

OSJ SUPERVISION & COMPLIANCE OVERVIEW

Let Us Guide You ON YOUR JOURNEY



FINANCIAL RESOURCES GROUP
Investment Services

 **LPL Financial**

OSJ Office

- The Office of Supervisory Jurisdiction (OSJ) Home Office at the Fort Mill Branch is responsible for compliance with all federal, state, and FINRA rules and regulations and LPL Financial policies and procedures.
- Steve Lank is the head of the OSJ. Supervision is delegated to multiple Securities Principals.
- Advisors are located at and assigned to Non-OSJ offices. Satellite offices or offices of convenience can be registered to facilitate client meetings.
- There are many hyperlinks in this document. In order for them to work properly, please make sure you are signed in to ClientWorks.
- [Financial Resources Group Website](#)
- [FRG training department](#)
- [FRG Compliance and Supervision Department.](#)
 - [Schedule a meeting with the compliance team.](#)
- [Marketing and Design Department](#)
- [Onboarding Department](#)

Branch Offices

Branch Office Definitions:

- **OSJ Location:** The Office of Supervisory Jurisdiction (OSJ) home office located in Fort Mill is responsible for the overall supervision of all advisors & office staff.
- **Non-OSJ Location:** A Non-OSJ office is a registered branch location that may be held out to the public and should maintain client files & compliance books and records.
- **Satellite Location:** A satellite location is an office of convenience where advisors cannot maintain regular office hours, keep client files, or hold the office out as a place for investment business by advertising the location.
- Exemptions for using your residence as a primary location are available should you qualify.

What types of office identification are required?

- SIPC Sticker or Plaque
- DBA signage requirements (customized identification and signage must be pre-approved)
- Proper LPL signage to include disclosures
- Signage and SIPC sticker must be prominently displayed at entrance to office/lobby

When can we expect a branch examination?

- **Non-OSJ Location:** An audit examination of all Non-OSJ offices is conducted every three years.
- **Satellite Location:** an audit examination of all Satellite locations is conducted at least every three years.

Registration & Licensing

Securities Registration

- All registered branches and satellite locations must be reported to the Registration Department.
- All [U-4 amendments](#) including address changes, financial disclosures, outside business activities, etc., must be reported.
- The Registration Department must be notified of all associates, including non-licensed associates, and all associates' fingerprints must be on file.
- Interns require disclosure and affiliation with LPL

Insurance Licensing

- Insurance licenses do not transfer automatically.
- You must be appointed with a carrier prior to submitting business. (takes approx. 2-4 weeks) Through Appointment Central on ClientWorks.
- Renewals are the responsibility of each individual and should be done through the NIPR site.
- (844) 610 – 0009 may be contacted for questions

Books & Records Requirements

Client Files

- All branch files must be secured and kept in ClientWorks using LPL's [iDoc Feature \(User Guide\)](#).
 - All client files must be secured and kept in ClientWorks using LPL's iDoc Feature.
 - No physical (paper) files should be maintained.

Books & Records (Must be maintained for each Registered Branch Location)

- [Check Receipt Log](#) ^{***}(Not required for remote deposit app)
- Advertising File
- Sponsor Approved Advertising File (if applicable)
- All versions of Business Cards, Letterhead and Envelopes (used by everyone in this branch office)
- Incoming Correspondence – Brokerage
- Outgoing Correspondence – Brokerage
- [Complaint File](#) – Brokerage
- [Complaint File](#) – Options
- [Complaint File](#) – Commodities (if applicable)
- [Do Not Call List](#)
- [Signature Guarantee Log](#) (if applicable)
- [Cash/Non-Cash Compensation Log](#)
- Daily Deposit Report (if using local deposit program)
- Remote Deposit Check File (if applicable)
- [Non-Local Deposit Check Log](#)

Books & Records Requirements

Books & Records (Cont.)

- [Securities Receipt Log](#)
- [FINRA Manual](#) (or web access)
- [Operations Manual and Compliance Manual](#) (or access to Resource Center)
- Client Files
- [Prospectus Delivery Log](#)
- [Branch Office Business Continuity Plan](#)

If Transacting Advisory Business:

- Advisory Advertising File
- Advisory Complaint File
- Advisory Incoming Correspondence File
- Advisory Outgoing Correspondence File

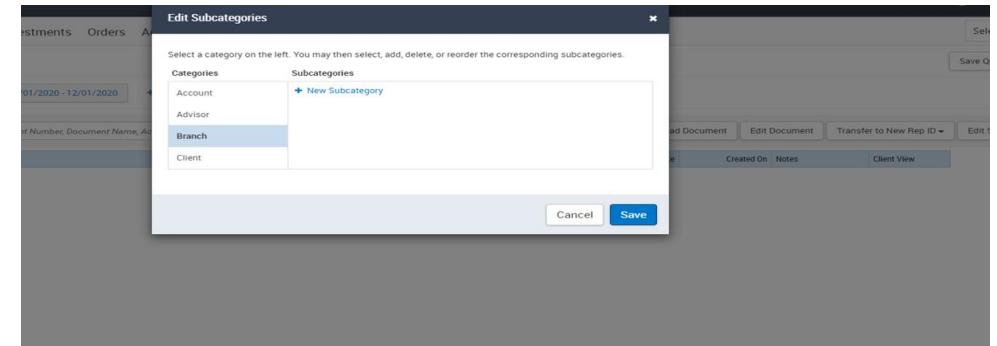
If Registered with the SEC or the state as a Registered Investment Advisor:

- RIA Advertising File
- RIA Complaint File
- RIA Incoming Correspondence File
- RIA Outgoing Correspondence File
- RIA Ledger of fees Billed/Received

iDoc Feature

- iDoc is required to be used for storage of client related and branch level documents.
 - Drag & Drop or easily browse to upload your documents.
 - Upload multiple documents at a time.
 - Customizable ways to categorize documents.
 - “Advisor” and “Branch” document categories that allow you to go paperless while still being SEC compliant (i.e., compliance Files, Advertising files).
 - Documents on Demand – ability to request all of your imaged forms on an external hard drive for a cost of \$200.
 - See the iDoc Paperless Office Solutions Reference Center in the Resource Center for more information.

