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CHAPTER 1:  INTRODUCTION

100  USER’S GUIDE TO THE MANUAL

100.1 Throughout the Asset & Financial Planning, Ltd. Policies and Procedures Manual ("Manual"), the following abbreviations are applied for ease of use: Prime Capital Services ("PCS"); Asset & Financial Planning ("AFP"); Investment Advisers Act of 1940 ("Advisers Act"); Investment Adviser Representative ("IAR"); Office of Supervisory Jurisdiction ("OSJ"); Registered Representative ("RR"); Registered Investment Adviser ("RIA"); Chief Compliance Officer ("CCO"); Code of Ethics ("COE"); Securities and Exchange Commission ("SEC"); and Financial Industry Regulatory Authority ("FINRA"). When referring to an IAR, the term Financial Adviser may also be used. This Manual defines AFP’s policies and procedures with respect to investment advisory activities for all IARs, and designates the Chief Compliance Officer.

100.2 This Manual is not to be construed as all-inclusive. It is a guide to conducting and monitoring the daily activities of AFP and its IARs. IARs are responsible for understanding and complying with all applicable Federal and State laws and regulations in addition to AFP’s internal policies and procedures. IARs should consult with Compliance if they have any questions with respect to the policies and procedures set forth in the Manual.

In conducting investment advisory business, the Company and its associated persons must comply at all times with the provisions of the Investment Advisers Act of 1940, as amended ("Advisers Act"), the rules under the Advisers Act and comparable provisions. In addition, when managing accounts of employee benefit plans subject to the US Employee Retirement Income Security Act of 1974, as amended ("ERISA") and Individual Retirement Accounts, the Company must comply with all applicable provisions of ERISA, the US Internal Revenue Code of 1986, as amended, and the rules under those laws.

100.3 Each IAR is responsible for reviewing and understanding the Manual. The IAR is also responsible for becoming familiar with all updates, which may take the form of an e-mail or other communication from the Home Office or posting to www.primefs.com website.

100.4 All Financial Planning and Advisory Services Documents referenced in this Manual, including the current Form ADV Part II, are available on www.primefs.com.
CHAPTER 2: ASSET & FINANCIAL PLANNING, LTD.

200 OVERVIEW

200.1 Asset & Financial Planning is affiliated with Prime Capital Services, a Broker-Dealer, and is a subsidiary of Gilman Ciocia. AFP is registered with the SEC as an investment adviser under the Advisers Act. As a RIA, AFP provides support for representatives who are affiliated with AFP to offer investment advisory services including:

- Fee-based financial plans; and
- Investment advisory products (managed accounts and wrap accounts) and services.

200.2 Definition of an Investment Adviser

Pursuant to the Investment Advisers Act of 1940, “Investment Adviser” means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities.

Individuals wishing to offer fee-based financial plans or investment advisory services through AFP must be affiliated with AFP. Please see section regarding AFP affiliation requirements. IARs affiliated with AFP may engage in financial planning and investment advisory business as described in this manual and Form ADV Part II only.

200.3 IARs may furnish clients with written fee-based financial plans that contain investment strategy recommendations. The client is free to implement some or all of the financial planning recommendations through the services of AFP, an affiliated company of AFP or through another financial institution of his or her choice.

200.4 Investment advisory programs (managed accounts and mutual fund wrap accounts) are offered through AFP advisers. AFP maintains contractual agreements with other investment advisory firms so that IARs may elect to manage the assets themselves or provide their clients access to separately managed accounts and mutual fund wrap accounts through other advisory firms. The client will pay a fee that is split between the respective wrap program provider and/or money manager, AFP, and the IAR. AFP pays the IAR upon remittance of the fee from the respective custodian.

200.5 AFP is responsible for establishing policies and procedures that are necessary for the reasonable monitoring of IARs affiliated with AFP and for furnishing and maintaining appropriate books, records, reports and other requirements. IARs of AFP who are also RRs of PCS are concurrently supervised by PCS with respect to any selling activities of registered products. Accordingly, the compliance standards set forth in this Manual are in addition to any other compliance standards imposed by PCS for RRs affiliated with PCS.
CHAPTER 3  DIRECTORY

300  CONTACT INFORMATION

Mailing Address: 11 Raymond Ave. Poughkeepsie, NY 12603
Telephone: 845-485-3338
Fax: 845-485-2683

Please forward all correspondence and requests for materials to:
Asset & Financial Planning
11 Raymond Avenue
Poughkeepsie, New York 12603

Questions regarding approval for advertising, sales literature, and correspondence can be forwarded to Lara Gillett via email lara.gillett@gtax.com or phone 845-485-3338 extension 4356. Submissions can be faxed to 845-625-1530.

301  PRINCIPAL OFFICE

A principal office is defined by the SEC to mean the “executive office of the investment adviser from which the officers, partners, or managers of the investment adviser direct, control, and coordinate the activities of the investment adviser.”

The Company’s “Principal” office is:
11 Raymond Ave.
Poughkeepsie, NY 12603

301.1 Place of Business

A place of business is defined by the SEC as any place or office from which an IAR regularly provides advisory services or otherwise solicits, meets with, or communicates to clients and any other location that is held out to the general public as a location at which the IAR provides investment advisory services, solicits, meets with, or otherwise communicates with clients.

The term “holding out” includes a listing in a professional directory or telephone listing, or distributing advertisements, business cards, stationery, or similar communications that identify the location as one at which the IAR is or will be available to meet or communicate with clients.


301.3 To help ensure that the Company does not engage in any activities that may be deemed to be “doing” or “transacting” any “business” within any other jurisdiction in which the Firm is not incorporated or qualified as a foreign corporation, IARs may not maintain offices, mailing addresses, or telephone numbers (other than toll-free, "800" numbers and e-mail addresses) or directory listings outside of the States listed above without contacting Compliance.

302  DESIGNATION OF THE CHIEF COMPLIANCE OFFICER

The Chief Compliance Officer is Glen McBride.

302.1 CCO Responsibility

The CCO will be competent and knowledgeable regarding the Advisers Act and will be empowered with full responsibility and authority to develop, delegate, and enforce the Company’s compliance policies and procedures. This includes:
• Identifying conflicts and other factors that may create risk exposure for the Company and its clients;
• Implementing policies and procedures to address such conflicts and risks;
• Monitoring and testing the Company’s policies, procedures, and controls for adequacy and effectiveness;
• Requesting and managing compliance resources to administer the Company’s compliance program;
• Advising senior management on compliance matters and issues;
• Reviewing significant compliance matters, including analyzing and resolving such issues, and communicating with outside or internal legal counsel where necessary;
• Serving on committees or working groups where compliance input is necessary and appropriate;
• Verifying that compliance controls are sufficient, e.g., separation of functions, clear assignment of responsibilities, measuring results against standards, and reporting outcomes;
• Coordinating the testing of the compliance program of the Company, including the annual review, and evaluating the results of such testing to determine if changes in the Company’s compliance program need to be made as a result; and
• Managing the Code of Ethics and monitoring compliance with its provisions.

Where persons other than the CCO are responsible for the monitoring of one or more compliance procedures contained within this manual, the Company will ensure that such persons have the appropriate experience and background necessary to properly monitor such business activities. It will be the policy of the Company to allow for the delegation of the above activities to qualified individuals; all such delegations must be maintained in written form.
CHAPTER 4: FEDERAL AND STATE REGULATION

400 FEDERAL REGISTRATION

400.1 The Advisers Act and the Rules therein set forth the framework for federal regulation of certain investment advisers by the SEC. Federal regulation of investment advisers was created to protect customers by requiring:

- Public disclosure of material information relating to the advisory firm and its activities;
- The maintenance of certain books and records to facilitate examinations; and
- Monitoring the general conduct of the IAR’s business and its communications with the public.

400.2 Part I of Form ADV provides basic information regarding AFP, its associated persons, the business and disciplinary history of the firm and its principals. Compliance maintains ADV Part I, updates it when necessary in consultation with members of Compliance and Management, and files it with the SEC and applicable states through FINRA’s Web IARD system. Part II of Form ADV discloses, among other things, descriptions of services offered, fee structures, background information on the officers and directors of AFP, and actual or potential conflicts of interest. Part II of the Form ADV is used as the “disclosure brochure” and a current, up-to-date version of the brochure must be distributed to clients no later than the date a client signs the Financial Planning Agreement, or no later than the date a client executes investment advisory account opening documents. Changes to Form ADV Part II are prepared and maintained by AFP Compliance, and distributed to IARs through posting of the updated document on www.primefs.com. IARs are responsible for ensuring that clients are given the most current version of Form ADV Part II.

401 STATE NOTICE FILING

While AFP is a federally regulated investment adviser and as such is registered only with the SEC, it is appropriately “notice filed” in all applicable jurisdictions. Most state jurisdictions require AFP to monitor the activities of its investment advisory business and/or representatives. AFP IARs may not solicit or render investment advice for clients domiciled in a state jurisdiction until the firm and its associated person(s) have satisfied each state’s notification requirements, if any. Individual states have specific IAR filing requirements that may include examination or professional designation requirements; requirement of written contracts; representative licensing; and registration of solicitors.

AFP will comply with each state’s filing requirements, rules, and regulations. State notice filings will be completed by the Licensing department within Compliance.

Please note that many states take the position that IARs who are doing business in their jurisdictions may be subject to state anti-fraud rules applicable to investment advisers, whether or not those IARs are state-registered or are exempt from registration in that state.

402 FORM ADV

402.1 AFP’s Form ADV Part I is filed with the SEC annually.

402.2 Annual Offering of ADV Part II
In or about December of each year, the Operations Department in the home office mails a letter to all AFP clients offering to send them the ADV Part II. Responses to this mailing are directed to and fulfilled by Operations and/or AFP.

403 REGISTRATION/NOTICE FILINGS FOR IARS

403.1 Currently there are no federal regulations requiring examinations or minimum qualifications of IARs. However, many states require FINRA brokerage exams (e.g. Series 6, 7, and 63) and the
Investment Adviser exams (e.g. Series 65 or 66), or a professional designation (e.g., CFA, CFP®, ChFC) to be licensed to conduct investment advisory business in their state. Some states require that a Securities Principal license be obtained (e.g. Series 24 or 26) to supervise the activities of IARs. Licensing reviews these requirements upon initiating the state registration process, and takes appropriate steps to maintain compliance with each state’s requirement.

403.2 Absent an exemption, AFP must “notice file” in state(s) it intends to conduct business as an investment adviser. Prior to conducting, soliciting or advertising investment advisory business, registration is required of IARs who have a physical presence in a state, or if the IAR is simply conducting business and does not have a place of business (e.g., an office or other location from which he/she regularly conducts business). The state registration / notification requirements can vary by state and by circumstance.

404 ANTI-MONEY LAUNDERING GUIDELINES

Even though Registered Investment Advisers (i.e. AFP) are not currently subject to any of the anti-money laundering, suspicious activity reporting or customer identification program (“CIP”) provisions of the USA PATRIOT Act of 2001, AFP complies with selected provisions of PCS’s corporate anti-money laundering (“AML”) policy. IARs may also be subject to certain AML policies and procedures instituted by the providers of AFP’s Investment Advisory Services programs.

404.1 Remittance Acceptance Policies

Cash (Currency) - AFP does not accept U.S. or foreign currency as payment for any product or service. IARs and their staff are prohibited from "converting" or exchanging U.S. or foreign currency in relation to any transaction, whether or not it is securities related. For example, IARs and employees are prohibited from accepting currency from or on behalf of a customer, and then purchasing a cashier’s check or other cash equivalent with the monies to fund the transaction. Similarly, IARs and their employees are prohibited from accepting cash and writing a personal check to pay for a transaction.

Cash Equivalents - Cash equivalents include money orders, traveler’s checks and cashier’s checks (also called "treasurer’s checks" or "bank checks"). Cash equivalents do not include personal checks. AFP does not accept money orders or traveler’s checks for financial planning or investment advisory services.

