents, notices and advertisements to the Commitment Committee.

### 7.10.1. Pre-Approved Engagement Letter Template

QIF Supervising Principal will have developed and approved by Firm CCO a standardized engagement letter format that includes CCO supplied indemnification language. This indemnification language may not be altered without Committee approval.

QIF Office may have client and office execute Engagement Letter.

Letter is to be sent to Committee for review, approval and submission to Investment Banking Principal for signature

### 7.10.2. Best Efforts Inclusions in Engagement Letter

QIF Office will use its best efforts to require in the engagement letter, that the client will provide all loan, stock purchase or other complete documentation to be delivered to Weild & Co. headquarters in Boulder, CO, or via email to Banking Operations within 30 days of the closing of a QIF.

### 7.10.3. Customer Suitability

QIF Office must document and forward to Banking Operations the basis on which Customer Suitability was determined.

### 7.10.4. Patriot Act

QIF Office must work with CCO to establish transaction Patriot Act and AML Compliance for both Corporate Client and Investor(s).

### 7.10.5. Due Diligence

QIF Office must document how appropriate due diligence standards were met. This may take the form of a simple one page memo sent prior to closing to Banking Operations.

### 7.10.6. Marketing and Advertising Content

QIF Office must develop standards for Marketing and Advertising Content which are pre-approved by the CCO. At this point the Supervising Principal may review and approve all Marketing and Advertising content locally. All Marketing and Advertising content thus approved by Supervising Principal must be forwarded to Banking Operations.

### 7.10.7. Social Media

All Social Media (e.g. LinkedIn, Twitter, Web Sites, etc.) must be captured and reviewed by Compliance. Supervising Principal must arrange, and pay for, through CCO, Firm designated compliance vendor so that this content capture and review may be implemented by CCO.

# 8 Regulation Best Interest "Reg BI"

Regulation Best Interest ("Reg BI") became effective 6/30/2020. The SEC's Regulation Best Interest under the Securities Exchange Act of 1934 establishes a "best interest" standard of conduct for broker-dealers and associated persons when they make a recommendation to a retail customer of any securities transaction or investment strategy involving securities, including recommendations of types of accounts.

As part of the rulemaking package, the SEC also adopted new rules and forms to require broker-dealers and investment advisers to provide a brief relationship summary, Form CRS ("Customer Relationship Summary"), to retail investors. In addition, the SEC published interpretations concerning investment advisers' standard of conduct under the Investment Advisers Act of 1940, and the "solely incidental" prong of the broker-dealer exclusion from the Advisers Act.

References:

- FINRA Regulation Best Interest Overview https://www.finra.org/article/regulation-best-interest-%28reg-bi%29-overview
- SEC Regulation Best Interest https://www.govinfo.gov/content/pkg/FR-2019-07-12/pdf/2019-12164.pdf
- SEC Form CRS FAQ https://www.sec.gov/investment/form-crs-faq
- SEC Form CRS https://www.sec.gov/rules/final/2019/34-86032-appendix-b.pdf

## 8.1. NEW DEFINITIONS

Regulation Best Interest ("Reg BI") introduces a new definition of Retail Customer that differs from FINRA's. For example, most Family Offices have historically been considered Institutional.

In this chapter various new definitions are provided. The text most relevant to our business-to-business broker-dealer has been highlighted with **bold red text**

### 8.1.1. "Retail Customer" definition for Reg BI

**Retail customer is defined as "a natural person, or the legal representative** of such natural person, **who: (A) receives a recommendation of any securities transaction** or investment strategy involving securities from a broker-dealer; **and (B) uses the recommendation primarily for personal, family, or household purposes**."

Source: https://www.sec.gov/tm/faq-regulation-best-interest#retail

### 8.1.2. "Use" of a "Recommendation

What does it mean to "use" a recommendation?