*Contact FRG’s Training Dept. if you need assistance with setting up your branch files. training@lplatfrg.com



Required **Manuals** & Material

- FINRA link (www.FINRA.org)
- [LPL's Advisor Compliance Manual](#)
- [Branch Office Security Policy and Implementation Standards Guide](#)
- [Anti-Money Laundering \(AML\) policies and procedures](#)

OSJ Advisor Standards of Conduct

- Advisors must notify either their program manager, sales manager, or the OSJ Home Office if they are going to be out of the office for two or more business days. In addition, advisors should also notify LPL via the [out-of-office tool in the Advisor Compliance tool](#) in Client Works. Client Works > Menu > Compliance > Advisor Compliance Tool > Out of Office.
- The OSJ's inquiry surrounding sale activity will be done mostly through ClientWorks. In certain instances, the OSJ principals will send an email request directly to the advisor.
- Advisors should check the [Advisor Compliance Tool](#) in the Compliance Center section in ClientWorks on a daily basis to check for transaction and account level alerts. Advisors should also respond to emails as quickly as possible. Failure to address a request or review task in a timely manner could result in reversal of the trade and/or fines issued by LPL.
- All completed account documentation should be emailed to LPL Financial, following the instructions on each given form. Paperwork that requires OSJ/Branch Manager signature should be emailed to the OSJ Home Office at osj@lplatfrg.com. All approved and in good order documents will be forwarded to LPL immediately, with the rep/admin copied. Any item not in good order will be addressed directly with the rep/admin.
- When an OSJ/Branch Manager signature is required, E-Signature or Adobe-sign documents should be updated to reflect OSJ@lplatfrg.com as the recipient. The default is Steve.Lank@lpl.com.
***OSJ** (all capitals) should be *a/ways* be used as the code for the document.

Hybrid **Advisor** – Gladstone RIA

Smart RIA

- Annual advisor attestations
- Client Annual Reviews
- Account Document Submission and Storage
- Performance reviews
- Cash concentration

Black Diamond

- Householding
- Report Generation

ComplySci

- Advisor brokerage account disclosure
- Annual holdings attestation

StratiFi (coming soon)

- Proposal generation
- Account level risk variance (SWM & outside custodian)

Quest CE

- [Annual Firm Element Continuing Education](#)

For additional information please reach out to Compliance@gladstonewealth.com or Operations@gladstonewealth.com

Sales Practices- New Accounts

Primary Forms Required:

- New Account Application and Agreement ([F1BN-IS](#) and [F1BR-IS](#) are for banks and credit unions).
- The Master Account Agreement ([F1B](#)) must be given to clients at or prior to account opening.
- For qualified accounts opened manually, The Account Application Prudent Process Rationale ([F731](#)) or the Client's Rollover Rationale and Disclosure ([F753](#)) should to be completed and submitted to LPL for processing.

Note: Liquid Net Worth Cannot Exceed Net Worth. Likewise, the account value cannot exceed NW or LNW. LPL defines Liquid Net Worth as: any assets that can be liquidated in 30 days regardless of penalties. This includes, but is not limited to checking, savings, IRA and Keogh, annuity contracts, all marketable securities, commodity accounts, cash, money market funds, and precious metals. Real estate and non-trade alternative investments are excluded. When calculating liquid net worth, be sure to include the investment you are proposing.

Direct Business Accounts

- Direct business accounts require the opening of an LPL account – Outside Investment or “Shell” Account.
- LPL forms and copies of the carrier/sponsor paperwork must be submitted to LPL or uploaded in ClientWorks. Original carrier paperwork is sent directly to the sponsor company when submitting direct business.
- LPL may ask source of fund questions on direct business transactions if funds do not originate from a known source.

Regulation **Best** Interest

- **DUTY OF CARE** - You must have a reasonable basis to believe that the recommendation is in the best interest of a particular retail customer. When developing a recommendation for retail investors you must:
 - Understand the needs, objectives, capabilities, experience, time horizon, and tolerances of your customer.
 - Fully understand the material facts, risks, benefits and potential rewards of your recommendations and strategies including:
 - Characteristics (including any special or unusual features) and liquidity.
 - Volatility and the expected return and likely performance in a variety of market and economic conditions.
 - The costs of and evaluation/comparison of reasonable alternatives to your recommendations such as CDSC/12b-1 fees, internal expense ratios, M&E fees, liquidation charges, platform fees, account fees, any other direct or indirect costs.
 - Consider any financial incentives to recommend the security or investment strategy, ensuring that you are not putting your interests or the firm's interests, financial or otherwise, ahead of your customers when making a recommendation.
 - Disclose and document your process.

Reg BI - Form CRS & CRS Delivery

- **Form CRS** - Broker-dealers and RIAs are required to deliver a two to four page Relationship Summary (Form CRS) to new and existing advisory and brokerage customers.
- **Form CRS Delivery Requirements – Existing Clients**
 - When recommending opening a new account that is different from the retail investor's existing account(s); or
 - When recommending or providing a materially new brokerage service or investment.
- **Prospects/New Clients must get delivery prior to:**
 - A recommendation of an account type, a securities transaction, or an investment strategy.
- **CRS Delivery Methods – Logging required**
 - By hand. Available in Resource Center. Log delivery in ClientWorks application.
 - By mail (Requires 5 day wait prior to making a recommendation). Requested and automatically logged through ClientWorks application.
 - Electronically via email. Requested and automatically logged through ClientWorks application.
 - LPL will redeliver if material changes are made to CRS.
 - Included in New Account Package and also available in Resource Center.

