Investment Research Corporation, World Capital Brokerage Advisory Services

Compliance Manual

06/08/2020

World Capital Brokerage Advisory Services ✧ Investment Research Corp
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1. General

A. Investment Research Corp, dba World Capital Brokerage Advisory Services, ("IRC") is an investment advisor registered with the United States Securities and Exchange Commission ("SEC").

B. Rule 206(4)-7 under the Investment Advisors Act of 1940 ("Advisors Act") requires each investment advisor registered with the SEC to adopt and implement written policies and procedures reasonably designed to prevent violation of the federal securities laws and to review those policies and procedures annually. In accordance with rule 206(4)-7, IRC has established this procedures manual ("Manual") to conform to federal and state securities and investment advisor laws and regulations. IRC believes that the policies and procedures contained in this Manual are reasonably designed to detect and prevent violations of federal and state securities and investment advisor laws and regulations by IRC and its supervised persons. Section 202(a)(25) of the Advisors Act defines Supervised Persons as "any partner, officer, director (or other person occupying a similar status or performing similar functions), or employee of an investment advisor, or other person who provides investment advice on behalf of the investment advisor and is subject to the supervision and control of the investment advisor."

C. Rule 206(4)-7 requires each advisor to adopt policies and procedures that take into consideration the nature of that firm's operations. Accordingly, this Manual is designed to prevent, detect and promptly correct any and all violations that have occurred.

D. Each Supervised Person with responsibilities in connection with IRC's activities will be provided a copy of this Manual. This Manual will be revised or supplemented as business developments and regulatory requirements dictate. IRC will provide updates to this Manual as they are released to each IAR. It is the responsibility of each IAR to keep their personal copy current.

E. Supervising Principals are responsible for monitoring the activities of all IARs under their supervision to ensure compliance with the Advisors Act and all other applicable securities laws, rules and regulations, as well as IRC's policies and procedures.

F. **Failure to Comply**

1. Failure to comply with any applicable law, rule, regulation or IRC policy is punishable by, up to and including, financial penalties and termination of an IAR's association with IRC as well as possible ramifications from State and Federal Regulatory Agencies.
2. IRC will have the sole authority and discretion to investigate any potential violation, determine any reporting obligations, levy any appropriate sanction and resolve the matter.

G. Non-compliance with any section of this manual must be immediately reported to the CCO or, if not available or practicable, to a senior member of management.

H. Trades are executed through World Capital Brokerage, Inc. by Pershing, LLC. or via a 3rd party administrator.

2. Definition of Key Terms

A. This section of the Compliance Manual provides you with clarification of key terms that are used throughout this document.
12b-1 Fees - A provision that allows a mutual fund to collect a marketing or service fee from investors. This fee is designated for promotions, sales, or any other activity connected with the distribution of the fund's shares. It may also be charged for shareholder support services. The fee must be reasonable: 0.5% to 1% of the fund's net assets, and up to a maximum of 8.5% of the offering price per share.

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Access Person - (a) all Supervised Persons of the Company who have access to nonpublic information regarding any Client's purchase or sale of securities or nonpublic information regarding the portfolio holdings of any reportable Fund, and (b) all Supervised Persons of the Company who are involved in making securities recommendations to Clients or who have access to such recommendations that are nonpublic. Access Persons are also considered to be Access Persons with respect to securities, transactions and accounts (a) by and of Immediate Family members living in the same household as the Access Person, and (b) in which the Access Person has a direct or indirect beneficial interest (such as a trust). If the primary business of the Company involves the provision of investment advice, then the officers and directors of the Company are presumed to be Access Persons for the purposes of the Code of Ethics.

Agency Cross transactions - Means a transaction in which an investment advisor, or any person controlled by, or under common control with such investment advisor, including an investment advisor representative, acts as a dealer for both the advisory client and the person on the other side of the transaction.

Average Pricing - A representative measure of a range of prices that is calculated by taking the sum of the values and dividing it by the number of prices being examined.

Employee Retirement Income Security Act (ERISA) - protects the retirement assets of individuals by implementing rules that qualified plans must follow to ensure that plan fiduciaries do not misuse plan assets.

Fiduciary - A person legally appointed and authorized to hold assets in trust for another person. The fiduciary manages the assets for the benefit of the other person rather than for his or her own benefit.

Front Running - The unethical practice of a broker who is aware of an order to buy or sell and buys or sells the same security for his or her own account ahead of the customer's order.