**A retail customer "uses" a recommendation** of a securities transaction or investment strategy involving securities **when, as a result of the recommendation**: (1) the retail customer opens a brokerage account with the broker-dealer, regardless of whether the broker-dealer receives compensation; (2) the retail customer has an existing account with the broker-dealer and receives a recommendation from the broker-dealer, regardless of whether the broker-dealer receives or will receive compensation, directly or indirectly, as a result of that recommendation; or, (3) **the broker-dealer receives or will receive compensation, directly or indirectly as a result of that recommendation, even if that retail customer does not have an account at the firm.**

Source: https://www.sec.gov/tm/faq-regulation-best-interest#retail

## 8.2. FORM CRS

Our Form CRS can be located at www.weildco.com/form-crs

Form CRS must contain:

- **Introduction to the firm** - This must include: (a) the name of the BD or IA, and whether the firm is registered with the SEC as a BD, IA or both; (b) an indication that BD and IA services and fees differ and that it is important for the retail investor to understand the differences; and (c) a statement that free and simple tools are available to research firms and financial professionals on the SEC's investment education website (Investor.gov/sec), which provides educational materials about BDs, IAs and investors.
- **A description of services and advice that can be provided** - The relationship summary must describe all relationships and services offered to retail investors, even if the investor at issue does not qualify for or is not being offered a particular service currently.
- **A description of fees and costs, applicable standard of conduct, and examples of how the firm makes money and conflicts of interest** - Firms must summarize the principal fees and costs that retail investors incur with respect to their BD and IA accounts, and the conflicts they create.
- **Relevant disciplinary history** - The relationship summary must include a separate section about whether a firm and its financial professionals have reportable disciplinary history and where investors can conduct further research on these events.
- **How additional information may be obtained** - Firms must state where retail investors can find additional information about their BD and IA services.
- **Prescribed "conversation starters" for investors to ask** - If a required disclosure or conversation starter is inapplicable to your business, or specific wording required by the Form's instructions is inaccurate, you may omit or modify that disclosure or conversation starter.

Examples from Form CRS that seem relevant to us:

"What investment services and advice can you provide me?" For broker-dealers, state the particular types of principal brokerage services you offer to retail investors, including buying and selling securities, and whether or not you offer recommendations to retail investors.

"What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?"

"What are your legal obligations to me when providing recommendations? How else does your firm make money and what conflicts of interest do you have?"

"How might your conflicts of interest affect me, and how will you address them?"

### 8.2.1. When does Form CRS distribution apply?

**You must deliver the Relationship Summary to each retail investor before or at the earliest of**: (i) **a recommendation of** an account type, **a securities transaction, or** an investment strategy involving securities; (ii) **placing an order for the retail investor**; or (iii) the opening of a brokerage account for the retail investor.

**Including on the golf course, at social gatherings or while running errands), sometimes referred to as "hire me" communications**. If you engage in a communication that rises to the level of a "recommendation" to a retail investor, whether in the context of a "hire me" conversation or otherwise, the recommendation will trigger the delivery obligation under Form CRS.

Source: https://www.sec.gov/tm/faq-regulation-best-interest#retail

Note for our firm, gathering and submission subscription materials for a Retail or Retail-Accredited investor is analogous to "placing an order for the retail investor"

### 8.2.2. Distribution Form CRS

To assure Form CRS is distributed appropriately the following requirements must be met.

#### *8.2.2.1. Email Signature*

Form CRS must be linked in all email signatures, for example:

<Name>

<Title>

Weild & Co. or <brand>

<Email>

<Phone>

Please see Weild & Co.'s Regulation Best Interest, Form CRS Disclosure Here.

Securities transactions effected through Weild & Co., member FINRA/SIPC. This message and any attachments are confidential. All messages sent to or from our system are subject to review and retention. Our full Electronic Communications Notice may be found at www.weildco.com/ecd.