Policies & Procedures

Mutual Fund Policies

- B share purchases limited to aggregate holdings of \$49,999.
- C share purchases limited to \$249,999 per fund family and aggregate holdings of \$749,999.
- Request for exception for B or C share policies requires written compliance approval prior to the trade taking place.
 - B or C Share Disclosure Form ([F140](#))
 - SEC or FINRA calculator (initialed by client)

*Note: LPL rarely grants a C share exception exceeding the aggregate holdings of \$749,999.

- Disclosure forms are only required for an exception request, and should be submitted for approval prior to placing the trade.
- The time horizon on the account should match the investments within the account. C share mutual funds are more suitable for a 1-5 year time horizon, whereas A share Mutual funds are more suitable for a 5+ years time horizon. A **FINRA ANALYZER** should be used for C and A share cost comparison, initialed by the client and retained in the client's file.
- Mismatched share classes and time horizons will generate flags in the trade blotter.

Policies & Procedures

Mutual Fund Policies (cont.)

- A [Prospectus Delivery Log \(F631\)](#) is required for mutual fund direct business, where assets are held away from LPL. Its is not required for mutual fund transactions on LPL's platform.
- **Mutual Fund Exchange vs. Switch**
 - **Exchange:** the sale of one fund and purchase of another fund on the same day, same dollar amount in the same fund family; must be offered to the client before recommending a switch to another fund family.
 - **Switch:** the event of liquidating a prospectus based product (mutual fund, variable product, REIT,ETF, etc.) to purchase another prospectus based product with a different fund company.
- LPL will issue a negative consent switch form for UIT, SP and MF trades. You are responsible for completing the switch task in ClientWorks, documenting the rational for the transaction within 3 business days of the trade.
- 90 day/three month rule. LPL does not follow a 90 days rule. A switch letter will be issued if the source of funds came from another prospectus product, regardless of when the sale took place.

Policies & Procedures

529 Plans

- A 529 College Savings Plan Disclosure Checklist ([F423](#)) must be completed for every initial purchase of a 529 plan.
- As of June 18, 2016, the usage of class C share mutual funds in 529 Plans with beneficiaries 12 years of age and younger is prohibited unless an accommodation can be granted as referenced below.
- The official Statement or Disclosure Document must be delivered to the client.
- Disclosures regarding potential tax implications must be given if offering an out of state plan.
- The [FINRA 529 Expense Analyzer](#) is required for C share transactions of \$25K or greater as compared to A share expenses – signed by client.

Policies & Procedures

Variable, Index, and Fixed Annuities

- **All** Initial Annuity purchases of all types must be submitted electronically through LPL's [Annuity Order Entry system](#) (AOE) for compliance review.
- **All** subsequent purchases funded from an annuity replacement must be submitted through the AOE system.
- **All** subsequent purchases of \$25,000 or more must be submitted through the AOE system. Below \$25K still require the appropriate [F439](#) form on file in the client account. Only annual qualified contributions are exempt from AOE/papering requirements.
- AOE will populate all forms for client signature when forms are rendered based on information used to complete the order.
- LPL's annuity concentration guideline is 50%
- LPL prohibits replacing a Variable Annuity if:
 - The contract has been held less than two years, or
 - The CDSC is 2% or higher or \$2500
- LPL prohibits using discretion in variable annuity subaccounts (except for advisory VA's) An Insurance/Annuity Delivery Receipt must be maintained in the client files.

Policies & Procedures

Variable Annuities (cont'd)

- Notes explaining the rationale for the transaction are required in AOE under Suitability section. All rationale questions should be detailed and client and product specific.
- LPL only offers one share class (B) for VA's. A liquidity feature can be added to shorten the CDSC, but will require client specific rationale and will be reviewed by LPL as an accommodation. Income riders with shortened CDSC are generally not approved.
- [AOE Best Practices](#)

Policies & Procedures

Alternative Investments

- AI applications should be submitted through the [Alternative Investment Order Entry system \(AIOE\)](#), which can be accessed through ClientWorks. We encourage the use of the AIOE system as it reduces order entry errors.
- AI applications can also be completed via a paper application ([AI1](#)). Email all documents to the OSJ home office at osj@lplatfrg.com
- A suitability/concentration grid is included in the [AI1 form](#). Please be aware that individual states may have additional constraints on AI purchases. Please check the product prospectus.
- When received, the OSJ will review and approve that paperwork as quickly as possible and email that approved paperwork back to the advisor.
- Once you receive back the approved version, keep one record for the client file and mail another with the originals to Alternative Investments Department.
- Alternative Investments can be held in advisory accounts, but should remain below 20% of the account value. Holding greater than 20% of “less liquid” investments in an advisory account may result in LPL converting the account to brokerage.

Policies & Procedures

Brokered CDs

- The Brokered CD Disclosure Statement must be delivered to client at or prior to sale.
- The Brokered CD Disclosure Statement Receipt ([F463](#)) must be signed by the client and maintained in the client file.

Structured Products

- Please review the pre-approval requirements for this investment type. Structured Products Purchase Procedures & Requirements (lpl.com)
- Structured products may be subject to certain concentration guidelines based on client age, liquid net worth, and account type.
- Structured products require detailed review, documenting the client's understanding of the product as well as the client's actual LNW. We will reach out to you for products specific details via email.
- Structured products should be held to maturity and should be solicited as less liquid investments designed to be held to maturity.
- Prospectus Delivery Log (F631)

Proprietary Bank Stock

- LPL prohibits the solicitation of any proprietary bank stock, or LPLA.
- A Letter of Non-Solicitation is automatically issued by LPL for all trades coded as unsolicited.