Third Party Checks – AFP accepts third party checks that are from a qualified custodian (i.e. a rollover) and are properly endorsed.

Structuring Advice Prohibited - IARs are prohibited from advising customers on ways to structure transactions to avoid reporting requirements. To do so is potentially a violation of applicable law and could result in fines, dismissal, and incarceration.

Enforcement of Remittance Acceptance Policies - Operations will review payments received for compliance with the above-referenced remittance acceptance policies, and make inquiries of IARs if a questionable payment is received. Unacceptable forms of payment will be returned to the client.

404.2 Sanction Program Screening

All AFP Financial Planning and Investment Advisory Services clients are screened against the U.S. Department of the Treasury OFAC Specially Designated Nationals (SDN) list. Their addresses are also checked against OFAC’s list of countries subject to country sanction programs. In addition, AFP clients are screened against the entities and jurisdiction subject to “special measures” as designated by the Financial Crimes Enforcement Network (FinCEN) of the U.S. Treasury under Section 311 of the USA PATRIOT Act. The review for potential matches is coordinated by the AML Officer, who is also the CCO.
404.4 Suspicious Activity

Suspicious activity is defined as transactions conducted or attempted by, at or through a financial institution for which:

i. The financial institution detects any known or suspected federal criminal violation involving the financial institution, or

ii. The financial institution knows, suspects or has reason to suspect, that the transactions:
   a. Involve funds related to illegal activity;
   b. Are designed to evade the regulations;
   c. Involve AFP in the commission of criminal activity; or
   d. Has no business or apparent lawful purpose and the financial institution knows of no reasonable explanation for the transaction after examining the available facts, including the background and possible purpose of the transactions.

Discovering a “Red Flag” Indicating a Suspicious Transaction

If in the course of his/her business an IAR encounters any one or a combination of the red flags discussed below, the IAR should immediately bring the situation to the attention of the CCO.

IARs should provide the CCO with all of the facts of the situation, and all related documentation. The CCO may ask the IAR for additional information about the activity, the customer, and the transaction, and may also ask for copies of documentation. Once the review of the situation is completed, the CCO will determine whether or not the suspicious activity should be reported to the authorities, and take other appropriate action. Under no circumstances should an IAR disclose to the client that they are being investigated for suspicious activity. This is referred to as “tipping” and is strictly prohibited.

New Business Red Flags

- A customer exhibits unusual concern about compliance with government reporting requirements and its AML policies, particularly with respect to his or her identity, type of business and assets, or is reluctant or refuses to reveal information concerning business activities, or furnishes unusual or suspect identification or business documents.
- The customer wishes to engage in transactions that lack business sense or apparent investment strategy, or are inconsistent with the customer's stated business strategy.
- The customer initially provides information identifying a legitimate source for funds, but the information turns out to be false, misleading or substantially incorrect.
- Upon request, the customer refuses to identify or fails to indicate a legitimate source for his or her funds or other assets.
- A customer (or person associated with the customer) has a questionable background or is the subject of news reports indicating possible criminal, civil or regulatory violations.
- The customer exhibits a lack of concern regarding risks, commissions or other transaction costs.
- The customer appears to be acting as an agent for an undisclosed principal, but is evasive about providing, or declines or is reluctant, without legitimate commercial reasons, to provide information regarding that person or entity.
- The customer has difficulty describing the nature of his or her business or lacks general knowledge of his or her industry.
- The customer's policy/account application has incomplete or missing information.
- The customer is from, or has accounts in, a country identified as a non-cooperative country or territory by the Financial Action Task Force ("FATF").
- The customer is a government official or affiliated with one of the following countries: Burma (Myanmar), Ivory Coast, Cuba, Iran, Libya, North Korea, or Sudan. The list of blocked
nations is updated on a regular basis by OFAC ("Office of Foreign Asset Control"). The OFAC website is http://www.ustreas.gov/index.html.

- The customer provides an unusual Social Security Number or Taxpayer Identification Number. For example - all zeros or sequential numbers like 123-45-6789 or 444-55-6666.
- A customer attempts to pay for a financial plan with multiple checks simultaneously.
- A customer requests the creation of multiple financial plans with similar objectives and scope of analysis.

Customer Payment Red Flags

- A check with an unusual or unofficial corporate name or logo.
- A "starter check" is used to pay for a financial plan or fund an advisory account. Any check without a pre-printed name and/or address, or without numbers usually, but not always, between 1 and 100, may be suspicious, especially for a business bank account.
- Payments made by a person or entity with no apparent relationship to the AFP client.
- IARs should be suspicious of attempts by clients to pay for AFP products and services with unacceptable remittance methods such as cash, money orders or traveler’s checks, and recognize the possibility of structured transactions designed to circumvent the reporting requirements.

404.5 Anti-Money Laundering Training

IARs who are also RRs with PCS complete anti-money laundering training as part of the annual firm element.
CHAPTER 5: IAR QUALIFICATIONS AND CONTRACTING PROCEDURES

500 REGULATORY PROVISIONS

500.1 The Advisers Act regulates the types of persons who may become associated with a RIA by granting to the SEC the authority to impose penalties (such as suspension of the RIA’s registration) if the SEC determines that the RIA has employed or has become associated with any person who has been convicted of certain crimes relating to the securities business, or of larceny, embezzlement or any similar crime, or is enjoined from serving in any aspect of the securities business.

501 IAR CANDIDATE QUALIFICATION REQUIREMENTS

501.1 The following events/disclosures may disqualify a new “prospective representative” from hire and/or affiliation with AFP. Exceptions to qualification requirements are only possible with approval of the Hiring Committee and/or Board review.

- A Securities Industry Bar or Statutory Disqualification;
- A currently suspended securities or insurance license;
- An open regulatory investigation;
- Pending criminal charges;
- Any felony conviction within the last ten years;
- Any felony conviction (regardless of time period) involving a crime of dishonesty or breach of public trust;
- Any misdemeanor conviction (regardless of time period) involving a crime of dishonesty or breach of public trust;
- Individual has been subject to regulatory action (at a level of severity above a Letter of Caution) within the past five (5) years (SEC, FINRA, State, etc.) (exception: administrative fine less than $2,500)
- Individual would be under a Plan of Enhanced Supervision upon hire (e.g.: individual has received three or more sales practice customer complaints, arbitrations or litigations within the past five (5) years and after compliance review it is determined that ES would be warranted);
- Individual is under internal review at time of termination from prior firm;
- Individual is on criminal probation for any reason;
- Individual has an open bankruptcy, lien or garnishment; or
- Individual has been “Terminated for Cause” or “Permitted to Resign” from a prior firm (for reasons other than lack of production, failure to pass an exam or downsizing).

In addition, the individual wishing to affiliate with AFP must:

- Obtain a passing grade on either the FINRA Series 65, Series 66, or have a professional designation that makes them eligible for a waiver in the applicant’s home state (CFP®, ChFC, PFS, CFA, CIC).
  - The exam and/or designation requirement is applicable to those wishing to affiliate with AFP and offer investment advisory services even if their resident state does not require the registration of IARs. Exceptions may be made to this policy at the discretion of the Compliance Department with extenuating circumstances.
- Satisfy the registration requirements of each state where IAR status is requested.
- Complete the appropriate training requirements, including computer based training modules and/or necessary skills sessions.
- If permitted by the State, an individual could receive AFP compensation based on a strictly referral-only basis with an executed Solicitor’s Agreement on file. If the individual referring business does not have a Series 65/66 or a qualifying designation, he/she is prohibited from providing investment advisory services.
IAR AFFILIATION PROCEDURES

The IAR candidate must notify Licensing via email at aimee.baxter@gtax.com of his/her intention to affiliate with AFP. Once Licensing receives required paperwork, a background check will be conducted. AFP Licensing will notify the candidate of the affiliation determination.

IAR AFFILIATION PROCEDURES: FEES

IARs are responsible for registration and filing fees required to affiliate with AFP. Licensing will inform the IAR candidate of the applicable fee amount.

IAR AFFILIATION PROCEDURES: APPROVAL

504.1 Once AFP Licensing receives appropriate registration materials, including notification that the applicant has passed either the Series 65 or Series 66 or holds a qualifying designation for waiver the steps will be taken to process state filing.

504.2 AFP Licensing will process the update to the PCS RR’s Form U4 with regard to affiliation with AFP. In the case where an IAR is located in a state that does not register IARs the “Employment” section of the Form U4 for a PCS RR will be updated to reflect AFP affiliation.

504.3 An IAR applicant may not engage in any financial planning or investment advisory activities until he or she receives notification from AFP that his or her licensing process has been completed.

IAR TERMINATION AND RESIGNATION

Termination

505.1 If the IAR is terminated as a Registered Representative of PCS, Licensing files a FINRA Form U5, Uniform Termination Notice, and informs Operations and appropriate parties.

505.2 AFP reserves the right to terminate affiliation with any IAR, with or without cause. Such termination will be effective as of the date specified in the notice of termination, and may be delivered via email to the IAR’s approved email address(es), or in writing to the IAR’s last recorded place of business.

505.3 Upon termination, all books and records pertaining to AFP business must be returned to the firm. These books and records are the property of the firm and must be retained for regulatory reasons.

Resignation

505.3 If the IAR resigns and is an affiliate of PCS, the same procedures as outlined above for the Form U5 and books and records are followed.

505.4 If the IAR chooses to resign, he/she must provide a letter of resignation to Licensing (it may be emailed to aimee.baxter@gtax.com).

505.5 If an IAR’s affiliation with AFP is terminated the individual may not provide investment advisory services through AFP.

CHANGE OF BUSINESS ADDRESS

It is the responsibility of all IARs to immediately inform AFP Licensing of any address change relating to their place(s) of business. Licensing will then update the IAR’s information on its internal records. Failure to promptly inform AFP of address changes may result in disciplinary action, and IARs may be held responsible for fines that may be imposed by regulatory agencies for late filings.
CHAPTER 6: IAR RESPONSIBILITIES

600 IAR AS A FIDUCIARY

600.1 An IAR is a fiduciary who owes his/her clients an affirmative duty of good faith and full and fair disclosure of all material facts. Failure to act in good faith and in the best interests of the client may constitute a breach of fiduciary duty, and failure to disclose material facts may operate as a fraud or deceit upon the client, which is prohibited by the Advisers Act, Section 206. It is the IAR’s duty to disclose material facts whenever the IAR is in a situation involving a conflict of interest or a potential conflict of interest with a client.

600.2 The IAR must discuss with clients all material facts regarding potential conflicts of interest in addition to all disclosures provided via Form ADV Part II. This allows clients to make an informed decision as to whether to enter into, or continue, an advisory relationship with the IAR or whether to take some action to protect themselves against disclosed conflicts of interest.

600.3 The IAR must discuss the various capacities in which he/she might conduct business when dealing with any particular client, including:
- If the client chooses to implement a financial plan with the IAR, he/she may be acting as a PCS Registered Representative regarding various products that may be presented to the client;
- The IAR may receive separate commission for any insurance, annuity, mutual fund, 529 or general securities sales purchased through the broker-dealer; and
- The IAR may also receive separate compensation if the client enters into an investment advisory program through AFP.

600.4 At the initial financial planning meeting the IAR will communicate that he/she is a financial adviser and a registered representative; in order to address the client’s needs that become apparent through the planning process the IAR may recommend products offered by their broker-dealer and companies with whom a selling agreement exists to implement the plan; and the client does not have to follow the IAR’s recommendations. The client must be informed that he/she may execute recommended planning strategies through other brokers, dealers, insurance companies or other financial services institutions. This information is provided in the Form ADV Part II.

600.5 The IAR must not, in any capacity, effect transactions in which the IAR has a personal interest that could result in placing his/her own interest ahead of the client.