##### *8.2.2.2. Website Footers*

Form CRS must be linked in the footers of all websites pertaining to Firm securities business. For example:

Securities transactions are executed through Weild & Co. , member FINRA | SIPC, Regulation BI Form CRS

##### *8.2.2.3. Included in Retail subscription materials*

All subscription packages that will be used for Retail Investors, which includes Family Offices, must include the full Firm's Form CRS (just a link is not sufficient).

Weild & Co. Form CRS

#### 8.2.3. Inform us if you have questions

It is critical that all registered representatives contact us if you have any questions at all about whether or not Form CRS should be sent to a potential investor.

We would rather distribute Form CRS unnecessary rather than miss having it distributed when required.

If you have any questions contact Compliance.

## 8.3. RESTRICTED USE OF "ADVISOR" OR "ADVISER"

The Commission presumes that the use of the terms "adviser" and "advisor" in a name or title by (i) a broker-dealer that is not also registered as an investment adviser or (ii) an associated person that is not also a supervised person of an investment adviser to be a violation of the capacity disclosure requirement under Regulation Best Interest.

Source: https://www.sec.gov/info/smallbus/secg/regulation-best-interest

## 8.4. THE "CARE OBLIGATION"

### 8.4.1. What does the Care Obligation require?

Under the Care Obligation, you must exercise reasonable diligence, care, and skill when making a recommendation to a retail customer to:

understand potential risks, rewards, and costs associated with recommendation, and have a reasonable basis to believe that the recommendation could be in the best interest of at least some retail customers;

have a reasonable basis to believe the recommendation is in the best interest of a particular retail customer based on that retail customer's investment profile and the potential risks, rewards, and costs associated with the recommendation and does not place the interest of the broker-dealer ahead of the interest of the retail customer; and

have a reasonable basis to believe that a series of recommended transactions, even if in the retail customer's best interest when viewed in isolation, is not excessive and is in the retail customer's best interest when taken together in light of the retail customer's investment profile.

Whether you have complied with the Care Obligation will be evaluated as of the time of the recommendation (and not in hindsight).

Source: https://www.sec.gov/info/smallbus/secg/regulation-best-interest

### 8.4.2. Components of the Care Obligation

You must exercise reasonable diligence, care, and skill to understand the potential risks, rewards, and costs associated with the recommendation.

What would constitute reasonable diligence, care, and skill will vary depending on, among other things, the complexity of and risks associated with the recommended security or investment strategy and the broker-dealer's familiarity with the recommended security or investment strategy.

While every inquiry will be specific to the particular broker-dealer and the recommended security or investment strategy, you generally should consider important factors such as:

the security's or investment strategy's:

- investment objectives;
- characteristics (including any special or unusual features);
- liquidity;
- volatility; and
- likely performance in a variety of market and economic conditions;

the expected return of the security or investment strategy; and

any financial incentives to recommend the security or investment strategy.

Together, this inquiry should allow you to develop a sufficient understanding of the security or investment strategy and to be able to reasonably believe that it could be in the best interest of at least some retail customers.

You must consider the risks, rewards, and costs in light of the retail customer's investment profile and have a reasonable basis to believe that the recommendation is in that particular customer's best interest and does not place the broker-dealer's interest ahead of the customer's interest.

The retail customer's investment profile is defined to include, but is not limited to the retail customer's:

| | |
|---|---|
| • age;<br>• other investments;<br>• financial situation and needs;<br>• tax status;<br>• investment objectives;<br>• investment experience; | • investment time horizon;<br>• liquidity needs;<br>• risk tolerance; and<br>• any other information the retail customer may disclose to the broker in connection with a recommendation |

When recommending a series of transactions, you must have a reasonable basis to believe that the transactions taken together are not excessive, even if each is in your customer's best interest when viewed in isolation. The requirement applies irrespective of whether you exercise actual or *de facto* control over a customer's account.

What would constitute a "series" of recommended transactions would depend on the facts and circumstances, and would need to be evaluated with respect to a particular retail customer.