Policies & Procedures

Low Priced Securities

- LPL prohibits the solicitation of any securities trading at \$2 or less (regardless of exchange), unlisted securities (OTCBB, Pink Sheets, etc.), and ADRs trading below \$50 per share.
- Please ensure that Low Priced Securities are properly entered as unsolicited. For full details review the [“New Low-Priced and Unlisted Securities Policy Effective March 15, 2017”](#) located in the resource center.
- A Letter of Non-Solicitation is automatically issued by LPL for all trades coded as unsolicited.

Cash and Non-Cash Compensation

- Gifts/entertainment from product sponsors are limited to \$500 in value per attendee plus guest at a single event, and an aggregate value of \$1500 per calendar year.
- Gifts to/from clients cannot exceed \$100 in value per client per year.
- Promotional items such as T-shirts and coffee mugs are not counted against the value.
- Training meetings/educational due diligence meetings must be pre-approved by Compliance.
- The Non-Cash Compensation Log ([F151D](#)) must be maintained by each advisor.
- Ensure that each team member has a Cash\Non-non cash form created for them, and placed in the appropriate folder.

Policies & Procedures

Cryptocurrency

- LPL does not facilitate any currency trading. Advisors cannot recommend the purchase, sale, or custody of actual cryptocurrency through LPL.
- Advisors cannot recommend clients liquidate positions in order to purchase actual cryptocurrencies.
- Advisors cannot participate in cryptocurrency mining.
- Advisors can, at their own risk, purchase actual cryptocurrencies for their own accounts at approved outside broker-dealer firms that support virtual currency trading.
- [Crypto policy page](#)

In Order to Purchase Cryptocurrency-Related Products

- Advisors & their OSJ/RIA supervisors must complete the required one-time Cryptocurrency-Related Products training located within the Learning Center.
- Your clients must complete the Cryptocurrency-Related Products Acknowledgement form ([F725](#)) for each account in which the product will be purchased. (This form must be signed via eSignature).
- Cryptocurrency related products are non-marginable. No opening transactions and no speculative options can be written using these products as underlying assets.
- [Advisor Sleeve MWP](#) is restricted from purchasing these investments.

** Please review the Advisor Compliance Manual for additional information and account concentration limits.

Policies & Procedures



Outside Business Activities

- Outside business activities include any business or commercial services other than securities services, including civic/charitable activities and DBA names.
- Requires prior written Compliance approval.
- All new, termed, and amended outside business activities must be submitted electronically through the [OBA tool in ClientWorks](#).

Outside Securities Holdings

- All associated individuals (including Non-Registered persons) are required to report all outside securities holdings (including immediate family members) to LPL using the [MyComplianceOffice Technologies Reportable Securities Guide](#).
- An annual fee of \$100 per account with a maximum charge of \$200 per personal/family related account.

Policies & Procedures

Dealing with Senior Investors

- An attempt should be made to gather Trusted Contact information for all clients, especially elderly clients. This person can be contacted should there be concerns of diminished capacity or elder abuse. The Trusted Contact form is not used as a consent to release information for any other reason.
- For accounts opened in ClientWorks, the Trusted Contact information will be captured as part of the application process.
- For existing accounts, you can capture the information on the Trusted Contact Person Form ([F751](#)) during your client meetings.

***Note:** The client can decline to provide Trusted Contact information.

- Any concerns of elder abuse should be immediately reported to the OSJ at osj@lplatfrg.com and to LPL Senior Investor Protection team at seniorinvestorprotection@lpl.com.
- All trades executed in senior investor accounts are subject to additional suitability rationale. For certain transactions where an LPL form is required, document the client's ability to make financial decision and understand the product, and if a POA or family member was involved in the decision making process (i.e. AOE orders, Switch tasks, [F487](#) forms, [F439](#), AIOE etc.).
- If a form is not required for the trade in question, ensure to capture the pertinent information in the client's file or in the CRM (i.e. Equity, ETF, UIT etc.)

Advisory Compliance

- Must maintain documentation of ongoing account management. The required annual review must be documented in ClientWorks.
- Hourly consulting – fee based financial planning services
 - Max fee \$500hr/\$20K annually
- SAM/SAM II is MF, ETF, and UIT discretion only. Advisors be approved for full discretion beyond those product types on a rep level by submitting an [F614A](#).
- After receiving approval for full discretion beyond MFs, ETFs, and UITs, each account you wish to use this full discretion on must have a client signed Discretionary Amendment ([F596](#)) on file.
- A timely response is required for advisory compliance surveillance reports. You will receive a notification request via ClientWorks and Proactive Surveillance.
- Effective October 1 2019, a Series 7 is NOT required for opening MWP, GWP, PWP or manager Select accounts.
 - A Series 7 will still be required for SAM & SWM accounts.
- The [Advisory Consulting group](#) can be reached at 877-575-2844 for information on the different platforms and fees for advisory accounts.
- Licensed admins can assist in gathering the information for the advisor, but cannot provide any recommendation on the client's portfolio or perform the annual review.
- It is highly recommended that Advisor's review the following two guides under the Resource Center prior to conducting SAM business. [Proactive Surveillance SAM Guidelines](#)

Advisory Compliance

■ Annual Client Contact

- If you have advisory accounts, the SEC mandates that you meet with your clients no less than annually to perform a complete portfolio review, re-confirm account objectives, etc. This is not just an LPL requirement. It is part of your fiduciary obligation as written in the [Advisor Act](#).
 - Annual review meetings can be held virtually, via phone, or in person.
 - Annual Client Review forms ([F450](#)) are located in the 'Clients' sub-menu within the Client Management page of ClientWorks.
 - All substantial client reviews are REQUIRED to be documented in ClientWorks. This includes OMP, SAM, MWP, PWP and Manager Select. LPL audit will demand records of your documented annual reviews. If they are not in ClientWorks, you will be cited.
 - The Annual Client Review form covers many of the topics that should be reviewed while performing a client review in addition to a general comments section for general information material to the client's circumstances.
 - Under the “Clients” tab in ClientWorks, you can use the “Last Review Date” column to sort filter or create quick views to see which client reviews are due.
 - Please see the [Annual Client Review Meeting Policy](#) page of the Resource Center for additional information on completing Annual Client Review forms in ClientWorks.