Managed Accounts - An investment account that is owned by an individual investor and looked after by a hired professional money manager for an annual management fee that typically includes all account services.

Net Asset Value (NAV) - The value of a fund's investments. For a mutual fund, the NAV per share is the total market value of all securities held by the fund divided by the number of the fund's outstanding shares. The NAV does not include sales or redemption charges.

Order Ticket - A form detailing an order instruction by a customer to a broker for the purchase or sale of a security with specific conditions.

Principal Trading - A type of order carried out by a broker-dealer which involves the broker dealer buying or selling for its own account and at its own risk, as opposed to carrying out trades for the broker/dealer's clients.

Proxy Vote - A vote cast by one person or entity on behalf of another.

Security Cross/ Index Record/ Reflecting - For each security, the name and account number of the customer and the current amount or interest owned by each customer.

Supervised Person - Any partner, officer, director, Access Person (or other person occupying a similar status or performing similar functions), or employee of the Company, or other person who (i) provides investment advice on behalf of the Company, (ii) is registered as an investment advisor representative by and through the Company, or (iii) who may be subject to the supervision and control of the Company.

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Wrap Fee Program - Is usually used to describe a number of investment services that are bundled together and covered by a single fee.

3. Investment Advisors Act of 1940

A. The business activities of IRC offered to the public make IRC an "Investment Advisor," as defined in Section 202(a)(11) of the Advisors Act.

"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, or who, for compensation, and as part of a regular business, issues or promulgates analyses or reports concerning securities."

Accordingly, IRC is subject to the anti-fraud and other provisions of the Advisors Act and has the following common law duties with respect to its clients: a duty of care and a duty of loyalty.

B. Anti-Fraud Provisions

1. Section 206 of the Advisors Act makes it unlawful for an investment advisor directly or indirectly to;
   a. Employ any device, scheme, or artifice to defraud an existing or prospective client,
   b. Engage in any transaction, practice or course of business that operates as a fraud or deceit upon any existing or prospective client,
   c. Act as principal for its own account, to knowingly sell to or purchase from a client any security, or to act as broker for another person to effect any sale or purchase of any security for the account of any client, without disclosing to the client in writing before the completion of the transaction the capacity in which the advisor is acting, and obtaining the consent of the client to the transaction, or
   d. Engage in any act, practice, or course of business that is fraudulent, deceptive, or manipulative.
2. The SEC has used Section 206 to impose on advisors not only disclosure obligations but also substantive regulatory requirements. Examples of fraudulent activities that have been found to violate Section 206 include;
   a. Front running,
   b. Misrepresenting pricing methodology,
   c. Taking advantage of investment opportunities belonging to a client, and
   d. Failing to disclose commission splitting.
3. The policies and procedures of this Manual are reasonably designed to;
   a. prevent front running by IRC and its IARs,
   b. have IRC and its IARs make full and accurate disclosure to clients regarding matters that have an impact on its independence and judgment,
   c. have IRC and its IARs disclose receipt of commissions for sales of securities or other investment and/or insurance products offered to a client in pursuit of the client's investment objectives, and
   d. prevent IRC and its IARs from willfully making an untrue statement of a material fact or willfully omitting to state a material fact in any registration statement or report filed with the SEC.