# 9 Public Offering Activities

## 9.1. FIRM COMMITMENT UNDERWRITINGS

The Firm is not currently approved to engage in firm commitment underwriting activity and act as a co-manager/joint book-running manager and/or appear on the cover of the final prospectus of an offering which would require the Firm to maintain a minimum net capital of $100,000.

*If and when the Firm is approved by FINRA to engage in firm commitment underwriting activity:*

The Designated Principal will supervise all firm commitment underwriting activity and ensure that all suitability, due diligence, recordkeeping and other duties of care are executed in accordance with the standards set forth by FINRA and described in detail in Section 6 of this manual, Private Placement Activities.

The Designated Principal or his designee will be responsible for ensuring that the Firm's excess net capital is adequate to meet all open contractual commitment charges related to its syndicate and underwriting participation in firm commitment underwritings. This determination will be made based on the terms of the specific underwriting agreement and the appropriate haircut percentage as stated in SEC Rule 15c3-1.

The FINOP will prepare a net capital computation evidencing the Firm's ability to commit to the participation in the offering and will update the computation regularly throughout the period of the underwriting.

The open contractual commitment haircut from the close of business on the effective date of the contract to settlement with the issuer is taken on the amount subject to the underwriting less confirmed sales. The remainder is haircut by the appropriate percentage less unrealized profit on the remainder.

In the event the Firm participates in firm commitment underwritings as a selling group member, the Firm will not be required to apply the open contractual commitment deduction to its net capital as defined in SEC Rule 15c3-1 provided there is a written agreement stating that there is an unconditional right to return any unsold securities to the underwriter or participant in the underwriting.

# 10 Mergers & Acquisitions: Fairness Opinions

The Firm has included these procedures to clarify its expectations of its M&A personnel and supervisors. While conducting its M&A business, the Firm strives to maintain high standards of commercial and ethical conduct and just and equitable principles. The Firm is dedicated to serving the best interests of its clients and complying with all applicable regulatory requirements.

The Firm may conduct mergers and acquisitions (M&A) advisory services for its corporate clients. Services may consist of advisory work in connection with: merger and acquisition transactions, sales, divestitures, recapitalizations, valuations and/or fairness opinions.

While the firm will issue fairness opinions, personnel must recognize that these fairness opinions pose risk to the Firm. As a result, the Firm will retain 50% of all revenue, and the Designated Principal will give input to the methodologies used and will have final sign-off on any fairness opinion issued. The drafting of any such opinion must be done by an individual qualified in the art and that individual will be obligated to defend or testify to the defense of that fairness opinion in a hearing, deposition or case, even when and if that individual is no longer associated with Weild & Co.

All advisory work performed by the Firm's personnel must be subject to the terms of a negotiated, executed engagement letter signed by the designated Principal (or other, when permitted by the designated Principal). No member of the Firm may conduct advisory services for clients that have not been approved by the designated Principal and the Commitment Committee.

Personnel engaging in or supervising any of the following activities on behalf of the Firm will require Series 79 licensing, in addition to any other licenses they are required to hold based on their other securities activities:

- Advising on or facilitating debt or equity securities offerings through a private placement or a public offering, including but not limited to origination, underwriting, marketing, structuring, syndication, and pricing of such securities and managing the allocation and stabilization activities of such offerings, or
- Advising on or facilitating mergers and acquisitions, tender offers, financial restructurings, asset sales, divestitures or other corporate reorganizations or business combination transactions, including but not limited to rendering a fairness, solvency or similar opinion.

## 10.1. SERVICES

- M&A advisory services provided by the Firm may include: M&A Representation, Buy-side: the Firm may assist the buyer client in identifying the Firm to be acquired, valuing the target Firm, conducting due diligence, structuring the transaction and performing other, related services.