600.6 An IAR must, in rendering any investment advisory products or services:
- Have an independent, reasonable basis for investment advice;
- Ensure that investment advice is consistent with the client’s objectives, needs and circumstances; and
- Make recommendations that are in the best interest of their clients.

600.7 An IAR must use his/her best efforts to speak with each investment advisory client, via phone or in person, no less than annually to discuss their account(s) regarding their financial needs. IARs are required to maintain documentation of these reviews. Any changes to the client’s investment objective or account strategy must be timely communicated to the applicable AUM sponsor. If the IAR is unable, despite his/her best efforts, to speak with the client for the purpose of conducting an annual review, the IAR must document their efforts, noting the dates and times they attempted to contact the client.

IARs must monitor their client accounts to ensure the selected portfolio remains appropriate for the client over time.

If the information in the client’s investment profile has changed (e.g., risk tolerance or income), the IAR will review the client’s current portfolio allocation to determine if the allocation is still consistent with the client’s specific situation.
CHAPTER 7: CODE OF ETHICS

700 INTRODUCTION

The following Code of Ethics is mandated by the SEC Rule 204A-1 and requires that all persons affiliated with AFP comply with the applicable provisions herein and all federal securities laws.

This Code of Ethics ("Code" or "COE") sets forth the expectation that it will encourage ethical behavior as required of all AFP supervised persons.

701 IMPORTANT DEFINITIONS

701.1 "Supervised persons" are an investment adviser's partners, officers, directors (or other person occupying a similar status or performing similar functions), and employees, as well as any other persons who provide advice on behalf of the investment adviser and are subject to the supervision and control of the investment adviser.

An "Access Person" is a supervised person who has access to nonpublic information regarding clients' purchase or sale of securities, is involved in making securities recommendations to clients or who has access to such recommendations that are nonpublic. A supervised person who has timely access to nonpublic information regarding the portfolio holdings of affiliated mutual funds is also an Access Person. The SEC treats as access persons employees who are in a position to exploit information about client securities transactions or holdings, and thus provides the adviser with a tool to protect its clients. Administrative, technical, and clerical personnel may also be access persons if their functions or duties give them access to nonpublic information.

For purposes of this section, an IAR has a "beneficial interest" in any brokerage account maintained by or for the benefit of the IAR or his/her family member, including any account in which the IAR or family member holds a direct or indirect interest, retains discretionary investment authority or exercises a power of attorney. The term "family member" means an IAR’s spouse, child or other relative, whether related by blood or marriage, who (i) resides with or (ii) is financially dependent upon, or (iii) whose investments are controlled by the IAR. The term also includes any unrelated individual whose investments are controlled and whose financial support is materially contributed to by the IAR, such as a "significant other."

"Purchase or sale of a security" includes, among other things, the writing of an option to purchase or sell a security. A security is "being purchased or sold" by the client from the time when a purchase or sale has been communicated to the Company until the time when such transaction has been fully completed or terminated.

702 STANDARDS OF CONDUCT AND COMPLIANCE WITH LAWS

702.1 Core values, premised on fundamental principles of openness, integrity, honesty and trust, define AFP as an organization and how AFP is perceived by its customers and peers. These values are the foundation of AFP’s continued success and long-term relationships. Placing the needs of its customers first, as well as compliance with all federal securities laws, is the surest way to achieve success as a group, and as individuals.

702.2 AFP sets forth this Code in the expectation that it will encourage ethical behavior on the part of the entire AFP organization. AFP realizes that procedures alone cannot create honesty or integrity, so AFP challenges all IARs, officers, directors and employees to live with integrity every day.

702.3 Below are the ideals to which all IARs, officers, directors and employees must adhere:

1. I commit to achieving the financial goals of my clients, and place these goals above concern for personal gain.
2. I commit to tell my clients the truth and disclose all relevant information they must consider.
3. I commit to safeguard my clients' personal information.
4. I commit to disclose potential conflicts of interest to my clients.
5. I commit to understand and fully explain to my clients the products and services of AFP.
6. I commit to recommend the products and services that best meet my clients' needs and objectives.
7. I commit to explain clearly the fees and charges associated with my clients' investments.
8. I agree to report all required personal securities transactions in accordance with the terms set forth in this manual.
9. I commit to follow the policies and procedures of AFP.
10. I commit to remain in compliance with all Federal and State requirements for the conduct of advisory business.
11. I agree to report any violations of the Standards of Conduct or the Code of Ethics to the Chief Compliance Officer.

No access person shall, in connection with a purchase or sale, directly or indirectly:
1. Employ any device, scheme or artifice to defraud;
2. Make any untrue statement of a material fact or omit to state a material fact;
3. Engage in any act, practice or course of business which would operate as a fraud or deceit;
4. Engage in any manipulative practice; or
5. Trade ahead of or in conflict with investment recommendations.

703 Violations of the Code

703.1 All individuals are required to immediately report any suspected violations of the Code to the Chief Compliance Officer who will investigate and take any corrective action, as appropriate.

703.2 Reports of violations will not affect an individual’s status within the organization. Retaliation of any kind against an individual who reports a violation constitutes a violation of the code, and will result in disciplinary action, up to and including termination.

703.3 Compliance with the provisions of the Code is required of all AFP employees and IARs. Employees should be aware that in response to any violation, the Company shall take whatever action is deemed necessary under the circumstances including, but without limitation, the imposition of appropriate sanctions. These sanctions may include fines, disgorgement of profits, suspension or termination.

704 Code of Ethics Certification – All Supervised Persons

AFP Supervised Persons must certify upon becoming a Supervised Person and annually thereafter that they have received, read and understood the AFP Code of Ethics. Supervised Persons will receive an email from AFP Compliance containing AFP’s Code of Ethics as well as directions for how to complete the certification.

705 Protection of Material Nonpublic Information (“NPI”)

705.1 Federal and state securities laws make it unlawful for any person to trade or recommend trading in securities on the basis of material, non-public information (i.e., “inside information”).

705.2 To be considered "inside information," the information generally will have the following characteristics:

- Material: An investor would consider it important when making an investment decision, or it is likely to have a substantial effect on the market value of the Company's securities;
- Non-public: It has not been made available to investors generally; and
- Confidential: It was obtained from another person on a confidential basis, or with knowledge that the other person breached a duty of confidentiality by disclosing it.
705.3 Supervised persons who have reason to suspect that trading on or sharing of inside information has occurred or may occur must immediately notify the Chief Compliance Officer.

705.4 All IARs, officers, directors and employees are subject to the corporate policy on Insider Trading.

706 PERSONAL SECURITIES TRADING AND REPORTING – ALL ACCESS PERSONS

706.1 Initial and Annual Holdings Report

The code of ethics requires a complete report of each access person's securities holdings, within 10 days of a person becoming an access person and at least once a year thereafter. The holdings reports must be current as of a date not more than 45 days prior to the individual becoming an access person (initial report) or the date the report is submitted (annual report).

706.2 Quarterly Transaction Reports

The code of ethics requires quarterly reports of all personal securities transactions by access persons, which are due no later than 30 days after the close of the calendar quarter in which the transaction takes place.

706.3 Exceptions from Reporting Requirements

Rule 204A-1 permits three exceptions to personal securities reporting. No reports are required:

- With respect to transactions effected pursuant to an automatic investment plan.
- With respect to securities held in accounts over which the access person had no direct or indirect influence or control.
- In the case of an advisory firm that has only one access person, so long as the firm maintains records of the holdings and transactions that rule 204A-1 would otherwise require be reported.

706.4 Reportable Securities

Access persons must submit holdings and transaction reports for “reportable securities” in which the access person has, or acquires, any direct or indirect beneficial ownership. An access person is presumed to be a beneficial owner of securities that are held by his or her immediate family members sharing the access person’s household.

Rule 204A-1 treats all securities as reportable securities, with five exceptions designed to exclude securities that appear to present little opportunity for the type of improper trading that the access person reports are designed to uncover:

- Transactions and holdings in direct obligations of the Government of the United States.
- Money market instruments — bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments.
- Shares of money market funds.
- Transactions and holdings in shares of other types of mutual funds, unless the adviser or a control affiliate acts as the investment adviser or principal underwriter for the fund. (Transactions and holdings in shares of closed-end investment companies would be reportable regardless of affiliation. The exception extends only to open-end funds registered in the U.S.; therefore, transactions and holdings in offshore funds would also be reportable).
- Transactions in units of a unit investment trust if the unit investment trust is invested exclusively in unaffiliated mutual funds (This exception is aimed at variable insurance contracts that are funded by insurance company separate accounts organized as unit
investment trusts. Such separate accounts typically are divided into subaccounts, each of which invests exclusively in shares of an underlying open-end fund).

706.5 Initial Public Offerings and Private Placements

IARs and Supervised Persons are not permitted to invest in Initial Public Offerings or Private Placements without the express written consent of the CCO prior to purchase.

706.7 Review of Personal Securities Accounts

IARs are subject to review of personal securities holding and transaction reports which includes (a) an assessment of whether the access person followed all required internal procedures, such as pre-clearance; (b) a comparison of the personal trading to any restricted lists; (c) an assessment of whether the access person is trading for his own account in the same securities he is trading for clients, and if so whether the clients are receiving terms as favorable as the access person takes for himself or herself; (d) periodic analysis of the access person's trading for patterns that may indicate abuse, including market timing; (e) investigation of any substantial disparities between the quality of performance the access person achieves for his or her own account and that he or she achieves for clients; and (f) an investigation into any substantial disparities between the percentage of trades that are profitable when the access person trades for his own account and the percentage that are profitable when he places trades for clients.

Depending upon the facts and circumstances, the CCO may waive compliance with provisions of the Code if they find that a waiver is reasonable and will not result in unfairness to clients.
CHAPTER 8: IAR MONITORING

800 AFP MONITORING PROCESS

AFP’s monitoring of IARs who are RRs with PCS includes the following:

- Annual RR/IAR certification
- AFP new account procedures
- AFP Monitoring of Accounts
- Monthly Checklists
- Branch Exams

801 ANNUAL RR/IAR CERTIFICATION

The office of the CCO will send an annual certification form to every RR with PCS and IAR with AFP to be accurately and truthfully completed, and returned to Compliance by the stated deadline. The certification asks recipients to attest to business behavior and compliance with PCS and AFP policies and procedures, as well as federal and state rules and/or regulations. Failure to complete the certification accurately or in a timely manner may result in disciplinary action, including fines, suspension, or termination.

802 AFP NEW ACCOUNT PROCURES

AFP new account paperwork is submitted to the Home Office and final acceptance and approval of AFP new accounts is handled in the Home Office.

803 AFP MONITORING OF ACCOUNTS

Fee-based accounts are subject to monitoring on a periodic basis, and Compliance will contact IARs and/or clients as needed to ascertain whether managed accounts are inactive or outside of their stated objectives. If it is determined that accounts are inactive or outside their stated investment objective, the advisory fee may be waived until the account situation is resolved. Monitoring of managed accounts includes:

a. Inactively traded accounts

IARs are responsible for helping ensure clients’ accounts are structured in a way that meets their needs and objectives. If a client is a ‘buy and hold’ investor who does not require ongoing investment advice, then IARs should evaluate with the client whether it may be more cost-effective and appropriate for them to hold their assets in a traditional brokerage account.

If Compliance becomes aware of a managed account that is inactive for two consecutive quarters, Compliance will contact the IAR and request a written explanation regarding the account inactivity to ensure that the IAR is adequately managing the account and the account inactivity is substantiated.

b. Accounts not within their stated investment objective

IARs are responsible for managing clients’ accounts in accordance with their investment objective. Accounts that exceed the risk parameters for their investment objective may expose the client to certain risks.