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C. Fiduciary Responsibility

1. In the U.S. Supreme Court decision of SEC v. Capital Gains Research Bureau the Court held that an investment advisor has a duty, under Section 206 of the Advisors Act, to act solely in the best interest of its clients and to make full and fair disclosure to the client of all material facts, particularly in those circumstances where conflicts of interest may exist. Many obligations arise from an investment advisor's fiduciary duties under Section 206. These include the duty to;
   a. advise the client that a basis exists where an advisory account is more suitable then a brokerage account. For example, clients who have a low level of trading activity may be better suited for a brokerage account. Realizing that this is not a one-on-one comparison; if account activity is low the advisor must be able to;
      1. justify and show that the fees the client is paying are fair and reasonable, and
      2. the client must approve in writing that they wish to remain in an advisory style account. This approval must disclose the difference in costs between a brokerage account and an advisory account.
   b. have a reasonable, independent basis for investment advice,
   c. obtain best execution for a client's transactions,
   d. ensure that investment advice is suitable to a client's needs,
   e. refrain from effecting personal transactions inconsistent with a client's interests, and
   f. be loyal to clients.
2. IARs and IRC may be held to a higher standard in recommending an investment to a client, than a Registered Representative who is not an IAR. An IAR and IRC must maintain sufficient information regarding a client's circumstances to determine whether particular investments are suitable. Therefore, IRC will perform a thorough and complete suitability review for each account submitted by an IAR for an advisory client.
   This review must include information regarding the fees (including Rule 12b-1 fees if applicable) associated with the share class the client is investing in as well as other classes of shares within the same investment. While the client is free to choose a more expensive share class, it does not alleviate the responsibility of the IAR to inform the client that a lower cost share may be available. If the client chooses a more expensive share the IAR will need to attain a hand signed letter from the client stating that they are aware that other classes of shares exist and that those shares may be less expensive than the class of share they chose.
3. **Regulation Best Interest**
   a. Regulation Best Interest ("Reg BI") imposes an enhanced standard of conduct on IRC, IARs and associated persons when one provides a recommendation(s) to any retail customer regarding a securities transaction or an investment strategy involving securities. IRC, its IARs and its associates must act in the retail customer's best interest and cannot place IRC's, IAR's or any associate's own interests ahead of the customer's interests. Reconditions must be based on a facts and circumstances assessed at the time the recommendation is made.
      1. Definitions.
         a. **"Recommendation"** is to be interpreted broadly and would include, among other things, types of accounts or an explicit recommendation to hold a security or securities. However, the following

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communications are excluded from the coverage of Rule 2111 as long as they do not include (standing alone or in combination with other communications) a recommendation of a particular security or securities:

1. General financial and investment information, including
    a. basic investment concepts, such as risk and return, diversification, dollar cost averaging, compounded return, and tax deferred investment,
    b. historic differences in the return of asset classes (e.g., equities, bonds, or cash) based on standard market indices,
    c. effects of inflation,
    d. estimates of future retirement income needs, and
    e. assessment of a customer's investment profile;
2. Descriptive information about an employer-sponsored retirement or benefit plan, participation in the plan, the benefits of plan participation, and the investment options available under the plan;
3. Asset allocation models that are
    a. based on generally accepted investment theory,
    b. accompanied by disclosures of all material facts and assumptions that may affect a reasonable investor's assessment of the asset allocation model or any report generated by such model, and
    c. in compliance with Rule 2214 (Requirements for the Use of Investment Analysis Tools) if the asset allocation model is an "investment analysis tool" covered by Rule 2214; and
4. Interactive investment materials that incorporate the above. A retail customer “uses” a recommendation when, as a result of the recommendation:
    a. the customer opens a brokerage account with the broker-dealer, regardless of whether the broker-dealer receives compensation.
    b. the customer has an existing account with the broker-dealer and receives a recommendation from the broker-dealer, regardless of whether the broker-dealer receives or will receive compensation, directly or indirectly, as a result of the recommendation. or
    c. the broker-dealer receives or will receive compensation, directly or indirectly, as a result of the recommendation, even if the customer does not have an account at the firm. Importantly, when a retail customer has or opens an account with a broker-dealer, the customer has a relationship with that broker-dealer and is able to “use” the broker-dealer’s recommendation by accepting or rejecting it.

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b. A **"retail customer"** is defined as a natural person, or the legal representative of a natural person, who:
   1. receives a recommendation of any securities transaction or investment strategy involving securities from a IAR; and
   2. uses the recommendation primarily for personal, family, or household purposes. "Retail customer" includes a natural person receiving recommendations for his or her own retirement account. This includes, but is not limited to, IRAs and individual accounts in workplace retirement plans, such as 401(k) plans and other tax-favored retirement plans. It does not include workplace retirement plans themselves or their representatives, with the exception of a plan representative that is a sole proprietor or other self-employed individual.

c. **"legal representative"** of a natural person includes only non-professional legal representatives. Thus, even though the definition would include trusts that represent the assets of natural persons, it would not include investment professionals who act as trustee and exercise independent professional judgment.

d. **"conflict of interest"** in Reg BI as an interest that might incline a broker-dealer, consciously or unconsciously, to make a recommendation that is not disinterested.

e. **"material"** in Reg BI is if there is a substantial likelihood that a reasonable retail customer would consider it important.

f. **"material facts relating to conflicts of interest"** associated with the recommendation include how broker-dealer representatives are compensated, and material facts relating to conflicts that are associated with a recommendation.