- M&A Representation, Sell-side: the Firm may assist the seller client to identify prospective acquirers, determine a preliminary range of valuations, draft and distribute a descriptive memorandum, negotiate transaction terms, coordinate due diligence visits and other services. The Firm requires prospective acquirers to sign confidentiality agreements prior to allowing them access to any non-public information.
- Valuation Services: either on a standalone basis or in combination with other M&A services, appointed personnel will analyze comparable transactions, current market data, and financial projections prepared by the Firm or the client in order to determine a range of estimated values. The designated Principal (or his/her designee) should review and approve all valuations before they are provided to clients.
- Fairness Opinions: in certain instances, fairness opinion may be issued to clients. Fairness opinions concern a transaction in its entirety, rather than on specific terms or conditions of a transaction, and are limited to the financial characteristics of the transaction. The opinions may be issued in cases where the Firm represents buyers or sellers in change of control transactions. The designated Principal (or his/her designee) must review and approve all fairness opinions before they are provided to clients and the Commitment Committee must have approved all fairness opinions before they are provided to clients. Fairness Opinions carry significant risk and are sober and deliberate exercises. At least 50% of revenue must be retained by Weild & Co. to compensate for this risk. Anyone that is involved in the preparation of a Fairness Opinion must make themselves available, if asked, to be deposed or testify as to the merits of any Fairness Opinion. This obligation to appear extends in perpetuity, whether or not an individual is no longer associated with Weild & Co.

## 10.2. DUE DILIGENCE

M&A professionals must undertake a due diligence process to examine thoroughly the advisory client and its industry prior to providing M&A services. Due diligence practices should include interviews of management, visits to Firm facilities (if appropriate) and the careful examination of relevant factors, including, where applicable:

- Profile/Operational Structure: products and services, Firm history, departments/ divisions/subsidiaries, customers, suppliers, operational methods and physical plants.
- Industry: competitors, local and broader industry dynamics, market trends, cyclicality/seasonality and industry forecasts.
- Management and Employee Issues: organizational structure, biographical data regarding key officers/directors/employees, compensation and benefits plans, and union status.
- Financial Data: historical and projected financial statements, including interim results, R&D expenditures, inventories, order backlogs,

recorded and contingent liabilities, litigation, significant contracts and organizational structure/tax status.

In conducting due diligence, Firm personnel must determine what information (listed above or otherwise) is relevant to a particular assignment and must attempt to incorporate an analysis of all available, pertinent information.

When representing sellers, personnel may prepare a memorandum describing the client and communicating background information. This memorandum typically includes information that allows prospective acquirers to evaluate the acquisition opportunity prior to submitting non-binding expressions of interest or visiting the client. Personnel may not make any representation or warranty as to the accuracy or completeness of memorandum information and the designated Principal will ensure that memorandums include language disclosing that the memorandums do not represent offers to sell the company or its securities.

No fewer than seven (7) business days, or as modified at the sole discretion of the Chief Compliance Officer or management, prior to completion of a Referred Business Transaction, the Registered Representative shall provide written notice to the Firm about the pending closing, which notice shall include information as set forth in the Firm's Commitment Committee Pre-Closing Form ("Pre-Closing Form") as set forth in the WSP, as modified from time to time. Within five (5) business days of its receipt of the completed Pre-Closing Form respecting a Referred Business Transaction, the Firm may by written notice to the Registered Representative cause the registered representative immediately to cease providing Securities Services on such Referred Business Transaction, including without limitation not completing such Referred Business Transaction.

Registered Representatives acknowledge that it is the Registered Representative's responsibility to conduct a Bring-Down Due Diligence Call ("DD Call") call with the Management of a Referred Business Transaction at pricing and closing of any transaction, where relevant. The DD Call requires Management to provide confirmation that the sound condition of the issuer, following the initial due diligence exercise, remains the case, and that there have been no adverse changes that a reasonable investor would find to be "Material" to his or her investment decision. To the extent that a material adverse change is discovered, it must be immediately communicated to the Commitment Committee which must convene and instruct the Registered Representative as to how to proceed.