To help IARs appropriately manage their clients’ accounts, Compliance reviews the holdings on a periodic basis to ensure they are in line with the clients’ stated investment objective and/or risk tolerance. IARs with accounts that exceed the risk parameters for their investment objective must work with their client to address the situation. Actions clients could take include updating their investment objective if their financial situation has changed or reallocating the account.
**804 MONTHLY CHECKLISTS**

**804.1 Individual RR/IAR**

On a monthly basis, all RRs with PCS must submit to their OSJ a *Branch Office Monthly Checklist*, attesting that he/she has complied with the Company policies regarding incoming and outgoing correspondence, sales and marketing material, new business procedures, check and securities handling, customer complaints, outside business activities, and U4 updates.

**804.2 Registered Principal/OSJ**

On a monthly basis, Registered Principals with PCS must submit to the Home Office a *Registered Principal/OSJ Monthly Checklist*, attesting that he/she has complied with Company policies regarding incoming and outgoing correspondence, check and securities handling, new business, complaint handling, approval of new accounts, monitored daily blotter activity including breakpoints, share class suitability, and switching, adhering to requirements of special (or enhanced) supervision for RRs/IARs he/she supervises, outside business activities, sales and marketing material, review and approval of non-brokerage address changes that are sent to the fund company, reviewed current FINRA Notices to Members, maintained a calendar of speaking events, and reviewed and submitted with his/her report the Branch Office Checklists for all RRs/IARs he/she supervises.

The Registered Principal with PCS also must submit to the Home Office his/her monthly account reviews conducted, as well as monthly office reviews.

**805 BRANCH EXAMS**

The Branch Examination unit of Compliance will meet with IARs as part of the branch exam process. In preparation for the exam, the Branch Examiner will review trade activity, complaint and disciplinary history, among other things, and may reach out to business areas to inquire about any concerns with respect to an individual or branch location. Any advertising submitted by the IAR is also reviewed in the preparation process.

The Branch Examiner will conduct an interview at the IAR’s office that includes a discussion of AFP business and regulatory questions. In addition, a number of AFP files will be reviewed to determine if they maintained in good order.

A percentage of branch exams will be conducted on an unannounced basis.
CHAPTER 9: RULES OF CONDUCT

900 SCOPE AND LIMITATIONS OF IAR’S AUTHORITY

900.1 Form ADV Part II defines the investment advisory / financial planning activities which AFP and its IARs are authorized to offer. AFP and its IARs can provide only those products/services described in the ADV. Any product/service not described in the ADV cannot be offered. All IARs and Field Management are required to report violations of this policy to Compliance.

901 CUSTODY OF CLIENT FUNDS OR SECURITIES

Pursuant to SEC Rule 206(4)-2 an RIA custodies assets when it directly or indirectly holds client funds or securities, or has any authority to obtain possession of them, including where the RIA has a general power of attorney under which it is authorized to withdraw client funds or securities maintained with a custodian. A safe harbor in the Rule allows RIAs to avoid the annual audit requirement if their access to client funds is limited to deducting advisory fees.

901.1 AFP does not maintain, nor does it allow, the Company or any IAR to have custody of client funds or securities as described above.

901.2 An IAR is prohibited from taking possession (custody) of any asset belonging to a client that infers possession, custody, or control of client accounts or assets, such as obtaining a client’s PIN number or authorization to sign checks or request withdrawals on behalf of a client. This also includes handling securities certificates for clients. To avoid custody of the certificates RRs must instruct the clients to handle, mail, or deposit the certificates themselves. AFP has an agreement with our custodian National Financial Services that allows clients to remit security certificates to the custodian directly.

901.3 An IAR is prohibited from maintaining an address that is under the IAR’s control for the purpose of receiving mail intended to be delivered to a client.

901.4 IARs routinely are granted permission from a client that allows the ability to make some investment decisions in a brokerage account without consulting the investor. Such decisions must be made in accordance with the customer’s stated investment goals. This limited discretion is also called limited trading authorization.

IARs are prohibited from exercising full discretion in any client account, or possessing discretionary authority regarding a client’s assets or property, including accepting other powers of attorney, acting as a trustee or executor, or otherwise acting with discretionary powers to act or engage in securities transactions on behalf of any client who has a managed account. The only exceptions to this policy may be made regarding powers of attorney, trusts or estates concerning immediate family members, which are described below.

According to the SEC Custody Rule: An adviser acting as trustee typically has significant authority over the assets in the trust, which would likely include the ability to access and, potentially, misuse those assets. We [the SEC] believe that the broad access that trustees typically have to trust assets makes the protections of the surprise examination important for these advisory clients to protect against potential abuse”.

901.5 Generally, IARs may not hold a power of attorney, act as trustee, executor, or guardian, or otherwise exercise discretion with regard to a client’s account. IARs wishing to act under a power of attorney or as a trustee for immediate family must obtain prior approval from the Compliance Department. The IAR must submit these requests to the Chief Compliance Officer. In addition, the IAR is responsible to acknowledge any accounts where they have exercised Power of Attorney or acted as a trustee on an annual basis.
ERISA Accounts

ERISA Plans include qualified retirement plans, such as defined benefit plans, defined contribution plans, 401(K) plans, IRAs, health or welfare plans and Simple IRAs. SEP IRAs funded by an employer and “public-sector” plans (i.e. 403b plans) do not usually fall under ERISA guidelines.

Although IARs provide investment advice within the meaning of the Advisers Act, the concept of “investment advice” under the Advisers Act is different than ERISA’s definition since, unlike the Advisers Act, ERISA sets forth a specific definition of “investment advice.” If AFP and the IARs provided advisory or certain consulting services to ERISA Plans on a Company (not individual) level, they may be considered to be offering “investment advice” as defined in ERISA. This means that managing the defined benefit/contribution plan for a private-sector company (setting up the plan, picking the funds the participants can choose from, etc.) would make you an ERISA fiduciary. However, advising an individual or group of individuals on their defined benefit/contribution plan does not make an IAR an ERISA fiduciary. Managing plan assets for a company could make AFP and the IAR Plan “fiduciaries” under ERISA, and subject AFP and the IAR to ERISA’s and the Internal Revenue Code’s prohibited transaction rules for IRAs and ERISA Plans. AFP does not allow IARs to become ERISA fiduciaries; the consequences of being a fiduciary could result in personal liability; liability for the acts of other fiduciaries; and monetary penalties.

Under ERISA, “investment advice” means:

(i) Advice provided regarding the value of securities or a recommendation as to the advisability of investing, purchasing or selling securities, and;

(ii) The person giving such advice (1) has discretion or control over the selling or purchasing of securities; or (2) renders this advice on a regular basis, pursuant to an understanding that these services are a primary basis for the investment decisions, and that such person will render individualized investment advice based on the particular needs of the plan.

AFP, in those instances where its role as a fiduciary under the Employment Retirement Income Security Act of 1974 (ERISA) is in question, first makes a determination of whether the client qualifies as an ERISA Plan. For purposes of handling transactions of clients whose business is done pursuant to Section 403(b) of the Internal Revenue Code, AFP relies upon the “safe harbor” provided in Labor – Regulation 2510.3-2(f), (40 Fed. Reg. 34530, August 15, 1975). That is, AFP and its agents seek and maintain written acknowledgement from 403(b) participants that:

1) Participation in any program is voluntary;
2) All rights under the contract or account at issue are enforceable solely by the employee, designee or appropriate beneficiary; and
3) The employer’s involvement in the account in any regard is appropriately limited.

As to all other clients who may fall under the definition of a Section 406 ERISA Plan, AFP and its broker-dealer affiliate, Prime Capital Services, jointly verify, prior to the transaction of business, whether a plan is one other than an Individual Retirement Account or a plan that covers no employees, both of which are not Section 406 ERISA Plans. In those cases where accounts are Section 406 plans:

1) PCS and AFP are not trustees of such plans;
2) All securities transactions in such plans are performed on an agency basis;
3) Plan accounts are monitored for compliance with commonly accepted industry standards for unsuitable concentrations and excessive activity;
4) Brokerage arrangements with Prime and advisory service arrangements with AFP are authorized in writing by a plan fiduciary independent of AFP and Prime and are terminable at will;
5) Within 90 days prior to such authorization, the plan’s authorizing fiduciary is provided with a copy of AFP’s Form ADV and copy of the text of Prohibited Transaction Class Exemption 85-12 S (51, Fed. Reg. 41656, Nov. 18, 1986) (“PTE 86-128”);

6) The authorizing fiduciary is provided with (a) confirmations of transactions prepared and presented in accordance with Rule 10n-10 of the Securities Exchange Act of 1934;

7) On an annual basis, the authorizing fiduciary receives a summary which includes (a) a total of the transaction charges incurred by the plan in connection with the brokerage services performed by Prime, (b) charges paid to entities unaffiliated with Prime, (c) a description of brokerage placement practices if such practices have changed materially during the period in question, and (d) the plan’s portfolio turnover ratio;

8) A plan will not be permitted to transact business in any security in which Prime is a market maker or underwriter unless permitted in the “safe harbor” of Prohibited Transaction Class Exemption 75-1 (40 Fed. Reg. 50845, Oct. 31, 1975); and

9) The plan’s authorizing fiduciary is subject to due diligence by AFP and Prime for purposes of compliance with appropriate “know your customer” rules of FINRA and state securities laws.

If an IAR provides advice, regardless of fee, on an individual’s defined benefit or contribution plan, like a 401(k), the account can only have limited trading authorization, as described in section 901.4 above, and the IAR may not have any access to the account (e.g. online access to place trades, client’s password to access account, etc.).

903 Prohibited activities

903.1 Performance-based fees are prohibited
Fees may not be charged or be contingent on the performance of the assets in the account. The IAR may only charge an investment advisory fee for assets under management based on a fixed percentage of assets under management, in accordance with the ADV Part II.

903.2 Offsetting fees is prohibited
IARs may not reduce or offset a fee when a product sale is made pursuant to the completion of a financial plan. The financial plan is separate and distinct from any specific recommendations made to purchase any particular product. The IAR may not reduce the fee for the financial plan based on commissions anticipated or received from the sale of life insurance, annuities or registered products.

903.3 Use of Firm Funds or Property
The Company’s policy is to require each employee to account for the use of funds and property belonging to the Firm, to prohibit the personal use of such funds or property, and to prohibit questionable or unethical disposition of Firm funds or property.

903.4 Personal Use of Firm Funds or Property
No employee may take or permit any other employee to take for his personal use any funds or property belonging to the Firm. Misappropriation of funds or property is theft and, in addition to subjecting an employee to possible criminal and civil penalties, will result in Firm disciplinary action up to and including dismissal.

903.5 Payments to Others
No Firm funds or property may be used for any unlawful or unethical purpose, nor may any employee attempt to purchase privileges or special benefits through payment of bribes, kickbacks, or any other form of "payoff." Customary and normal courtesies in conformance with the standards of the industry are allowable except where prohibited by applicable laws or rules. Particular care and good judgment is required when dealing with foreign, federal, state or local government officials to avoid inadvertent violations of government ethics rules. Accordingly, no entertainment, gifts or any other items of value should be provided to any official of a governmental body with which the Firm does or is seeking to do business or which has jurisdiction over the activities of the Firm.

903.6 Conflicts of Interest and Firm Opportunities
It is not possible to provide a precise or comprehensive definition of a conflict of interest. However, one factor that is common to all conflict of interest situations is the possibility that an employee's actions or decisions will be affected because of actual or potential differences between or among the interests of the Firm, its affiliates or clients, and/or the employee's own personal interests. A particular activity or situation may be found to involve a conflict of interest even though it does not result in any financial loss to the Firm, its affiliates or its clients or any gain to the Firm or the employee, and irrespective of the motivations of the employee involved.