g. **"Retail Customer Investment Profile"** includes, but not be limited to, the retail customer's age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, risk tolerance, and any other information the retail customer may disclose to the IAR in connection with discussing a recommendation.

h. **"retail investor"** for purposes of Form CRS is a natural person, or the legal representative of that person, who seeks to receive or receives services primarily for personal, family or household purposes.

i. **"use"** means when, as a result of the recommendation:
   1. the retail customer opens a brokerage account with the BD, regardless of whether the BD receives compensation;
   2. the retail customer has an existing account with the BD and receives a recommendation from the BD, regardless of whether the BD receives or will receive compensation, directly or indirectly, as a result of the recommendation; or

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3. the BD receives or will receive compensation, directly or indirectly, as a result of that recommendation, even if that retail customer does not have an account at the firm.

j. **"non-professional legal representatives"** for these purposes do not include regulated financial services industry professionals such as registered investment advisers and broker-dealers; corporate fiduciaries, such as banks, trust companies, and similar financial institutions; insurance companies; and the employees and representatives of any of these firms. A former financial services industry professional, who is not currently regulated, would be treated as a nonprofessional legal representative who would be covered by the definition of "retail investor" or "retail customer".

2. Reg BI explicitly applies to a recommendation of an account type, including whether the account should be a Brokerage or Advisory account, as well as to a recommendation to roll over or transfer assets from one type of account to another. The rule also applies to both explicit and implicit hold recommendations by a IAR, to the extent the IAR has agreed to monitor the customer's account who will participate in the plan, to the extent that individual receives recommendations directly from a IAR primarily for personal, family, or household purposes.
3. Retail customers cannot waive Reg BI. IAR and IRC's responsibilities remain, certified or not, even if the client states they were not relying on recommendations.
4. Reg BI includes recommendations to open self-directed brokerage accounts.
5. There are four obligations that must be met under Reg BI.
   a. **Disclosure Obligation – Form CRS.**
      1. IARs are required to, before or at the time of a recommendation, provide to the customer, in writing, full and fair disclosure of:
         a. material facts relating to the scope and terms of the relationship; and
         b. material facts relating to conflicts of interest associated with the recommendation.
      2. Under this obligation, the IAR must disclose material facts including, but not limited to;
         a. the capacity in which the IAR is acting (i.e., brokerage or advisory),
         b. The IAR must disclose if they have the ability to act as an IAR if they are licensed to do so as well as the advantages and disadvantages between the two styles of these services.
         c. material fees and costs applicable to the customer's transactions, holdings, and accounts
         d. the type and scope of services provided and material limitations on the services and investment strategies recommended, and
         e. material facts relating to conflicts of interest associated with the recommendation.

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3. Material fees and costs include product level fees, such as distribution fees, platform fees, shareholder servicing fees, and sub-transfer agency fees. The IAR can, however, refer the customer to other required disclosure documents, such as a confirmation or prospectus, for details on product-level fees, and is not required to provide individualized cost disclosure to the customer.
4. IRC and the IAR must disclose whether;
   a. he/she provides account monitoring services,
   b. any requirements regarding minimum account size to open or maintain an account,
   c. the general basis for the IAR's recommendations, and
   d. risks associated generally with the IAR's recommendations.
5. Material limitations on services and investment strategies that must be disclosed include;
   a. recommending only proprietary products,
   b. a specific asset class, or products with third-party arrangements (e.g., revenue sharing, mutual fund service fees, a select group of issuers), and
   c. any other material limitations on services and investment strategies.
6. IRC must disclose if it or the IAR receives different levels of compensation or fees for selling some products rather than others. IRC does not need to disclose information about conflicts on a recommendation-by-recommendation basis or provide specific written disclosure of the amounts of compensation received by IRC or its IARs although, depending on the facts and circumstances, it may need to disclose the general magnitude of the compensation.
7. IRC and the IAR may satisfy its disclosure obligation through electronic delivery if;
   a. the investor is notified that the required disclosure information is available electronically,
   b. access to information comparable to that which would have been provided in paper form and that is not so burdensome that the intended recipients cannot effectively access it, and
   c. is evidenced to show delivery (i.e., reason to believe that electronically delivered information will result in the satisfaction of the delivery requirements under the federal securities laws).
8. IRC does not permit oral disclosure. All disclosures must be recorded in writing.
9. IRC will update Form CRS when any information becomes materially inaccurate, or when there is new relevant material information, and no later than 30 days after a material change.