Advisory Compliance

- Annual Advisory Review (F450)

ClientWorks - Client Management

Enter Trade | Create New Account 2.0

Lindsey Bessant | Log Out | On-the-Go

Home Practice Metrics **Clients** Accounts Groups Investments Orders Activity Requests Documents Reports Meetings

Hide Quick Views 44

340,442 Clients

Total Account Value \$28,144,520,085.39

Total LPL Value \$16,706,448,709.67

Total Linked Value \$10,952,347,816.67

Total Non-Linked Value \$512,503,588.21

Save Quick

Standard Quick Views

Custom Quick Views +

Client Summary *

Filter

Search by Client Name, Email, SSN/Tax ID

Create Prospect/C

View Last Names starting with All 0-9 A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

Client Name	Last Name	LPL Accounts	Linked Value	YTD R G/L	Last Review Da...	Client Goals
<input type="checkbox"/> Norma T Melges	Melges	6	\$0.00	\$0.00	03/17/2022	—
<input type="checkbox"/> Sylvia U. Ratliff	Ratliff	5	\$116,858.77	(\$2,818.09)	03/17/2022	—
<input type="checkbox"/> Patricia M. Boush	Boush	4	\$0.00	(\$891.06)	03/17/2022	—
<input type="checkbox"/> Delibor Medic	Medic	4	\$40,607.87	\$0.00	03/17/2022	—
<input type="checkbox"/> Jean A Davies	Davies	5	\$266,959.00	\$749.71	03/17/2022	—
<input type="checkbox"/> Thomas S Shelefka	Shelefka	1	\$0.00	(\$281.34)	03/17/2022	—
<input type="checkbox"/> Dionne L Fowler	Fowler	3	\$123,121.65	\$0.00	03/17/2022	—
<input type="checkbox"/> Catherine M Crackel	Crackel	3	\$63,931.76	\$0.00	03/17/2022	Retirement
<input type="checkbox"/> Sharon L Craig	Craig	3	\$338,511.08	\$0.00	03/17/2022	—
<input type="checkbox"/> Crackelcatherine-closed	Crackel	4	\$0.00	\$0.00	03/17/2022	—
<input type="checkbox"/> Teresa Davis	Davis	1	\$0.00	\$0.00	03/17/2022	—
<input type="checkbox"/> Teresa Davis	Davis	1	\$0.00	\$0.00	03/17/2022	—
<input type="checkbox"/> Charlotte Ann Quigley	Quigley					
<input type="checkbox"/> Ruth H Larson	Larson					

Waiting for ec.walkme.com...

Advisory Compliance

■ Annual Advisory Review (F450)

Advisory Client Review (F450)

Client Meeting and Explanation

i Investment Advisor Representatives IARs are required to perform a substantial review with each advisory client as defined by tax ID at least annually (one review every 12 months). This electronic form is used to document ongoing investment advice with clients regarding their advisory account(s) for the annual review requirement.

i Instructions: Please identify topics reviewed with the client by marking the boxes below. If changes were made or proposed as part of the review, please select "Reviewed and changes made or proposed" and provide a detailed explanation of the changes made or proposed, along with any other meeting details or recommendations made.

Review Completed:	<input checked="" type="radio"/> InPerson	<input type="radio"/> Email	<input type="radio"/> Phone	<input type="radio"/> Video Conference	<input type="radio"/> CRM Exists
Reviewed Financial Status:	<input checked="" type="radio"/> Did not review	<input type="radio"/> Reviewed and no change	<input type="radio"/> Reviewed and changes made or proposed		
Reviewed Risk Tolerance:	<input checked="" type="radio"/> Did not review	<input type="radio"/> Reviewed and no change	<input type="radio"/> Reviewed and changes made or proposed		
Reviewed Time Horizon:	<input checked="" type="radio"/> Did not review	<input type="radio"/> Reviewed and no change	<input type="radio"/> Reviewed and changes made or proposed		
Reviewed Investment Objective and Goals:	<input checked="" type="radio"/> Did not review	<input type="radio"/> Reviewed and no change	<input type="radio"/> Reviewed and changes made or proposed		
Reviewed Asset Allocation and/or Account Holdings	<input checked="" type="radio"/> Did not review	<input type="radio"/> Reviewed and no change	<input type="radio"/> Reviewed and changes made or proposed		
Reviewed Investment Performance	<input checked="" type="radio"/> Did not review	<input type="radio"/> Reviewed and no change	<input type="radio"/> Reviewed and changes made or proposed		
Advisory Account Fees (SAM I/II & level of trade activ...	<input checked="" type="radio"/> Did not review	<input type="radio"/> Reviewed and no change	<input type="radio"/> Reviewed and changes made or proposed		

Save as Draft

Submit

FA Acknowledgement

i Attest: By submitting this form electronically, I represent that the information contained in this form is complete and accurate. In addition to the items noted above, the IAR also represents that they have given the client the opportunity to ask questions regarding the advisory account(s). Furthermore, based on the above and the client's financial status, risk tolerance, investment objective, and goals, the IAR hereby represents that the advisory account(s) remains appropriate and suitable for the client. I have also provided this client a copy of my ADV 2B brochure supplement and confirm that I am properly licensed and registered as an IAR to provide advice to this client.

i Proxies: If completing the Annual Client Review on behalf of the IAR (as proxy), please identify the IAR who conducted the review in the box below.