Employees should avoid other employment or business activities, including personal investments that interfere with their duties to the Firm, divide their loyalty, or create or appear to create a conflict of interest. Each employee must promptly report any situation or transaction involving an actual or potential conflict of interest to the Designated Supervisor. The Designated Supervisor's determination as to whether a conflict exists or is harmful shall be conclusive. Any conflict that the Designated Supervisor determines is harmful to the interests of clients or the interests or reputation of the Firm must be terminated.

903.7 Interest in Competitors, Clients or Suppliers
Except with the approval of the Designated Supervisor, no employee or member of his or her family (including spouse, children, stepchildren, grandchildren, parents, stepparents, grandparents, siblings, persons with whom an employee has an adoptive or "in-law" relationship, or any other relatives to whose support the employee materially contributes, either directly or indirectly) who shares the employee's household ("Immediate Family"), shall serve as an employee, officer, director, or trustee of, or have a substantial interest in or business relationship with, a competitor, client, or supplier of the Firm (other than any affiliate) that could create a divided loyalty or the appearance of one.

903.8 Gifts, Loans, Favors, Etc.
No employee or member of his or her Immediate Family shall solicit or accept from any outside concern that does business or competes with the Firm any compensation (including reimbursement of transportation, meal or hotel expenses for personal trips or business trips made on behalf of the Firm), gift, loan or entertainment having more than nominal value, or other substantial favor for his or her personal benefit. For purposes of this restriction, nominal value shall mean $100 or less per occasion. However, employees or members of their Immediate Families are not prohibited from obtaining loans made or provided in the ordinary course of business or other goods or services (on the same terms as are available generally to public customers) from banks, broker-dealers, insurance companies or other financial institutions that may have relationships with the Firm.

903.9 Interest in Transactions
No employee or a member of his or her Immediate Family shall engage in any transaction involving the Firm if the employee or a member of his Immediate Family has a substantial interest in the transaction or can benefit directly or indirectly from the transaction (other than through the employee's normal compensation), except as specifically authorized by the Designated Supervisor.

903.10 Outside Employment, Service as a Corporate Director
No employee shall be employed by, or accept any remuneration from, or perform any services for, any person or entity, including serving as a director of a company, trustee or general partner of a partnership, other than the Firm, except as specifically authorized by the Designated Supervisor. In no event should any employee have any outside employment that might cause embarrassment to or jeopardize the interests of the Firm, interfere with its operations, or adversely affect his or her productivity or that of other employees.

Outside employment with any investment adviser, broker-dealer, bank, insurance or reinsurance company or other financial institution with which the Firm or its affiliates may compete or have or seek a business relationship is prohibited.

903.11 Diversion of Firm Business or Investment Opportunity
No employee shall acquire, or derive personal gain or profit from, any business or investment opportunity that comes to his or her attention as a result of his or her association with the Firm,
and in which he or she knows the Firm or its clients might reasonably be expected to participate or have an interest, without first disclosing in writing all relevant facts to the Firm, offering the opportunity to the Firm or its clients, and receiving specific written authorization from the Designated Supervisor.

904 IARs Using a DBA ("Doing Business As")

904.1 An IAR operating as a DBA must have his/her DBA approved by Compliance prior to use. Your DBA name should not imply that your DBA is a Registered Investment Adviser if it is not.

904.2 Clients must be made aware that there is no relationship between the DBA and AFP/PCS. As such, the following disclaimer language is used: The [DBA name] is not affiliated with Prime Capital Services, Inc. or its affiliates.

904.3 IARs that have DBAs are responsible for making the necessary domestic incorporation or foreign qualification filings (as applicable) in each state in which they conduct business. It is solely the IAR's responsibility to ensure that these filings have been made accurately and that they are in good standing with the appropriate filing authority (Secretary of State, Department of Corporations, Department of Insurance, etc.).

905 Insurance Consulting

905.1 AFP may offer services designed to help individuals and closely-held businesses identify, establish, and attain their financial objectives. IARs could consider insurance options in planning strategies, as well as other investment-based strategies, for the client's consideration.

905.2 Several states have insurance consultant regulations. Typically, these provisions restrict any person from receiving a fee to offer or examine any policy of insurance or give advice with respect to surrendering, changing, reviewing or rejecting any such policy unless he holds a license as an insurance consultant.

905.3 Some states prohibit individuals from collecting both a fee for advice (i.e., consulting activities) and a commission for insurance sold; an IAR must take this into account in determining the appropriate financial planning fee in such states. In some states, an insurance consultant cannot be an insurance agent at the same time.

906 AFP's Gift and Entertainment Policy

AFP IARs are subject to the corporate gifts and entertainment policies and procedures as outlined in the PCS policies and procedures manual.

906.1 Training, Education and Due Diligence Meetings
FINRA rules limit the circumstances under which a RR may receive, or securities products vendors may provide, compensation of any kind, which would include reimbursement of expenses. The policies are applicable to IARs who are RRs of PCS and are outlined in the PCS Policies Manual.

- Records must be maintained of:
  - The event agenda;
  - The IARs who attended the meeting;
  - A general description of any non-cash compensation provided; and
  - The value of the non-cash compensation provided;
- All IARs must obtain Compliance approval prior to attending these meetings.
CHAPTER 10: OPENING AND MAINTAINING AFP ACCOUNTS

1000 OPENING NEW ACCOUNTS

1000.1 It is important to obtain reliable client information in order to make appropriate investment decisions for clients, as well as to have an effective Anti Money Laundering (AML) program. It is AFP’s policy to accept only those clients whose source of assets and other information can be reasonably established to be accurate and legitimate.

1000.2 With regard to AFP accounts, IARs must use approved custodians for brokerage accounts. Reference the “download forms” feature on www.primefs.com to access forms.

The original AFP application and a copy of the Program’s paperwork must be submitted to AFP. The original Program paperwork is submitted to the custodian. AFP Operations will record client and account information on an internal system.

Mailing Address for all AFP account paperwork:
AFP Operations
11 Raymond Avenue
Poughkeepsie, NY 12603

Account Maintenance Documents
All subsequent account documents must be sent to AFP, not to the carrier or custodian directly. This includes changes in investment objectives, changes of beneficiary forms, change of address forms, etc.

1000.3 Required Information and Forms – New Clients

Each new retail client will complete an account application provided by the custodian if opening a brokerage account. The following information will be obtained for each client:
- Name of client
- Residential or business address
- Telephone number
- Estimated net worth
- Source of funds and means of transfer of funds to open the account

Natural Persons Clients – New Clients
In addition to the information listed above, AFP IARs will obtain the following information for these clients:
- Age
- Social Security Number
- Occupation
- Employer
- Beneficiaries (if any)
- Copy of the client’s current drivers license or passport

Entity Clients – New Clients
In order to accept a corporation, partnership or other client that is an entity, IARs obtain the following information:
- Documentary evidence of the existence of the organization
- Understanding the structure of the entity sufficiently to determine the source of the funds utilized for investing
- Identifying principal owner(s) of the entity’s shares or beneficial interests
- Identifying who controls the entity

Required Paperwork for NFS/Custodial accounts submitted to AFP – New Clients:
The following is required to be submitted for all AFP clients:
• Custodial application;
• AFP Account Application;
• AFP Management Fee Deduction Authorization form;
• AFP Trading Authorization Limited to Purchase and Sales of Securities form;
• AFP Ongoing Portfolio Management Agreement;
• Signature Guarantee form;
• IRA Fee Request form, if applicable; and
• AFP Suitability Review form.

**Required Paperwork for non-Brokerage AFP Accounts submitted to AFP – New Clients:**
• AFP Account Application;
• AFP Initial management Fee Deduction Authorization form;
• Exchange Transfer and Fee Authorization form;
• Ongoing Portfolio Management Agreement;
• Signature Guarantee form;
• AFP Suitability Review form;
• If a Variable Annuity:
  o Application and current statement;
  o Rider information;
  o Registered Principal Approval.

## 1001 INVESTMENT ADVISORY PROGRAMS

### 1001.1
Every client who participates in an AFP-approved investment advisory program must complete and sign the appropriate forms. These contracts detail the division of duties and responsibilities that the client, AFP’s program provider and the IAR share. The IAR is required to contact each vendor for the required documentation.

### 1001.2
When the client completes and signs the appropriate forms, the IAR must maintain a copy in the client’s file and forward it to AFP Operations.

### 1001.3
IARs may not hold customer funds in their possession nor deposit them into their business or personal account. The IAR must transmit any investment advisory applications or payments to AFP Operations the same day received or no later than the next business day if received after mail pick-up time.

### 1001.4
Withdrawals from a variable annuity contract, including fees for account management, may adversely impact riders, bonuses, or other living benefits associated with the contract. Investment Adviser Representatives must be familiar with the impact such withdrawals may have and should carefully consider whether having fees withdrawn directly from an annuity contract is appropriate. In such cases where it is determined that the withdrawal of management fees may adversely affect the contract, the contract should not be placed under management or an alternative permissible means to process fee payments should be utilized.

## 1002 DISCLOSURE REQUIREMENTS

### 1002.1
Each IAR must present his/her client with the proper disclosure documents for each investment advisory and/or financial planning service.

### 1002.2
For Third-Party Investment Advisory Programs, the IAR must deliver all of the applicable disclosure documents indicated below to every client who is investing in any of the investment advisory program offerings. These documents must be delivered to clients at or prior to signing the account opening document. Failure to provide completed and required documents will result in the account opening being delayed.

## 1003 PRIVACY STATEMENT

IARs will be required to provide each new client with a copy of its Privacy Notice. Annually thereafter, AFP will send existing clients a Privacy Notice.
IARs are required to deliver the ADV Part II to all new advisory clients at the initial client meeting. Additionally, AFP Operations will provide a copy of Form ADV Part II and Schedule F to all new clients at account opening. On an annual basis thereafter, clients will be sent a written offer of part II of Form ADV and schedule F.

Types of Managed Accounts Available under AFP

IARs may select different approaches to managing their clients’ accounts, depending on their clients’ needs. In addition to an IAR managing clients’ assets, additional types of managed accounts can be considered when placing assets under management (“AUM”) with AFP. IARs are responsible for adhering to account minimums and other restrictions, if applicable.

IARs are required to provide clients with at least three options when recommending a managed account program. IARs must show clients at least three platforms/programs to choose from based on their investment objectives and financial goals and indicate the programs on the AFP Suitability Form. Showing only one platform/program creates the appearance of a conflict of interest and could be misconstrued as directing clients to a single manager or program for a higher payout.

3rd Party Money Managers

Professional 3rd party money managers could be utilized to manage your clients’ assets. 3rd party money managers could offer Separately Managed Accounts or Wrap Fee Programs. These programs are suited for IARs who prefer to utilize outside management. 3rd party money managers have different styles of management, such as active, passive or blended management styles, and could offer a variety of products including mutual funds and equities. 3rd party money managers include Envestnet offered under Fidelity’s Managed Account Solution, BTS Asset Management, MindShare, and Curian Capital.

Separately Managed Accounts

A “Separately Managed Account Program” is essentially a traditional brokerage account managed by an investment adviser. In the context of the AFP IAR’s Services, he/she may refer clients to outside investment advisers who would perform specific investment advisory or portfolio management services over clients’ accounts. The AFP IAR may recommend outside investment advisers to perform such services for its clients accounts and in turn, the AFP IAR will monitor such outside investment advisers’ performance with respect to such separately managed account programs. Specific services and fees related to such programs will be available in the outside investment adviser’s current disclosure document(s).

Wrap Fee Programs

A “Wrap Fee Program” is a program that offers participants a suite of services such as asset allocation, portfolio management, trade execution, and certain administration activities, all for a single fee – typically an annual percentage of the client’s total assets under the investment adviser’s management. A Wrap Fee program(s) is designed to assist clients in obtaining professional asset management services for a convenient single “wrapped” fee. AFP serves as the principal sponsor of its wrap program.