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b. Care Obligation

1. The Care Obligation requires that the IAR, in making a recommendation, exercise reasonable diligence, care, and skill to;
   a) understand the potential risks, rewards, and costs associated with the recommendation, and have a reasonable basis to believe that the recommendation could be in the best interest of at least some retail customers,
   b) have a reasonable basis to believe that the recommendation is in the best interest of a particular retail customer based on that retail customer's investment profile and the potential risks, rewards, and costs associated with the recommendation, and does not place the financial or other interest of IRC or the IAR ahead of the customer's interest, and
   c) have a reasonable basis to believe that a series of recommended transactions, even if in the retail customer's best interest when viewed in isolation, is not excessive and is in the retail customer's best interest when taken together in light of the retail customer's investment profile and does not place the financial or other interest of the IRC or the IAR ahead of the customer's interest.
2. The Care Obligation is especially important when IARs recommend securities and investment strategies that are complex or risky.
3. The Care Obligation explicitly requires IRC and the IAR to consider the costs of the recommendation as well as having a reasonable basis to believe the recommendation does not place the broker-dealer's interest ahead of the customer's interest. While cost always must be considered when making a recommendation, cost should not be the only consideration, and the standard does not necessarily require recommendation of the "lowest cost option." IRC may consider additional or subjective factors beyond specific product attributes.
4. In determining whether a IAR has a reasonable basis to believe a recommendation is in a retail customer's interest, the IAR must consider reasonably available alternatives. IRC and IARs cannot use a limited product menu or a process to determine the scope of reasonably available alternatives considered to justify a recommendation that is not in the best interest of the retail customer.
5. Recommendation of an account type must be in the retail customer's best interest and not place the financial or other interest of IRC or the IAR ahead of the customer's interest. This includes, in the case where IARs are also Registered Representatives, if the client's best interest is better served in a brokerage account or an advisory account.

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6. IARs must have a reasonable basis to believe that a recommendation to recommend an IRA or roll over assets into an IRA is in the best interest of the retail customer and does not place the financial or other interest of IRC or the IAR ahead of the customer's interest, taking into consideration the retail customer's investment profile and other relevant factors, as well as the potential risks, rewards, and costs of the IRA or IRA rollover compared to the investor's existing 401(k) account or other circumstances. In recommending an IRA or an IRA rollover, IARs should consider a variety of additional factors in comparing the customer's existing account to the recommended IRA. These factors include, but are not limited to;
   a. fees and expenses,
   b. level of service available,
   c. available investment options,
   d. ability to take penalty-free withdrawals,
   e. application of required minimum distributions, and
   f. protection from creditors and legal judgement.

c. Conflicts of Interest Obligation

1. The Conflict of Interest Obligation, requires a IRC to establish, maintain, and enforce written policies and procedures reasonably designed to:
   a. Mitigate conflicts that create an incentive for IRC's financial professionals to place their interest or the interests of IRC ahead of the retail customer's interest,
      1. IRC does not allow contracts that produce an incentive for the IAR sell more of any product, or group of products, without CCO written permission.
   b. Prevent material limitations on offerings, such as a limited product menu or offering only proprietary products, from causing IRC or its financial professional to place his or her interest or the interests of IRC ahead of the retail customer's interest, and
      1. IAR's are reminded that no two customers are the same. IAR's may not limit the products they offer to one company or organization. IAR's that show a history of favoring one product or company may come under additional review scrutiny.
      2. IRC is a registered Adviser with the SEC. IAR and associates must consider if the client's best interest is served through opening an account with IRC. If it is not in the best interest of the client to join IRC then that clients must be informed of that.

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c. Eliminate sales contests, sales quotas, bonuses, and non-cash compensation that are based on the sale of specific securities or specific types of securities within a limited period of time.
    1. IRC reminds all IAR's and Associates of rules contained elsewhere in this SOP (and below) that, amongst other things, prohibit participation in sales contests, place restrictions on gifts and gratuities, sharing commissions, et al.

