

830-X-3-.14 Records Required Of Registered Dealers.

(1) Every dealer registered in this state, except as otherwise provided by this rule, shall make and keep current the following books and records relating to its business as provided herein:

(a) Blotters (or other records of original entry) containing an itemized daily record of all purchases and sales of securities, all receipts and deliveries of securities (including certificate numbers), all receipts and disbursements of cash and all other debits and credits. Such records shall show the account for which each such transaction was effected, the name and amount of securities, the unit and aggregate purchase or sale price (if any), the trade date, and the name or other designation of the person from whom purchased or received or to whom sold or delivered.

(b) Ledgers (or other records) reflecting all assets and liabilities, income and expenses and capital accounts.

(c) Ledger accounts (or other records) itemizing separately as to each cash and margin account of every customer and of such dealer and partners thereof, all purchases, sales, receipts, and deliveries of securities for such account and all other debits and credits to such account.

(d) Ledgers (or other records) reflecting the following:

1. Securities in transfer;
2. Dividends and interest received;
3. Securities borrowed and securities loaned;
4. Monies borrowed and monies loaned (together with a record of the collateral therefor and any substitutions in such collateral);
5. Securities failed to receive and failed to deliver.

(e) A securities record or ledger reflecting separately for each security as of the clearance dates all "long" or "short" positions (including securities in safekeeping) carried by such dealer for its account or

for the account of its customers or partners showing the location of all securities "long" and the offsetting position to all securities "short" and in all cases the name and designation of the account in which each position is carried.

(f) A memorandum of each brokerage order, and of any other instruction, given or received for the purchase or sale of securities, whether executed or unexecuted. Such memorandum shall show the terms and conditions of the order or instructions and of any modification or cancellation thereof, the account for which entered, the time of entry, the price at which executed and, to the extent feasible, the time of execution or cancellation. Orders entered pursuant to the exercise of discretionary power by such dealer, or any employee thereof, shall be so designated. The term "instruction" shall be deemed to include instructions between partners and employees of a dealer. The term "time of entry" shall be deemed to mean the time when such dealer transmits the order or instruction for execution or, if it is not so transmitted, the time when it is received.

(g) A memorandum of each purchase and sale of securities for the account of such dealer showing the price and, to the extent feasible, the time of execution; and, in addition, where such purchase or sale is with a customer other than a dealer, a memorandum of each order received, showing the time of receipt, the terms and conditions of the order, and the account in which it was entered.

(h) Copies of confirmation of all purchases and sales of securities and copies of notices of all other debits and credits for securities, cash, and other items for the accounts of customers and partners of such dealers.

(i) A record in respect to each cash and margin account with such dealer containing the name and address of the beneficial owner of such account and, in the case of a margin account, the signature of such owner; provided, that in the case of a joint account or an account of a corporation, such records are required only in respect to the person or persons authorized to transact business for such account.

(j) A record of all puts, calls, spreads, straddles, and other options which such dealer has granted or guaranteed, containing at least an identification of the security and the number of units involved.

(k) A record of the proof of money balances of all ledger accounts in the form of trial balances. Such trial balances shall be prepared currently at least once a month.

(l) An application for employment executed by each associated person of such dealer, which application shall be approved in writing by an authorized representative of such dealer and shall contain at least the following information with respect to such person:

1. Name, address, social security number and the starting date of employment or other association with the dealer;

2. Date of birth;

3. The educational institutions attended and whether or not graduated therefrom;

4. A complete consecutive statement of all business connections for at least the preceding seven (7) years, including reasons for leaving each prior employment, and whether the employment was part-time or full-time;

5. A record of any denial of membership of registration, and of any disciplinary action taken or sanction imposed, upon such associated person by any federal or state agency, or by any national securities exchange or national securities association, including any finding that such associated person was a cause of any disciplinary action or had violated any law;

6. A record of any denial, suspension, expulsion or revocation: of membership in any national securities association, securities exchange, or registration with any state, federal or governmental agency, with which such associated person was associated in any capacity when such action was taken;

7. A record of any permanent or temporary injunction entered against him or any member of a national securities association or stock exchange, or dealer with which such associated person was associated in any capacity at the time such injunction was entered;

8. A record of any arrests, indictments or convictions for any felony or any misdemeanor, except minor traffic offenses, of which such associated person has been the subject;

9. A record of any other name or names by which such associated person has been known or has used; provided, however, that if such associated person has been registered as a registered representative of such dealer with, or such associated person's employment has been approved by the National Association of Securities Dealers, Inc., or the American Stock Exchange, the Boston Stock Exchange, the Midwest Stock Exchange, the New York Stock Exchange, the Pacific Coast Stock Exchange, or the Philadelphia-Baltimore-Washington Stock Exchange, then retention of a full, correct, and complete copy of any and all applications for such registration or approval shall be deemed to satisfy the requirements of this subparagraph (1).

(m) Unless otherwise provided by order of the Commission, each registered dealer shall make, maintain and preserve books and records in compliance with U.S. Securities and Exchange Commission Rules 17a-3 (17 C.F.R. 240.17a-3 (1991)), 17a-4 (17 C.F.R. 240.17a-4 (1991)), 15c2-6 (17 C.F.R. 240.15c2-6 (1991)) and 15c2-11 (17 C.F.R. 240.15c2-11 (1991)) as amended, and specifically, but without limiting the foregoing, all filings dealing with fingerprint cards and criminal records.

(2) This rule shall not be deemed to require a member of a national securities exchange to make or keep such records of transactions cleared for a member by another member as are customarily made and kept by the clearing member.

(3) Every issuer selling its own securities shall make and keep current the following books and records relating to his business:

(a) Ledger, journals (or other records) reflecting all assets and liabilities, income and expenses, and capital accounts properly maintained in accordance with general accounting principles.

(b) Stock Certificate books.

(c) Stockholders ledger or other record reflecting alphabetically the names and addresses of all stockholders, stock certificates issued to each, dates paid, and full details as to transfers or cancellations.

(d) Copies of all promotional and/or sales materials used in connection with the sales of all securities as distributed.

(e) Copies of all confirmations of sales of securities.

(f) A record of any arrests, indictments, or convictions for any felony or any misdemeanor, except minor traffic offenses, of which any of its principal officers has been the subject.

(4) A dealer registered in this state who maintains and preserves records in accordance with the provisions of the Securities Exchange Act of 1934, as amended, shall not be subject to the requirements of paragraphs (1) and (3) of this rule.

(5) All registered issuers or dealers shall maintain in this state the books and records referred to in this rule unless otherwise approved by the Commission. Any issuers or dealers who are approved to keep such records physically outside this state shall make such records available to the Commission, at a time and place designated by the Commission, for inspection upon request.

(6) All records required to be kept hereunder shall be in such form as may conveniently be examined by the Commission or its staff without the necessity of employing mechanical methods of reproduction or inspection.

Author: Alabama Securities Commission

Statutory Authority: Code of Ala. 1975, §8-6-23.

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