Advisor Attest: ☐

Advisor Signature(Enter Name):

Save as Draft

Submit

Advisory Account **Householding**

- The new “**Householding Investment Management**” feature allows you to manage all of your eligible* SAM accounts in a single household as one portfolio. Currently, accounts that are eligible for Investment Management Groups must be SAM accounts and should be limited to spouses and domestic partners that **share the same mailing address**.
- Group supervision enables your househanded SAM accounts to be supervised at the group level, rather than at the account level. You’ll be able to assign one investment objective to the entire Investment Management group (the investment objective is representative of the underlying assets within the group of SAM accounts). In return, you will receive supervision and related alerts for the group of accounts as one.
- Utilizing this feature should help to significantly decrease the number of alerts you receive in Proactive Surveillance in the following areas.
 - Investment Concentration Limits
 - High Cash Balances
 - Trading Frequency

A recording of the training is available in the Training Portal on the FRG website:
<https://financialresourcesgroup.net>. The password to login to the site is “FRGISresources”.

Communication with the Public

Electronic Communications & Social Media

- All LPL associated persons are required to use an LPL Financial email address, or the advisor's compliance-approved proprietary Doing Business As (DBA) domain email address hosted with an LPL Financial-approved email host vendor.
- The use of generic email address such as Yahoo, Hotmail, and Gmail are strictly prohibited.
- Email signatures must be submitted to Marketing Regulatory Review (marketing@lplatfrg.com) for review and approval.
- If any form of electronic communications you would like to use is not being captured, reviewed, and archived by LPL, then you cannot use it
- **Text messaging is forbidden** unless when using LPL's [MyRepChat](#) Application. No other application for text messaging is allowed or approved by LPL. There is no charge for this technology.
- The use of Social Media (LinkedIn, FaceBook Business, Twitter) to market your brand is allowed, but you must:
 - Take the required training in the Learning Center – Social Media Training
 - Submit your Social Media Onboarding Form in ClientWorks
 - Sign up for Social Patrol, a monitoring service (\$85/yr)

Correspondence

- All incoming and outgoing correspondence for all registered personnel must be submitted to the OSJ home office on a monthly basis
- Each month an email will be sent from osj@lplatfrg.com, requesting your correspondence for the previous month.
- The email will contain a full set of instructions on how to electronically submit your correspondence.
- Whether or not there is correspondence for the month, each registered individual must still submit the electronic attestation form.
- Correspondence is any written communication intended to be delivered to a single client or prospective customer and not for dissemination to multiple customers or the general public.
- Correspondence does not require pre-approval by LPL.
- Copies of letters (signed on letter head) should be submitted, not templates.
- Files of all correspondence must be also be retained by the advisor in ClientWorks and categorized as Incoming or Outgoing and separated by Brokerage vs. Advisory.
- Greeting cards should be submitted as Administrative/Operational Communication in CMAX/ART. CMAX/ART approved marketing materials do not need to be submitted as monthly correspondence. You MUST upload the list of recipients to CMAX/ART every time you use approved material.

Brokerage and Advisory Correspondence

- Brokerage Correspondence:
 - Any written communication that is sent to or from 25 or fewer brokerage clients or prospective clients.
 - Typically, brokerage correspondence includes material surrounding brokerage services, brokerage products and any other activity that is done through LPL Financial as a broker/dealer.
 - Brokerage correspondence sent to 26 or more clients or prospective clients should be submitted to the Marketing Regulatory Review department for approval.
- Advisory Correspondence:
 - Any written communication that is sent or received to or from 1 client or prospective client.
 - Typically, advisory communication includes material surrounding financial planning services, advisory accounts (e.g. SAM, OMP, PWP, etc.), hourly consulting and any other activity that is done through LPL Financial as a Registered Investment Advisor.
 - Advisory correspondence sent to 2 or more prospective clients should be submitted to the Marketing Regulatory Review department for approval.

**** As a reminder, you are responsible for gathering and including in your monthly submission any correspondence that is sent on your behalf by your administrative assistants. Your administrative assistants, licensed or not, are NOT receiving this reminder email.***

Correspondence

<u>Required:</u>	<u>Not Required:</u>
Notes, letters, or memos sent to or received from clients and prospective clients. Outgoing correspondence should bear your signature, on approved letterhead. All correspondence should be an exact copy of the original.	Any LPL Financial or third-party financial institution forms (examples: Blank or filled out New Account Applications, Transfer forms, Alternative Investment applications, Variable Annuity applications, other carrier specific applications).
Advisor generated reports, or Performance Summary Reports not through ClientWorks.	Any materials required to be reviewed by Marketing Regulatory Review (Advertising) prior to use (examples: form letters, marketing materials, advertisements, etc.) - MRR tracking numbers should be included with mailing lists submitted in correspondence.
Holiday or special occasion greeting cards (Example: Christmas cards, birthday cards, thank you cards, etc.) if they refer to business or include a business name (i.e., DBA or LPL). *Include both sides of any cards/notes *Include list of recipients	Holiday or special occasion greeting cards (examples: Christmas cards, birthday cards, etc.) that are personal in nature and do not reference your business (name/signature only; no DBA, no reference to LPL, no discussion of business).
Incoming or outgoing fax cover sheets with any client-specific notes or instructions (example: "Dear client, please fill out and return ASAP"). All cover sheets should clearly indicate the client/prospect's full name, and clearly state what is being faxed.	Consolidated reports produced through LPL provided tools and approved third-party vendors are no longer required to be submitted with your monthly correspondence. Consolidated report requirements can be found in the Advisor Compliance Manual.
Any correspondence items that are not explicitly listed under the <i>Not Required</i> column.	E-mails
	Account Statements, including personal statements from outside custodians.
	Check copies or branch deposit receipts; Cover letters accompanying checks received are correspondence.