2. Examples of conflicts of interest that would need to be disclosed (see Compensation Disclosure Form) to the customer include;
    a. Compensation from IRC or from third parties, including fees and other charges for the services provided and products sold,
    b. Employee compensation or employment incentives (e.g., incentives tied to asset accumulation and not prohibited under the provision of the rule banning certain compensation practices, special awards, differential or variable compensation, incentives tied to appraisals or performance reviews), and
    c. Commissions or sales charges or other fees or financial incentives, or differential or variable compensation, whether paid by the retail customer, the broker-dealer, or a third party such as commissions, markups and markdowns, loads, revenue sharing, and Rule 12b-1 fees.
    d. The above Conflicts of Interest are a partial list only. IRC reminds its IAR's and Associates that clients must be informed of all possible conflicts of interest prior to opening an account with IRC.
3. As previously stated, Shelf Space is defined as a preferred list of companies or other like sales programs. IRC does not accept nor pay for Shelf Space.
4. IRC is prohibited from influencing what products the IAR can sell to their clients by marking up or marking down the percentage of commissions to be paid. Commissions paid to IARs is solely designated by the Advisor's contracts. For example, if an IAR's contract sets their commission rate at 70% then that amount will be paid to the IAR regardless of what product type, providing company or share class is sold.
5. IARs are not permitted to participate in sales contests, or other like contests, that are based on the sales of specific securities and/or specific types of securities within a limited period of time.
6. IRC will conduct a review of their conflicts of interest before a deviation from its Reg BI Conflicts of Interest rules is enacted.

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7. A public list of IRC's possible conflicts of interest is located in IRC's cloud compliance folder. Those conflicts of interest are to be reviewed and updates in conjunction with this SOP.
8. Please contact the CCO to discuss any questions regarding, or the Identification of, any conflicts of interest. If for some reason the CCO is unavailable, you may be connected with another associate to assist you in these matters. That individual will share your conversation with the CCO.

d. Compliance Obligation

1. Failure to comply with Reg BI can result in, amongst other things, censure, fine, suspension, heightened supervision, and/or termination.
2. Periodic training generally will be conducted via IRC's Firm Element Education program.
3. Review and Testing of these procedures will be conducted in connection with the review and testing of these Supervisory Procedures.

e. Record retention. IRC and IARs will maintain records of information collected from, and provided to, retail customers under Reg BI for at least six years.

4. Form CRS

Form CRS, also known as the "Relationship Summary" is a standardized form that is required to be provided by the IAR to investors at the beginning of the IAR/Client relationship and upon any material change. The current Form CRS is available on WCB's website and may be provided to the client electronically. The Relationship Summary may be no longer than two pages and must be written in plain language.

a. Content

1. Introduction
   a. state its name and that IRC is registered with the SEC as an Registered Investment Adviser,
   b. indicate that brokerage and investment advisory services and fees differ and that it is important for the retail investor to understand the differences, and
   c. state that free and simple tools are available to research firms and financial professionals at the Commission's investor education website, Investor.gov/CRS, which also provides educational materials about broker-dealers, investment advisers, and investing.
2. Relationship and Services
   This item requires IRC to summarize the relationships and services it offers to retail investors. IRC must state that it offers advisory services to retail investors, and

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summarize that principal service, accounts or investments it makes available, and any material limitations on such services. The firm must also disclose;

a. whether IRC provides monitoring of customer accounts, including frequency and any material limitations on those services,
b. the scope of IRC's investment authority (non-discretionary, discretionary, any material limitations);
c. whether IRC limits its investment offerings, such as proprietary products or a limited menu of products or types of products, and
d. any minimums to open or maintain an account, or other requirements.
e. IRC must include references to more detailed information about its services, and several specific "conversation starters" related to these topics.

3. Fees, Costs, Conflicts and Standards of Conduct

IRC is required to provide disclosure regarding its fees and costs, applicable standard of conduct and conflicts of interest, and financial professional compensation and related conflicts of interest. IRC must describe the principal fees and costs that a retail investor will pay for brokerage services, including how frequently they are assessed and the conflicts of interest they may create. IRC must also describe their transaction-based fees and related conflicts.

IRC also must describe the other most common categories of fees and costs applicable to retail investors. Examples include custodian fees, account maintenance fees, fees related to mutual funds and variable annuities, and other transactional fees as well as product-level fees (distribution fees, platform fees, shareholder servicing fees, and sub-transfer agency fees). IRC must include specific references to more detailed information about their fees and costs.

a. IRC is required to include the question, and the IAR must address with their client, "Help me understand how these fees and costs might affect my investments. If I give you $10,000 to invest, how much will go to fees and costs, and how much will be invested for me?" The IAR can then provide examples and estimated ranges of costs, explain to the client how those fees and costs will operate, and how they may impact the client's returns over time.
b. An IAR that provides recommendations subject to Regulation Best Interest must state: "When we provide you with a recommendation, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand

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and ask us about these conflicts because they can affect the recommendations we provide you."

c. IRC is required to provide examples of how it makes money and the conflicts of interest these practices create. The SEC requires disclosure of four specified conflicts with respect to the firm and its affiliates;
   1. proprietary products,
   2. third-party payments,
   3. revenue sharing, and
   4. principal trading.

