

Template Policies and Procedures Manual

This is a template you may use in compiling a policies and procedures manual for investment advisory business. Several sections may have no relation to your operation, but again this is only a list of suggested topics. You should add topics as necessary which are not included in this template and delete any that are superfluous.

- 1) Introduction
 - a. Fiduciary responsibility to clients
 - b. Determining and adhering to client objectives (suitability)
 - c. Nature of the service/products offered by the Company
- 2) Registration and renewal requirements in states where IA is registered
- 3) Qualification standards of IA (i.e., what knowledge, skills, and abilities must a Rep with the firm possess? College degree? Experience?)
- 4) Training procedures
- 5) Disciplinary steps for employees
- 6) Prospectus delivery
- 7) Required steps for an exchange (1035's)
- 8) Opening accounts
 - a. Disclosures given
 - b. Client agreement
 - c. Capture of suitability information (documents/forms used for this)
 - d. Review and approval by supervisor of each new account
- 9) Closing accounts (termination process)
- 10) Discretionary authority (including written approval by supervisor)
 - a. How it is indicated
 - b. How it is implemented
- 11) Custody of client funds/securities
- 12) Complaint process (including appropriate steps for review and processing)
 - a. Written complaints
 - b. Verbal complaints
 - c. File to be maintained for all written and verbal complaints

- 13) IA fee structure
- 14) Advertising file
 - a. Including the maintenance of records, worksheets, calculations, etc...necessary to form the basis of performance data used in advertising
- 15) Litigation file
- 16) Privacy policy (including its required dissemination and how it will be handled)
- 17) Commitment to adhere to the relevant tenets of the Patriot Act (i.e., anti-money laundering)
- 18) Client correspondence files (including written and electronic, sent and received with written approval by supervisor)
- 19) Maintenance of client records
 - a. Trade activity
 - b. Client files
 - c. Location
 - d. Supervisory review and approval of all securities transactions
 - e. Maintenance of any memorandum of instruction received by IA from client concerning the purchase, sale, receipt or delivery of a security and any modification or cancellation of any such order or instruction
- 20) Amendments to be made on ADV (within 30 days of material change — same for U-4's and U-5's)
- 21) Proxy voting
- 22) Manner in which books will be kept (journals, ledgers, spreadsheets)
- 23) How a client order is taken, processed and recorded
- 24) Powers of attorney (general, limited, how this authority is documented)
- 25) Organizational documents (articles of incorporation/organization, minutes to board of directors meetings, by-Laws, etc...)
- 26) Frequent examination of client accounts (to prevent irregularities and/or abuses)
- 27) Minimum net capital (minimum of \$10,000 or a \$50,000 surety bond is required)
- 28) Periodic inspection of each business office to ensure procedures are enforced
- 29) Disclosure document maintenance (copies to be maintained of each such document)

and each amended disclosure document, including a record of the date each was offered to clients initially and at least annually thereafter).

The Alabama Securities Commission provides these guidelines to assist investment advisers in developing written policies and procedures. They are only guidelines and not a complete or exclusive list. Other items may need to be included to ensure the rights of the client and the adviser. You should contact the Alabama Securities Commission with specific questions. This information is not intended as legal advice. You are encouraged to consult legal counsel prior to reliance on the information contained herein.