AFP shall offer a wrap fee brochure or other appropriate disclosure document to any advisory clients who are recommended to participate in a wrap program. The wrap fee brochure provides clients with disclosure information about the wrap fee program itself. The AFP IAR shall also provide a copy of current disclosure document for the specific investment manager(s) selected to manage a client’s assets in a wrap program(s), if applicable.

Sub-Advisor Programs

AFP has agreements with various Sub-Advisors, such as John Hancock Sovereign Asset Management, Eagle, and Navellier. The sub-advisors are engaged to help manage assets on behalf of your clients. IARs can also select to manage their client’s assets, which may include
sub-accounts of a variable annuity, through National Financial Services ("NFS"), our clearing broker-dealer. Through NFS, IARs can offer a variety of no-load mutual funds, ETFs and individual equities.

1006 APPROPRIATENESS FOR ALL AUM PROGRAMS

1006.1 Proper fact-finding is essential to generating a proposed investment strategy and asset allocation model that is consistent with the client's stated goals and risk tolerance.

When developing a personalized investment strategy for a client to use in any investment advisory account available through AFP, the IAR must assess the client's overall financial situation and financial goals in order to select a fee-based, advisory account that meets the client's needs. The IAR helps the client define these goals and objectives through a client profile questionnaire and/or in-depth discussion. Many 3rd party managers have their own factfinder that must be completed to assist the manager and IAR in selecting a portfolio that matches their client's investment goals. The client's attitudes toward investing shape the evaluation of the client's risk tolerance and appropriateness for certain types of investments. The client responses also uncover style preferences and the investor's investment time horizon so that an appropriate investment strategy recommendation can be made.

1006.2 The IAR is responsible for addressing any inconsistencies found in the questionnaire with the client. The IAR is not constrained by the questions in the questionnaire; all pertinent notes should be documented to help provide appropriate recommendations for the client. For instance, an investment objective of capital preservation is inconsistent with an aggressive risk tolerance. The IAR may further assess the appropriateness of a managed investment product by asking the client questions such as:

- How concerned are you about market fluctuations (volatility)?
- Is tax efficiency important to you?
- What is most important to you about your money?
- What have been your biggest frustrations with the management of your money?
- Did you ever lose a significant amount of money? How much did it bother you? For how long did it bother you?

Answers to such suggested questions may provide a better picture of the client's investment history and objectives, as well as the appropriateness of products and services recommended.

1007 DOCUMENTS PROVIDED TO THE CLIENT

- AFP Form ADV Part II and Schedule H
- Privacy Notice
- Copy of Advisory Agreement
- Sub-Adviser’s Form ADV Part II (Sub-Advisory Programs Only)

1008 ONGOING IAR RESPONSIBILITY

1008.1 Trading

IARs are required to enter open end mutual fund trade orders on the same trading day that the order was received from the client (equity, bond, and ETF orders must be entered immediately). Orders received from clients during market hours (generally, 9:30 am to 4 pm Eastern time) must be entered immediately upon receipt. Orders entered near market closing may not be executed. A scenario in which this is applicable may be liquidation orders from a client to close an account or withdraw funds.

Mutual fund orders received from clients after the market close must be entered prior to the market close on the following trading day. This will ensure that clients receive the next available share price. IARs should ensure that their clients are aware that any mutual fund trade instructions received after 4 pm Eastern time will receive the following day's NAV.
Trade correction costs and any “breakage” resulting from a difference in price may be assessed to the IAR.

1008.2 Annual Account Review

IARs should meet with their clients at least annually to ensure the client profile information is current and accurate, and should place a note in the client file indicating the date of each annual review. If the client is unavailable to meet or inaccessible, the IARs attempts to contact the client must be documented.

1008.3 Prospectus Delivery

For mutual funds purchased through the brokerage platform, National Financial Services LLC will forward a prospectus to the customer together with the confirmation of the transaction.

Clients are asked to consider the investment objectives, risks and charges and expenses of the investment carefully before investing. The prospectus contains this and other information about the investment. The client should be advised to read the prospectus carefully before investing. Prospectuses can be obtained from the sponsor.

IARs may not mark, circle, highlight, write on, or otherwise modify any prospectus given or to be given to a client. Such alterations could be considered undue emphasis or materially misleading. Also, IARs can only provide a current original, printed prospectus for the product being solicited, not a photocopy or a reproduction.

A Statement of Additional Information (SAI) may be available as a supplement to a prospectus. If so, the prospectus will contain information on how a client may obtain a SAI.

IARs must, in every case, explain the material terms of the prospectus and cannot make statements that are inconsistent with the contents of the prospectus or SAI. IARs must provide a complete description of all fees, penalties, and/or expenses associated with the transaction, describe product features, and point out relevant tax considerations (e.g., in the case of tax-qualified plans) to the client, and refer specifically to each applicable charge or fee, including any sales or administrative charges. Use of the term “no load” to describe a product that has a “front-end” or “back-end” sales load, or a 12b-1 expense of 25 basis points or more, is strictly prohibited and violates securities laws.

1009 Fees

Fee Information can also be found in the most current Form ADV, Part II.

1009.1 Fees for Advisory Services

Fees for advisory services are negotiable, but cannot exceed the maximums stated below.

a. Portfolio Monitoring of Commissionable Products

Portfolio monitoring services will be provided to portfolios of commission-based products. This schedule reflects prior receipt of such commissions as well as ongoing 12b1 distribution fees:

<table>
<thead>
<tr>
<th>Account Size ($000’s):</th>
<th>*Advisory Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>$25 to less than $500</td>
<td>Not to exceed 2.50%</td>
</tr>
<tr>
<td>$500 to less than $1,000</td>
<td>Not to exceed 2.25%</td>
</tr>
<tr>
<td>$1,000 to less than $1,500</td>
<td>Not to exceed 2.00%</td>
</tr>
<tr>
<td>Greater than $1,500</td>
<td>Negotiable</td>
</tr>
</tbody>
</table>

*Shared by AFP and its agents. Such fees may be in addition to internal management costs, 12b-1 distribution and transaction fees where applicable. All external advisory fees due the Adviser and its agents are subject to prior negotiation and agreement.
b. **No-Load Mutual Funds Due Diligence/Selection Monitoring**

Compensation due to the Adviser for this service will be paid according to the following fee schedule which in turn, is designed to equalize compensation with the same level of service offered for commission based products which may be placed in the client’s advisory program.

<table>
<thead>
<tr>
<th>Account Size ($000's):</th>
<th>*Advisory Fee</th>
</tr>
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<tr>
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<td>Not to exceed 2.25%</td>
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<td>Not to exceed 2.00%</td>
</tr>
<tr>
<td>Greater than $1,500</td>
<td>Negotiable</td>
</tr>
</tbody>
</table>

*Shared by the Adviser and its agents. Such fees may be in addition to internal management costs and transaction charges. All external advisory fees are subject to prior negotiation and agreement between the client and his agent.

c. **Third-party Advisory Services**

Fees payable to 3rd party money managers are dependent on their fee structure, which can be found in that investment adviser’s ADV Part II, which must be provided to the client by the IAR. Generally, total fees paid by clients, excluding internal management costs and any separate transaction charges, should not exceed 2.50%.
CHAPTER 11: CLIENT CONTRACT PROCEDURES

1100 CLIENT’S PRESENCE WITHIN THE UNITED STATES

Investment advisory and financial planning services may be offered or rendered to persons within the United States. Each AFP client must be a United States citizen, have a United States tax identification number, or have a place of business within the United States.

1101 REGISTRATION AND LICENSING

a. All IARs must ensure they are licensed/notice filed in the same jurisdiction in which the client resides, or are properly licensed/notice filed based on the type of account being opened (i.e., for a trust account, the IAR must be properly licensed/notice filed in the states in which all trustees reside). If the IAR is not properly licensed/notice filed in the appropriate jurisdiction Operations will not establish the account. Unlicensed solicitation is referred to Compliance for investigation and possible disciplinary action where warranted.

b. If there is any missing AUM paperwork, AFP Operations will contact the IAR. If the paperwork is not submitted within a reasonable time frame, the documentation will be returned to the IAR and checks will be returned to the client.

1102 SOURCE OF FUNDS GUIDELINES – APPLIES TO LIQUIDATING ASSETS TO FUND A MANAGED ACCOUNT

1102.1 The client must be informed of all surrender charges, penalties and taxable events that may result from a surrender or transfer of funds. The IAR should review the source of funds guidelines outlined below to ensure that clients are informed about paying additional fees or being harmed by liquidating and transferring assets to fund an account.

1102.2 Mutual Fund Shares on which the client paid a front-end sales load (such as Class A shares)

Generally, front-end sales loaded shares are considered longer-term investments and should be held as long as they are meeting the client’s investment objectives. The following guidelines should be reviewed when liquidating and transferring front-end load shares to fund an account:

1. Front-end sales loaded shares that have been held by the client for 3 years or more are a better source of funds.
2. If the front-end sales loaded shares have been held by the client for less than 3 years, the front-end load paid by the client for those shares should be less than 3%.

1102.3 Mutual Fund shares upon which a back-end sales load is imposed for greater than 12 months (such as Class B Shares)

If the proceeds from the back-end sales loaded shares are used to fund an advisory account, the client will now not only have paid a CDSC but will also be charged an additional fee to have his/her money managed. For these reasons, consider the following guidelines:

1. The CDSC to be paid upon the liquidation of any one mutual fund should be less than 3% of the value of that specific mutual fund to be liquidated.
2. The total CDSC to be paid as a result of the transfer/liquidation should be no more than $5,000 in aggregate (adding together any CDSC charges for all of the mutual funds being liquidated).

1102.4 Mutual Fund shares upon which a back-end sales load is imposed for less than 12 months (such as Class C shares) and No-load Mutual Funds

Back-end sales loaded shares with a CDSC period of 12 months or less (such as Class C shares) should be held for a minimum of 12 months before being liquidated, regardless of the amount of CDSC paid.

Many no-load mutual funds impose a fee if the assets are liquidated within a short period from the date of purchase. No-load mutual fund shares subject to such fees should not be transferred
to an advisory account during this time. If the IAR is unable to determine the required holding
period for a no-load fund, then the most recent purchase date should be one year or greater.

1102.5  Annuities

Since annuity products contain many benefits and features it may not be in the client's best
interest to surrender an annuity contract to fund an Advisory Account. Additionally, if all or a
portion of an annuity is liquidated prior to reaching the age of 59 ½, the transaction may be
subject to additional tax penalties. This may not apply to the cases in which fees may be
deducted from an annuity to pay for annuity management services.

Therefore, if the Source of Assets for an AFP account is an annuity, the following rules should
be followed:

**Client Older than 59 ½ or Qualified Rollovers:**
If the source of funds is a non-tax qualified Fixed Annuity or Variable Annuity, and the owner is
older than 59 ½; or if the account is a qualified rollover; AND the surrender charge percentage
is less than 3%, then the annuity may be acceptable as a source of funding. If only a portion of
the funds within the annuity is subject to acceptable surrender charges (less than 3%), then only
the portion subject to acceptable surrender charges should be used to establish the advisory
account.

**Client Younger than 59 ½ and Non-Qualified Annuities:**
Applications that indicate that the Source of Funds is either a non-tax qualified Fixed Annuity or
Variable Annuity and the owner is younger than the age of 59 ½ will not generally be approved.
In his/her discretion, a senior manager of AFP may approve the use of a fixed or variable
annuity as a source of funding in such circumstances if the surrender charge percentage is less
than 3% (or, if the charge is 3% or more, the amount must be less than $500) and it is
determined that the recommendation is otherwise sound and suitable for the client.

A non-tax qualified fixed annuity or variable annuity where the owner is younger than the age of
59 ½ should not be used to fund a managed account. It would be a more appropriate source of
funds if the surrender charge percentage is less than 3% (or, if the charge is 3% or more, the
amount must be less than $500) and it is determined that the recommendation is otherwise
sound and suitable for the client.