   If none of these conflicts apply to IRC, it must summarize at least one of its material conflicts of interest that affect retail investors. Conflicts of Interest are not limited to conflicts associated with a recommendation, and may include conflicts that affect product offerings to customers who do not obtain recommendations from IRC. IRC also must explain the incentives created by each example. IRC is required to include, as a conversation starter, the question: "How might your conflicts of interest affect me, and how will you address them?" Similar to the SEC's approach under other items of the Relationship Summary, IRC is required to reference more detailed information about their conflicts of interest.

d. IRC must summarize how its IARs are compensated, including cash and non-cash compensation, and the conflicts of interest those payments create. To the extent applicable, the firm is required to disclose whether its IARs are compensated based on factors such as;
   1. the amount of client assets they service,
   2. the time and complexity required to meet a client's needs,
   3. the product sold (i.e., differential compensation),
   4. product sales commissions, or
   5. revenue the firm earns from the financial professional's advisory services or recommendations.

4. Disciplinary History

   This item includes information about whether IRC or its IARs have reportable disciplinary history. IRC is required to include a link to the SEC's website, investor.gov/CRS, so that investors can obtain more information about disciplinary history and other matters.

5. Other Information

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This item describes where the client can find additional information about IRC's services and request a copy of the Relationship Summary. It also includes several conversations starters about the client's contacts at the firm and how to handle complaints.

b. Delivery, Updating and Filing Requirements

1. Delivery Requirements
   a. The delivery requirement applies to IARs even when an advisory account has not been established.
   b. The delivery requirement applies even if your agreement with the client is oral.
   c. Which CRS is the IAR require to deliver?
      1. If you are registered with IRC only you need to deliver IRC's CRS.
      2. If you are registered with IRC and WCB you need to deliver WCB/IRC's CRS.
   d. IAR and IRC are required to deliver the Relationship Summary to each new retail investor before or at the earliest of;
      1. a recommendation of an account type, a securities transaction, or an investment strategy involving securities,
      2. placing an order for the investor; or
      3. before or at the time you enter into an investment advisory contract with the retail investor.
      4. IARs also registered with WCB are required to deliver the CRS at the earlier of:
         a. as stated above in items 1 through 3.
         b. If you are a registered representative, you must deliver a relationship summary to each retail investor before or at the time of the opening of a brokerage account for the investor.
   e. IAR must provide the Relationship Summary to an existing retail investor client or customer before or at the time;
      1. The opening of a new account that is different from the retail investor's existing account,
      2. A recommendation of a rollover of assets from a retirement account into a new or existing account or investment, or
      3. A recommendation of a new brokerage or investment advisory service or investment that does not necessarily involve the opening of a new account and would not be held in an existing account (e.g., a first time

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purchase of a direct-sold mutual fund through a “check and application” process).

f. IRC must post the current version of the Relationship Summary prominently on its public website.

g. The Relationship Summary may be delivered electronically. If the Relationship Summary is delivered in paper form, it must be place first among the delivered documents.

1. The preferred delivery method is via invresearch.com email either as a direct link or in the body of the email itself. Delivering the Relationship Summary as an attachment is not permitted.
2. IARs may deliver the Relationship Summery in person and attest to IRC via signed memo that the Relationship Summary was delivered; listing the date it was delivered.
3. The Relationship Summary must be delivered prior to opening an account.
4. Updates to the Relationship Summary must also follow the above-mentioned delivery conditions.
5. WCB will provide the Relationship Summary at cost for those IAR’s who either;
   a. Request us to do so via their invresearch.com email address, or
   b. For those IAR’s whose may have a history of overlooking this procedure.
6. IARs may contact IRC Customer Service to, on occasion, deliver electronically the Relationship Summary.

h. If a retail investor requests a copy of the Relationship Summary, IAR/IRC must deliver it within 30 days.