Branch Office Security

Implementation

- All advisors must adhere to LPL's IT security standards as defined in LPL's [Branch Office Security Policy \(BOSP\)](#).
- The BOSP will cover restrictions on certain types of storage mediums and/or software that can be run on computers used for business purposes, use encryption of data and enhanced controls pertaining to logon, password management, and storage/sending of client PII, and the use of firewalls, up-to-date antivirus software and important security patches, amongst other important protocols.
- Your adherence to LPL's BOSP will be tested as part of the LPL's regular audit process.
- All breaches of security must be immediately reported to LPL's Security Incident Hotline at 866-578-7011 and the OSJ Home Office.
- For help/questions, please contact the FRG IT team at it@lplatfrg.com.

BCP

- Branch offices are required to create and maintain a written Business Continuity Plan identifying procedures relating to an emergency or significant business disruption. A [BCP template](#) can be found in the Resource Center in ClientWorks.
- Advisors affiliated with a Financial Institution may use the Financial Institution's BCP as long as the FI's BCP makes specific reference to, and provisions for, the investment program.

Privacy Incidents

- A “privacy incident” is defined as the loss of control, compromise, unauthorized disclosure, or unauthorized acquisition of information or any similar occurrence in which:
 - A person other than the authorized user accesses or potentially accesses personally identifiable information (PII) or a system containing PII.
 - An authorized user accesses or potentially accesses PII or a system containing PII for an unauthorized purpose.
 - The term encompasses both suspected and confirmed incidents potentially involving PII or systems containing PII, whether intentional or inadvertent.
- PII (also called “sensitive personal information”) includes an individual’s name plus another piece of identifying information, such as Social Security number, driver’s license number, financial account number, medical information, health insurance information, or biometrics.
 - If you have any questions about whether the information meets the definition, please report it.
 - Examples: Potential email compromises, transitioning advisor incidents involving advisors taking/bringing unauthorized PII to or from LPL, lost or inadvertent disclosure of PII, lost or stolen devices, lost or stolen paperwork containing PII, systems compromise/hack from external parties, ransomware, third-party vendor incidents, report of external ID theft, Advisors using equipment with unapproved email addresses, Advisor office break-ins.

*You should report any incident you suspect may be a Privacy Incident to the Privacy Office via the [LPL Financial Incident Submission Form](#) or email PrivacyResponseTeam@lplfinancial.com

Anti-Money **Laundering** / CIP Verification

- Advisors are prohibited from opening accounts for any country, any individual or entity on following lists:
 - Office of Foreign Asset Control (OFAC)
 - Financial Action Task Force (FATF)
- ClientWorks performs automatic screening via account opening.
 - If a match is found, enter an explanation if the client is not the person of interest.
- All clients are reviewed against public databases for negative news.
- All registered individuals will be required to complete AML training on an annual basis.
- LPL conducts a review of client information through an outside vendor (MIS) at account opening and on an ongoing basis.
- Every client establishing an investment account with LPL Financial must complete LPL Financial New account application for brokerage/outside business account or a confidential client profile for an advisory account.
- The AML Department will contact the Financial Advisor for additional information if they cannot immediately determine that the client account information does not relate to the information provided by MIS. It is up to the advisor to resolve the issue in a timely manner to avoid the account from becoming restricted.
- [Foreign Account Policy](#)
- [Real-Time CIP Resources](#)

Customer Complaints –

- All verbal and written customer complaints must be immediately forwarded to the OSJ home office and for processing with LPL's Legal Department via LPL's [Complaint Submission Portal](#).
- LPL Legal will assign an attorney and/or paralegal to work with the Rep/Institution until closure.
- The advisor must provide a written summary of events and all relevant notes and documents.
- All client responses must be coordinated with and approved by Legal. Only LPL Legal can reply to and/or attempt to settle any customer complaint
- See complaint submission process on following slide.

Complaint Submission Process

■ Early Dispute Resolution (EDR) Transmittal

- To streamline the submission of customer complaints to the Legal Intake Team, beginning July 1, 2023, all customer complaints must be submitted through the EDR Transmittal Portal. Customer information, complaint detail, and related documents will now be submitted directly to the portal. We are discontinuing the use of the F800 form and will no longer accept customer complaints to the Dispute Resolution Mailbox. Customer complaints submitted to the Dispute Resolution Mailbox on or after July 1, 2023, will not be deemed properly submitted. There are several references within the Resource Center, but you can also access the Portal by clicking this link: [Early Dispute Resolution Transmittal](#)
- Each submission should highlight the parties involved in the complaint including customer information, advisor information, and the firm at issue. There are additional fields for specific information that will help the assigned team understand the issue quicker. Each required/applicable field must be completed.

The diagram illustrates the EDR Transmittal form with callouts explaining various fields:

- Name of customer complaining or individual complaining on behalf of the customer.** Points to the **Customer/Complainant Name *** field.
- Account related information will be completed in these fields.** Points to the **Please Choose One:** section with options: ☐ Related to an Account? and ☐ Not related to an Account (i.e. CBA Customer, Prospect Customer or not related to LPL).
- Current advisor information completed in this section.** Points to the **Advisor of Record *** field.
- Information relating to the relationship of the issue to LPL.** Points to the **Firm at Issue *** section, which includes a dropdown menu and a **Who is the subject at issue? (Choose One)** section with options: ☐ Advisor, ☐ Vendor (i.e. Sponsor Companies, Third Party Vendors and TPAs), and ☒ LPL Home Office.
- Amount to resolve the complaint, or losses incurred.** Points to the **Amount at Issue *** field, which includes a sub-field for **Disputed Amount, Cost of Correction, or N/A**.
- The date when the complaint/grievance was received.** Points to the **Date Complaint was Received *** field, which includes a sub-field for **Date call was received, meeting was held, or email/letter was received.**
- The complaint reporting type is selected here (verbal or written).** Points to the **Is the Complaint Verbal or Written? (Please Choose One)** section with options: ☒ Verbal Complaint (Provide Description) and ☐ Written Complaint (Attach Customer Letter/Email).
- Submitter's contact information is completed.** Points to the **Submitter Email *** field.
- Upload documents, if any.** Points to the **Has the issue been resolved?** section, which includes a checkbox for **Check this box if the issue has been resolved with the customer.**

The form also includes a **Submit** button and a checkbox for **Send me a copy of my responses**.