1102.6  Life Insurance Products

There are high acquisition expenses associated with whole life insurance, and variable or
universal life insurance policies often have surrender charges that are applicable during the
early years of the policy. Accordingly, the proceeds of a life insurance policy are generally not
acceptable as a source of funds for managed accounts.

1103  Flexible Pricing Policy

IARs have the flexibility to discount a client's advisory fees to an amount as low as the cost of
the AUM program. Under no circumstances can an IAR discount a fee as an enticement to
purchase products from the IAR in his/her capacity as a registered representative of PCS, or to
appease a dissatisfied client or otherwise "settle" a dispute with a client, since this would
constitute rebating and/or a violation of securities laws.
CHAPTER 12: FEE-BASED FINANCIAL PLANNING

1200  FEE-BASED FINANCIAL PLANNING REQUIREMENTS

1200.1  Designation Requirement

An IAR may engage in creating fee-based financial plans if he/she is affiliated with AFP and has attained one of the below approved designations. Please note that this requirement does not apply to IARs who were affiliated with AFP and approved to create fee-based financial plans prior to May, 2011. Exceptions to the designation requirement based on previous experience in this area may be granted by the Compliance Department.

- CFP® (Certified Financial Planner™)
- ChFC (Chartered Financial Consultant)
- MSFS (Masters of Science in Financial Services)
- CFA (Chartered Financial Analyst)
- CPA (Certified Public Accountant)
- JD (Juris Doctor)
- MBA (Masters of Business Administration)

1201  DEFINING THE SCOPE OF SERVICES OF A WRITTEN FEE-BASED FINANCIAL PLAN

1201.1  The IAR contracts with the client by entering into a written Financial Counseling Agreement, to prepare a written analysis and recommendations for one or more of the following, in addition to a net worth analysis: Cash Flow Analysis, Investment Planning, Retirement Planning, Education Planning, Other Goal Planning, Estate Planning, Business Planning, Executive Benefits, Charitable Planning, and/or Risk Management (which may include any or all of the following: Life Insurance Planning, Disability Planning, Long Term Care Planning, Property & Casualty Planning, Professional Liability Insurance Planning, and Health Insurance Planning).

Financial planning services are generally offered to individuals or couples with incomes over $50,000 a year and a net worth of over $250,000. These guidelines are flexible, but are generally indicative of those who could best utilize and afford this service.

1202  FINANCIAL COUNSELING AGREEMENT

1202.1  Each client for whom you will conduct fee-based financial planning or financial counseling services must sign a Financial Counseling Agreement. All parties to the Agreement must read, understand and sign the Agreement. The Financial Counseling Agreement sets forth the scope of services to be rendered, and identifies the contractual responsibilities of the IAR and the client. The Financial Counseling Agreement must be completed in full before commencing the financial planning engagement. The Agreement itself may not be altered.

Fees may not be collected without a Financial Counseling Agreement that is signed by both the IAR(s) and client(s). If the engagement is to be completed by more than one (1) IAR then each IAR must sign and date the Agreement as well as indicate the fee split percentage to be paid to each.

The Financial Counseling Agreement, the Privacy Notice and the Form ADV Part II must be given to each client upon entering into a financial planning agreement. These documents provide the up-front disclosure that is required in the financial planning and investment advisory business.

The IAR must submit the Agreement to AFP, give a copy to the client and maintain a copy in the client’s file.

Fees charged to the client must be substantiated. IARs are required to keep detailed notes of their financial planning/counseling meetings and documentation of services and reports provided to the client. All documentation must be retained in the client files and is subject to review during branch examinations.
1203 **ESTABLISHING THE FEE**

1203.1 Fees for a written financial plan may be based on a flat fee or an hourly fee and may be affected by several factors such as the complexity of pertinent circumstances and the perceived probability of certain anticipated complications that may arise. Although not an all-inclusive list, the following factors may impact the fee(s) charged to a client:

- Investment objectives;
- Consideration of the client’s overall financial condition, including current financial holdings;
- Net worth;
- Income and tax status personal and business assets;
- Marital status;
- Number of dependents;
- Risk profile; and
- Previous investment experience.

1203.2 **Hourly Fees:**

IARs may charge an hourly fee for financial planning/counseling services. AFP’s hourly fees are negotiable and clients can be charged up to a maximum of $300 on an hourly basis, depending upon the level and scope of the services required.

The hourly rate is determined based on anticipated work to be done. Since IARs cannot exactly determine the hourly fee amount until learning about client's financial circumstances, it is AFP’s practice that IARs provide an initial, no obligation, no cost meeting in order to become familiar with the client’s circumstances.

**Assessment of hourly fees:** Hourly fee(s) will be billed in arrears, as financial planning services are performed. Hourly fees shall be calculated by multiplying the number of hours of service performed by the designated hourly rate. Generally, IARs receive payment when they meet with the client to deliver or discuss the financial plan.

1203.3 Below is a general guideline that IARs can follow when attempting to assess the correct flat fee for financial planning/counseling services. Points can be calculated based on experience, client’s net worth, and number of services to be provided. The total points then suggests a maximum fee.

<table>
<thead>
<tr>
<th>(A) Industry Experience*</th>
<th>(B) Client’s Net Worth</th>
<th># Services Provided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Years</td>
<td>Points</td>
<td>Net Worth</td>
</tr>
<tr>
<td>0-3 years</td>
<td>1</td>
<td>$50,000 - $1,000,000</td>
</tr>
<tr>
<td>4-6 years</td>
<td>2</td>
<td>$1,000,001 - $5,000,000</td>
</tr>
<tr>
<td>7-9 years</td>
<td>3</td>
<td>$5,000,001 - $10,000,000</td>
</tr>
<tr>
<td>10-12 years</td>
<td>4</td>
<td>$10,000,001 - $15,000,000</td>
</tr>
<tr>
<td>13+ years</td>
<td>5</td>
<td>$15,000,001 or higher</td>
</tr>
</tbody>
</table>

* The total number of years an IAR has been in the financial services industry.

**Fee Grid**

<table>
<thead>
<tr>
<th>Points Range</th>
<th>Suggested Maximum Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 points</td>
<td>$1,000</td>
</tr>
<tr>
<td>6 – 9</td>
<td>$2,000</td>
</tr>
<tr>
<td>10 – 13</td>
<td>$3,000</td>
</tr>
<tr>
<td>14 – 17</td>
<td>$4,000</td>
</tr>
<tr>
<td>18+ points</td>
<td>$5,000</td>
</tr>
</tbody>
</table>

1203.4 **Complexity of Financial Planning Cases**

There are a number of factors that contribute to the complexity of a client’s situation. The following are some examples of what the IAR might consider when determining the complexity of the case.
Assets:
- Number: having more than 20 individual assets
- Ownership: custodial ownership, tenants in common, indirect (i.e. trusts, partnerships, corporation) ownership
- Type of assets: REITs, LLC, FLP, closely held business
- Location: assets are located in multiple states and/or outside of U.S.

Family:
- Citizenship: one or both spouses are non-U.S. citizens
- Dependents: Children are adopted, step children, special needs, estranged
- Marital Status: Client is widowed or a single parent. Clients are unmarried partners or siblings

Cash Flow:
- Income: Alimony, child support, social security, lottery, inheritance, trusts, stock options could increase the complexity
- Debt: new home purchase, auto loan, refinanced, lease vs. purchase, bankruptcy
- Debt repayment: >40% of cash flow to debt

Special Circumstances:
- Health: chronic illness, disability, terminal illness
- Life Changes: relocation, remarriage, divorce, death of a partner, large inheritance

1203.5 No fee offsetting is permitted. Once the fee is determined and a Financial Planning Agreement is signed, the fee cannot be reduced or waived because of a decision by the client to purchase or not purchase products or invest in an investment advisory program.

1203.6 All requests for client refunds must be in writing and approved by Compliance.

1204 RENEWING A FINANCIAL COUNSELING AGREEMENT

1204.1 All financial planning agreements are “one-time” events. A client may wish to renew his/her agreement with the IAR, in which case a new Financial Counseling Agreement will be signed.

1205 FEE COLLECTION AND PAYMENT TO THE IAR

1205.1 In consideration of the services provided, the Client will agree to compensate AFP and the IAR via check made payable to Asset & Financial Planning (or AFP) on an hourly or flat fee basis. The fee arrangement must be clearly selected in the Financial Counseling Agreement.

The client may agree to a payment schedule, such as a) one lump sum at time of signing the agreement; or b) checks remitted for hourly fees in arrears, as Services are performed, not to exceed the maximum amount specified in the Agreement, nor to be paid after 6 months from date of entering into the Agreement; or as otherwise specified.

Remember that all fees must be collected in the form of a check made payable to Asset & Financial Planning, not to the IAR or to the IAR’s DBA. Checks that are incorrectly labeled will be mailed back to the client along with a letter explaining the reason for the returned check.

Checks must be submitted to AFP in accordance with Company guidelines.

AFP will accept a corporate check to pay a financial planning fee. Under no circumstances will a check from the IAR or the IAR’s DBA be accepted to pay for a financial planning fee.

1206 DOCUMENTATION REQUIREMENTS

1206.1 Fee-Based Financial Plans
Upon executing the Financial Counseling Agreement, IARs must submit the Agreement and check made payable to Asset & Financial Planning.

1206.2 No later than at delivery of the financial plan and prior to six months after executing the Financial Planning Agreement, the IAR must collect and submit any remaining portion of payment due, if applicable.

1207 FINANCIAL PLAN REPORT PROCEDURES

1207.1 Financial Plans

All Financial Counseling Agreements must end with the delivery of a written financial plan / documentation to the client. The financial plan must address all planning concepts agreed to in the financial planning agreement.

The IAR, after reviewing all pertinent Client data and objectives, will make recommendations including suggested strategies to help achieve the Client’s stated objectives. The IAR will provide the Client with a written Report of all analyses and recommendations, as applicable, no later than 6 months from the date of execution of the Agreement.

The Client may implement or disregard, in whole or in part, any recommendation, suggestion or advice at their discretion contained in the financial planning analyses or report and is under no obligation to implement any recommendation through the IAR or any affiliated entity of AFP.

1208 FINANCIAL PLAN GUIDELINES

Regardless of which financial planning approach an IAR chooses, the following requirements apply to every written plan:

1208.1 Product Recommendation Guidelines

1. Plans should not include the following:
   - Specific tax, legal, or accounting advice;
   - Advice/recommendations about buying/selling specific general securities (stocks, bonds, etc., including advice regarding IPOs and mergers/acquisitions) or buying specific insurance products;
   - Sales illustrations;
   - Insurance consulting (spreadsheeting/comparing insurance company products/prices against each other);
   - Pension administration/specific investment advice in pension plans on a company level or other ERISA advice;
   - Outdated notes/analysis outside contract period; and
   - Unauthorized vendor information or analysis.

1208.2 Guidelines for Financial Plan Reports

a. Planning Assumptions, Current Status, and Planning Considerations:
   Include your planning assumptions, your client’s current status and your planning considerations. An overview of the planning concept and an action item list are not required, but strongly recommended.

b. Footer:
   The cover page of the financial plan must include the following:

   Investment advisory services offered through Asset & Financial Planning, LTD., a Registered Investment Adviser.