## 10.3. FEES

The purpose of the Firm's M&A activity is to generate fee income by providing advisory services. All services will be subject to the terms of an engagement letter, describing the scope of the assignment, the fee arrangement and other specifics of the relationship between the Firm and the client. The Firm typically receives a success fee contingent upon completion of an assignment, with out-of-pocket expenses paid by the client. Such fees are typically based upon the size of the transaction and are due at closing. The Firm may also receive retainer fees upon signing an engagement letter and periodically

thereafter, which may be credited against any success fee. In the case of valuations, fees charged by the Firm will be a fixed dollar amount not subject to the estimated valuation amounts. Fairness Opinion fees will be a fixed dollar amount contingent only upon issuance of an opinion, and not subject to the valuation, completion of the transaction, or the Firm's expressed opinion on the fairness of the transaction. The designated Principal is charged with reviewing and approving all fees negotiated by Firm personnel. This approval will be evidenced by his or her signature on the agreements or initials on agreements executed by other Firm personnel.

## 10.4. LEGAL ISSUES

When services are provided to publicly-held clients or to investors in such companies, legal counsel may be required and retained to ensure compliance with appropriate rules and regulations regarding proxy solicitations or tender offers or other potential securities matters. Additionally, M&A transactions may present the risk of potential conflicts of interest. To address this situation and to attempt to prevent perceived conflicts, the Firm shall disclose to its clients any relationships that it reasonably believes may create a conflict of interest or perception thereof.

## 10.5. RECORD KEEPING

The Firm shall maintain files for each M&A engagement including the following information, as appropriate:

- A signed copy of the engagement letter. A copy of all descriptive memorandums.
- Distribution ledgers, indicating the name of each individual receiving a copy of the memorandum, date of receipt, number of memorandum (if appropriate) and any other pertinent information.
- Copies of any confidentiality agreements.
- A copy of any Fairness Opinion letter.
- A copy of the final presentation made to the client's board of directors.

Principals in charge of M&A engagements will review the files of each engagement, on an on-going basis, to ensure that all required documents are being maintained.

## 10.6. SECURITIES OFFERINGS

When securities offerings are made by the Firm in conjunction with M&A advisory services (for instance, offering privately-placed debt securities in the context of a restructuring/recapitalization), all relevant procedures described in this Manual relating to securities offerings must be followed. No securities

offerings are permitted without proper registration and supervisory approval, as herein described.

## 10.7. FAIRNESS OPINIONS

If a transaction requires a fairness opinion, it is the Firm�much's preference to rely on an opinion issued by issuer's counsel.

However, in instances where the Firm may need to issue a Fairness Opinion, the Firm may issue fairness opinions to its mergers and acquisitions customers relative to transactions involving a change of control of a company through merger, acquisition or sale. These opinions when issued by the Firm must not provide information contrary to fact and must contain appropriate, quantitative disclosure when the Firm has reason to believe the fairness opinion may be provided to the company's public shareholders.

These disclosures must include:

- Whether the Firm will receive any compensation contingent on the successful completion of the transaction for acting as an adviser to any party in the transaction that is the subject of the fairness opinion for providing the opinion, acting as an advisor or providing any other services relative to the transaction. Note - Transactions also include subsequent related transactions that occur contingent to the transaction on which the fairness opinion is issued;
    - Any material relationships that existed during the past years or any contemplated material relationships between the Firm and any party to the transaction that is the subject of the fairness opinion that could result in the payment or receipt of compensation, other than de minimus fees;
    - Whether the opinion was approved or issued by a fairness committee;
    - Whether the opinion addresses the fairness of compensation paid to any insiders relative to compensation paid to public shareholders; and
    - Whether the Firm has verified any information provided by the parties involved in the transaction with an independent third-party. Note - the Firm is not required to verify such information and if no verification is done, the disclosure would simply state that no such verification was made.

The designated Principal shall review all fairness opinions to determine that appropriate disclosures are included. He/she will evidence his/her review by affixing his/her initials and the date of review on a copy of the opinion that will be retained in the client's file.