***Once each required/applicable field has been completed, you will submit the form. Once the form is submitted, it will be placed into the assignment queue, and will be assigned that day. The assigned team will contact the required parties as soon as possible to discuss next steps.**

Regulatory Examination Requirements

- Immediately notify the Compliance Service Center (866-321-3640 option 4) & the OSJ Home Office of all regulatory examinations and inquiries including FINRA, SEC, State, OCC, NCUA, FDIC, etc.
- Compliance/Legal will assist the advisor/financial institution with regulatory requests.
- All responses must be coordinated with and approved by Compliance/Legal.

Continuing Education

- **FINRA – New Process**
 - Applies to anyone who holds a FINRA License
 - Now required *annually*
 - Must go to www.FINRA.org and use/(re)establish a FINPRO account
 - 12 hours of CE courses are already assigned to each of you
 - FINRA has begun sending notifications directly
 - **12/31 Due Date**
 - Failure to complete means you are suspended for new year (no renewals) until CE is done
 - LPL may help notify, but that is all they can do
 - **NO EXCEPTIONS**
- **Firm Element**
 - Applies to all licensed persons at LPL
 - Usual LPL process rolls out in Q3 with a **10/31 Due Date**
 - Courses will include: Annual Compliance Meeting, AML, Security and Privacy, IS Training (if applicable), and possibly 1 or 2 other timely topics.
 - You will receive full notifications/warnings from LPL and the OSJ
 - **Annual Questionnaire – Applicable to any person affiliated with LPL in any manner**
- **Certifications**
 - Certifications (CFP, CPA, etc.) – Check with your certification boards/websites for their maintenance/CE requirements.
 - Check your Advisor Profiles via Advisor Compliance Tool in CW.

Check on any outstanding requirements: ClientWorks -> Menu -> Tools -> Learning Center

Continuing Education

- **Advisory (NASAA) – New Requirements**
 - **Applies to anyone who holds an Advisory license**
 - Certain states now require additional advisory continuing education – **AR, CA, CO, FL, HI, KY, MD, MI, MS, NV, ND, OK, OR, SC, TN, VT, DC, WI.**
 - If you are registered in one of these 18 states, you will personally need to find a CE provider and take your State’s prescribed CE courses.
 - For a list of affected States and helpful resources go to: ClientWorks -> Resource Center: IAR Continuing Education.
 - Check with www.NASAA.ORG for general info
 - For State specifics and a list of acceptable CE providers - <https://www.nasaa.org/industry-resources/approved-iar-ce-providers/>
 - Check with your individual State Securities Commissions
 - Check your Advisor Profiles via the Advisor Compliance Tool in CW
 - LPL may notify only, but just like with FINRA CE, that is all they can do
 - Some reciprocity is given for certain courses taken at the BD. To apply your FINRA Regulatory Element CE to the 6-hour Products and Placements requirement for IAR CE, you will click the “Apply Regulatory Element” link in FinPro, and then follow the prompts to pay the \$18 fee.
- **Insurance**
 - **Applies to anyone who holds Insurance licenses**
 - Check your State insurance CE requirements via NIPR website: www.nipr.com
 - Your State Insurance Commission is another good place for insurance information specific to your state.
 - Check your Advisor Profiles via Advisor Compliance Tool in CW.

LPL Prohibited Activities

- Discretion – Prohibited in brokerage accounts, annuity sub-accounts (except for advisory VA's), and for individual equities or fixed income positions in SAM accounts (unless exemption granted)
- Non-genuine signature-use of white out, cutting, pasting, copying, etc. –**DON'T EVER DO IT**
- Maintaining incomplete or blank signed documents, or adding/changing/deleting any information post client signature on a document, just like non-genuine signature use, is the equivalent of document tampering or forgery and a potentially terminable offense.
- Using any form of loan proceeds to fund an investment purchase. Selling or advising on reverse mortgages is strictly prohibited. (The only borrowed funds a client can use for investments is Margin)
- Accepting trade orders via email, voicemail, or fax from clients. Verbal confirms are ALWAYS required. **DON'T HAVE E&O COVERAGE. LPL REQUIRED TO REPORT YOU TO FINRA.**

**Please be aware of a new ACH scam. This is where scam artists obtain client account information and submit legitimate ACH requests to the advisor or firm for processing. This just another reason why verbal confirmation is necessary to help protect your clients.*

- Front-running: Trading in your personal or related accounts ahead of your clients' accounts.
- Participation in chat rooms, bulletin boards and instant messaging.

*Refer to the Prohibited Activities section of the LPL Advisor Compliance Manual for a complete list.



LPL Prohibited Activities

- Accepting a loan from, or offering a loan to customers.
- Accepting cash or checks made payable to anyone or entity other than LPL or investment sponsor.
- Directly or indirectly accepting or sharing in securities commissions or fees from an entity other than LPL or with a person or entity not licensed with LPL.
- Completing Verification of Deposit forms, collateral agreements, or signing any indemnification agreements on behalf of LPL. ([F704](#))
- Acting as trustee, successor trustee, co-trustee, power of attorney, or executor over any client assets, or having custody or control over client or non-client funds.

Please note this document is not all-inclusive of LPL's Compliance policies and procedures.

Please refer to the LPL Financial Advisor Compliance Manual and Operations Handbook for additional information.

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