   If an IAR has a DBA, the IAR should also include the following sentence: “(DBA name) is not affiliated with Asset & Financial Planning or any of its affiliates.”
c. Page Numbers:
Each page of the financial plan must have a page number, formatted as follows: “1 of 87”, “2 of 87”.

d. Identify The Appropriate Professionals for Planning Recommendations:
Your work product should clearly identify the appropriate professional(s) to address the planning recommendations included, such as a CPA, Attorney, P & C Agent, Real Estate professional, etc.

e. Clearly Stated Actions and Timeline:
Recommendations should be worded so that the client clearly understands who is responsible for what action, and when that action should take place. For example: “As outlined in the plan, Jack should apply current surplus cash to meet the three month emergency cash reserve requirement by setting up a money market fund by the end of August, 2011.”

f. Use of Numbers:
If using numbers of any kind to address a client’s needs, an IAR must also list all of the assumptions that you used to derive that need.

g. Work Product Disclaimer Language Guidelines:
Recommendations may not include any legal, tax or accounting advice and must reference that the client should consult with his/her/their own tax and/or legal advisor before implementing any tax or legal strategies:

“Asset & Financial Planning and its representatives do not provide tax, legal or accounting advice. Please be sure to consult your tax, legal or accounting professional regarding your particular situation.”
CHAPTER 13: COMPLAINTS

1300  DEFINITION OF A COMPLAINT

A complaint is defined as any written communication (letter, fax, or e-mail) by a client or someone authorized to act on the client’s behalf, alleging a grievance involving the activities of any person acting on behalf of AFP in connection with the solicitation, purchase, maintenance, or disposition of a financial plan, investment advisory product or the disposition of the client’s funds that may be related to those products.

Any written communication by a client, while not expressly a grievance, which indicates that a securities sales presentation, communication, or transaction has been handled improperly, must be treated as a complaint.

Since a complaint is defined to mean any written communication, an oral grievance or inquiry will not be treated as a complaint unless the individual presenting the matter is willing to put it in writing. However, if the individual refuses to do so, but the substance of the grievance or inquiry is serious (i.e., possible fraud, misappropriation of funds, or similarly serious allegations), the matter should be referred to the CCO.

1301  PROCEDURE FOR HANDLING COMPLAINTS

All IARs must follow the procedures for handling complaints as outlined in the PCS Policies and Procedures manual. Failure to do so may result in disciplinary action including fines, suspension or termination.
CHAPTER 14: IAR BOOKS AND RECORDS REQUIREMENTS

1400 OVERVIEW

1400.1 It is essential that all IARs maintain current and accurate records for all of their clients as specified in this section.

1400.2 All records as required by this section must be kept as per SEC Rule 17a-3 and 17a-4:

- Order records (3 years, 2 recent years in an accessible location)
- New account records (6 years after account closing, in an accessible location)
- Correspondence, incoming and outgoing (3 years, 2 recent years in an accessible location)
- Advertising (3 years, 2 recent years in an accessible location)
- Operations records including records of receipt/delivery of securities or funds (3 years, 2 recent years in an accessible location)
- Complaints (3 years, 2 recent years in an accessible location)

1401 RECORDS IARs MUST KEEP

The following records must be kept in a cabinet (or at least a separate file drawer) separate from either the IAR’s securities or insurance clients, in the manner described in this manual:

1. Financial planning client files.
2. Investment Advisory client files.
3. Complaint Log File.
4. Approved Advertising File, containing copies of all approved advertising along with a copy of the approval, in chronological order.
5. Compliance File that will include proof of IAR state registration, a record of any IAR disciplinary action.

1402 INCOMING CORRESPONDENCE SUBJECT TO RULE 3010

1402.1 While AFP is not subject to FINRA Rule 3010, IARs are required to comply with this rule in their capacity as Registered Representatives of PCS (reference the PCS Policies and Procedures for more detailed information). Originals of all incoming correspondence must be treated under the Company’s 3010 guidelines.

1403 FINANCIAL PLANNING CLIENT FILES

IARs must maintain client documents and information used in the design and preparation of the financial plan prepared for their client as set forth in the foregoing sections. Records kept by the IAR must include the following (not all documents are applicable in all cases):

- Fact finder/data questionnaire
- Memos/notes
- Financial Plan Agreement
- Financial Plan documents and any draft plans and/or analysis shared with the client
- Correspondence to/from the client
- Customer complaints
- Copies of checks and receipts
- Copies of client documents (bank statements, insurance policies, wills, trusts, etc.)
- Confirmations
- Invoices
**1404 INVESTMENT ADVISORY CLIENT FILES**

1404.1 Investment advisory client files can either be kept together in alphabetical order or with the corresponding financial planning client file. Should the investment advisory files be kept all together, as with financial planning files, the investment advisory files should be kept in a separate file drawer from either the IAR’s securities or insurance clients. If the same drawer is used, the AFP files must be maintained in a separate folder.

1404.2 The following documents must be kept in the client investment advisory files in a logical manner that provides for easy inspection during a branch exam or regulatory inquiry:

- Copies of account opening documents
- Copies of checks or Account Transfer documentation
- Copies of trade tickets, if applicable
- Fact finders or data questionnaires
- Correspondence
- Annual Review documentation

**1405 ELECTRONIC STORAGE MEDIA**

IARs may retain client files and other required documentation in an electronic capacity, subject to CCO approval, and as outlined in the PCS Policies and Procedures.

**1406 BUSINESS CONTINUITY AND RECOVERY PLAN**

PCS and its affiliates have taken many steps to ensure that they can continue business operations should a significant disruption occur in one of the business locations. The Company has developed a comprehensive approach to planning for possible disruptions. The business continuity and recovery plans address the full range of possible scenarios, from firm-only business disruptions and disruptions at a single building, to a disruption to a business district, a city, or a region such as during a major blackout.
CHAPTER 15: REGULATORY AUDITS OR INVESTIGATIONS

1500 AUDIT PROCEDURES

1500.1 From time to time, the SEC, state securities departments or other regulatory agencies may audit
AFP on a scheduled or unscheduled basis. In addition a regulator may initiate an inquiry,
examination or investigation of an AFP location or IAR by means of an on-site audit or by an
oral or written communication. If the visit is scheduled, the regulator may provide a list of
records in advance of the examination date. If an IAR receives advance notice of a visit, the IAR
must notify his/her supervisor, who will in turn immediately notify Compliance.

1500.2 If the regulator provides a request for records or information at any time prior to the
examination, the IAR must begin assembling the required records as soon as possible.

1500.3 If a regulator should arrive at an IAR's office to conduct an audit, the IAR should do the
following:
□ Politely ask the regulator to present his or her identification, and invite the regulator to sit in
the reception area. The regulator should not sit in the IAR's office or in any area of
business.
□ If the credentials are satisfactory, ascertain the purpose of the visit. For example, ask if this
is a routine review, or if they are reviewing a specific individual or product. Ask what
information they require, and when and what resources they need. If possible, the regulator
should be provided with an empty conference room or other suitable location. If the
examiner asks for access to the IAR's computer or any computer-based records, contact
your supervisor and Compliance immediately, to determine whether alternate arrangements
may be made. After ascertaining the purpose of the visit, the IAR must immediately call
their supervisor on how to proceed. In the event the IAR cannot reach his/her supervisor,
the IAR should call 845-485-3338 and ask to speak to Compliance.
□ IARs should keep a copy or list of everything provided to the inspector, and keep their
supervisors apprised of the progress of the inspection.

1500.4 In the event that an IAR receives a subpoena or other court document involving AFP, the IAR
must immediately advise their supervisor, who will refer the matter to legal counsel. IARs must
not respond to such subpoenas or court orders without receiving guidance from legal counsel.
CHAPTER 16: ADVERTISING AND SALES LITERATURE

IARs are subject to the advertising and sales literature guidelines as outlined in the PCS Written Supervisory Procedures. Below are some guidelines that are specific to IARs, may be duplicative to PCS Written Supervisory Procedures, and are not inclusive of all of the rules pertaining to communications with the public.

1600 TESTIMONIALS

1600.1 Generally, IARs may not use advertisements that make use of testimonials, which include any statement by a former or present advisory customer endorsing the IAR or referring to the customer’s favorable investment experience with the IAR. (NOTE: Lists of “representative clients” may be provided as long as the selection process is at random and that they are not exclusively selected on the basis of favorable performance, as well as displaying the following: “This represents a select list of the adviser’s clients, and is not indicative of a list of all the adviser’s clients.” The list of “representative clients” may not be used without prior, written permission of the client(s) and compliance approval.)

1601 APPROVED TITLES

IARs may use one of the following titles if they choose to hold themselves out as IARs: Investment Adviser, Financial Adviser, or Financial Planner. The same rules that are applicable to Registered Representatives regarding the use of approved designations also apply to IARs.

1601.1 BUSINESS CARDS

IARs affiliated with AFP must disclose the affiliation on their business cards.

1602 USE OF EMAIL

1602.1 In addition to the language pre-populated by the Company on e-mails, the following disclosure should be used to identify IARs:

Investment advisory services offered through Asset & Financial Planning, LTD., a Registered Investment Adviser.

1602.2 Use of Electronic Communications

IARs are only permitted to use a Company-approved e-mail address in the course of carrying out their IAR business activities.

It is vitally important that the private information entrusted to IARs by customers is managed securely at all times. When sending business e-mail, IARs must consider the sensitivity of the customer information the message may contain.

All e-mails sent or received on the Company’s approved e-mail domains may be provided to a regulator upon request, pursuant to applicable rules. The Company recommends that IARs limit the amount of personal e-mails that flow through Company systems.

1603 THIRD PARTY VENDOR MARKETING MATERIAL

Third party vendors may provide IARs with marketing material from time to time. This material must be submitted to Compliance for review and approval prior to use.

If there is room for personalization (adding your name, title, contact information) please do so prior to submission to Compliance. If material has been submitted to FINRA, please provide the FINRA approval letter with the submission of the third party vendor material.
1604 CUSTOMER PRIVACY

1604.1 General
IARs gather a significant amount of personal information from their customers in order to understand and meet their needs with the appropriate financial advice, products and services. In accordance with federal regulations and corporate Privacy Policy, IARs are obligated to comply with the following guidelines regarding gathering and maintaining customer information, and maintaining the confidentiality security of that information.

IARs must:

a) Collect only the customer information needed to deliver the appropriate financial advice, product and/or services;
b) Protect against access to this information by unauthorized persons or sources;
c) Refuse to disclose any medical or health information to unaffiliated third parties for marketing purposes;
d) Maintain control over the confidentiality of the customer's personal information and provide the customer with the choice of having their financial information shared for marketing purposes with the Gilman Ciocia family of companies and with certain non-affiliated companies with which we may have joint agreements;
e) Provide a copy of the appropriate Privacy Notice to all new applicants when completing an application for new business, regardless of product;
f) Comply with all federal and state privacy regulations, including using any state-specific Privacy Notice or Information Practices notice based on customers' states of residence; and
g) Not use client information learned in the course of business activities for any private purpose.

1604.2 Reporting Customer Security Breaches

All information created or maintained by IARs about AFP’s customers belongs to AFP and must be safeguarded. This includes computer data generated by IARs and covers everything from work generated, to Internet usage, to e-mail messages. The potential impact of security violations is far reaching, and adversely affects the Company's data and system integrity. If a security breach takes place, the technology department has procedures in place to address the situation. A breach of security includes:

- Stolen or lost laptop computer;
- Stolen or lost PDA (e.g. iPhone or Blackberry);
- Accidental disclosure by mailing, emailing or faxing personal data to the wrong individual;
- Stolen or lost paper files (applications, etc.);
- Inappropriate disposal of paper records (paper not shredded);
- Stolen or lost storage media (back-up tapes, floppy disks, zip drives, USB drives, etc.);
- Inappropriate disposal of old computers (hard drives not wiped clean) or paper client files;
- Unsupervised access to computers by non-Gilman technical support personnel; or
- Inappropriate use or configuration of information sharing technology. This includes wired or wireless LANs, cable modems, and remote access tools.

Each of these can expose customer information if computers are not sufficiently protected.

All IARs are required to immediately report known or suspected information security breaches to the technology department of Gilman Ciocia and to the CCO.

An IAR who is informed of a breach from an AUM vendor, or is contacted by a client regarding a breach, should promptly the CCO, who will then follow up with the appropriate steps.