### 10.7.1. Fairness Opinion Committees

The Firm will generally use the Commitment Committee and Designated Principal and Designated Reviewer until such a time as a formal Fairness Committee is established. The procedures as follows:

- The Deal Team will locate another non-economically interested Series 79 qualified individual to serve as "Deal Reviewer".
- In reviewing the opinion the Designated Reviewer shall determine that the valuation analyses used are appropriate. and shall initial each page as approved and submit the final document to the Designated Principal for review.
- The Firm shall promote a fair and balanced review, by requiring that all opinions are reviewed and approved by a member of senior management or the compliance staff that does not serve on the deal team for the transactions or the committee itself; and

The person(s) designated to review the report as described above shall evidence his/her review by affixing his/her initials and the date to a copy of the report prior to submitting it to the designated Principal for his/her final review and approval.

# Appendix A. Communication and Approved Media

FINRA and SEC regulations stipulate that (a) all electronic business communications by registered persons must be captured and monitored by the affiliated broker-dealer, and (b) all business communications must be fair and balanced. Banker use of media, applications or services referenced in this Exhibit D for business purposes may require advance notice and written approval by Weild Compliance. Banker is responsible for providing all information necessary to implement and support FINRA-required monitoring, archiving or review to Weild Compliance at affiliate-support@weildco.com.

## LIMITED-USE APPROVED MEDIA

a) ONLINE APPLICATIONS AND SERVICES: The following online communications applications and services are approved for Banker use, subject to regulatory prohibitions on use of integrated chat functions to solicit securities transactions or engagements, or for any other purpose prohibited by FINRA or SEC regulations:

- Zoom, GoToMeeting, Join.me, WebEx
- Skype, AOL/IM
- UberConference, other conference call hosting services

b) CONTENT PRE-APPROVAL: All video content, animations, slide decks, white papers and research publications must be submitted to Weild Compliance for review and approval prior to distribution.

c) ONLINE FILE HOSTING SERVICES: The following online file hosting services are approved for Banker use for any purpose not prohibited or restricted by FINRA or SEC regulations:

- Dropbox, Box, Google Drive, OneCloud, Carbonite

## PROHIBITED AND RESTRICTED APPLICATIONS

a) Banker use of the following online and mobile applications for business purposes is prohibited, unless expressly approved in writing by Weild Compliance:

- WeChat, WhatsApp, G-Chat, KIK, other chat applications
- Facebook, Instagram, Twitter, other social media applications

b) Mobile Text Messaging may not be used in the solicitation of securities transactions or engagements, or for any other purpose prohibited by FINRA or SEC regulations.

# Appendix B. Standard Compensation Sharing

<table>
<tr><th>Banker Role / Engagement Responsibility</th><th>Share of Net Fees</th><th>Standard Compensation Sharing Structure — Applicable to Engagements Marketed Through Weild Selling Group</th></tr>
<tr><td>Origination / Relationship Banker</td><td>20.0%</td><td rowspan="3">Standard sharing of net transaction fees between participating Bankers, after deducting FINRA/SIPC fees and Weild retention.<br>Non-standard fee sharing arrangements must be approved by Weild Commitment Committee clearly and disclosed to all participating Bankers.</td></tr>
<tr><td>Management / Managing Banker</td><td>15.0%</td></tr>
<tr><td>Distribution / Selling Banker(s)</td><td>65.0%</td></tr>
<tr><td>Retainer fee share to Relationship Banker</td><td>50.0%</td><td rowspan="2">Standard sharing of retainer fees between participating Bankers, after deducting FINRA/SIPC fees and Weild retention.<br>Retainer fees subject to rebate or credit against success fees at closing will be withheld by Weild until (a) fully earned at closing, or (b) expiration or termination of engagement.</td></tr>
<tr><td>Retainer fee share to Managing Banker</td><td>50.0%</td></tr>
</table>