2. Updating and Filing Requirements

IRC must update the Relationship Summary and file it within 30 days of information becoming materially inaccurate, highlighting the changes in an exhibit to the filing. The firm must communicate any changes in the updated Relationship Summary to existing retail investor clients or customers within 60 days after updates are required to be made, although the updated information can also be provided by means of another disclosure that is delivered to the investor.

c. Recordkeeping Requirements

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The SEC amended the recordkeeping requirements under the Exchange Act Rules 17a-3 and 17a-4 to require IRC to make and preserve a record of the date on which a Relationship Summary is provided to each retail investor. IRC is required to retain copies of each version of a Relationship Summary and all amendments or revisions, and records of the dates on which they are provided to retail investors.

1) IAR will deliver their currently effective relationship summary, provided to the IAR by IRC, within the guidelines specified above.
   Preferred means of delivery is:
   a) invresearch.com email.
   Acceptable means of delivery are:
   b) Hand delivery with written, dated receipt by the client to be placed in the clients file.
   c) Mail with copy of the addressed, stamped envelope to be placed in the clients file.
2) Advisory may not utilize IRC's relationship summary posted on IRC's website as it only contains information pertinent to IRC and may not contain all information pertinent to the IAR.

D. Supervisory Responsibility

1. Section 203(e)(6) of the Advisors Act authorizes the SEC to take appropriate action against an investment advisor whenever the advisor "has failed reasonably to supervise, with a view to preventing violations of the provisions of";
   a. The Securities Act of 1933,
   b. The Securities Exchange Act of 1934,
   c. The Investment Company Act of 1940,
   d. The Investment Advisors Act of 1940,
   e. rules or regulations made pursuant to any of these statutes, or
   f. rules of the Municipal Securities Rulemaking Board.

   Thus an Investment Advisor may, in an enforcement action, be found to have "failed to reasonably supervise" whenever an individual subject to the Advisor's supervision has violated any of the aforementioned statutes and regulations. However, an investment advisor may successfully defend itself against a claim of "failure to reasonably supervise" if the advisor has met three (3) conditions;
   g. had a compliance system and established procedures reasonably designed to prevent and detect violations of federal securities laws and regulations,
   h. discharged its duties and obligations by reason of following its procedures, and
   i. had no reasonable grounds to believe that the Supervised person was not complying with the advisor's policies and procedures.

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4. Compliance Policy and Form ADV Changes

Periodically it will become necessary for IRC to amend its compliance policies as well as its Form ADV Parts 1 and 2 due to regulatory or business practice changes. Amended rule 204-2 under the Advisors Act requires all firms to maintain copies of all policies and procedures that were in effect at any time during the last five years (effective date 10/05/2004). Because of this rule change, IRC has adopted a policy that documents its policy change practice.

A. The Chief Compliance Officer ("CCO") will work with the firm's personnel, which may include the Firm's legal counsel, on any Manual or Form ADV changes that are the result of legislative or regulatory matters or are the result of business changes. All new and amended policies will be presented to IRC's IARs as they are published.

B. IRC is registered with the SEC as an investment advisor pursuant to Section 203(c) of the Advisors Act and Rule 203A-1 adopted thereunder. It is the responsibility of the CCO to prepare and maintain IRC's Form ADV parts 1 and 2 and related filings, schedules and reports and submit to the SEC any amendments thereto in accordance with the provisions of Rule 204-1.

C. Form ADV

1. Form ADV Part 1

Part 1 of Form ADV must be filed electronically with the Financial Industry Regulatory Agency ("FINRA") Investment Advisor Registration Depository ("IARD"). If for any reason the information in Items 1, 3, 9 or 11 become inaccurate, IRC must promptly file with the SEC an amended Form ADV Part 1. If for any reason the information in Items 4, 8 or 10 become materially inaccurate, IRC must promptly file with the SEC an amended Form ADV Part 1. All other changes to the Form ADV Part 1 must be filed each year within 90 days of IRC's fiscal year end.

2. Form ADV Part 2

The Advisors Act requires all investment advisor firms to provide all advisory clients and prospective advisory clients with a written disclosure document. This document can be either Part 2 of Form ADV or a written document containing all the material information included in Part 2 of Form ADV. The purpose of this disclosure document is to inform advisory clients and prospective advisory clients of IRC's services, business practices and possible conflicts of interest and/or material affiliations. Amendments to Form ADV Part 2 and all schedules must be made promptly; however, such amendments need not be filed with the SEC.

D. Form ADV Part 1 and ADV Part 2 must be reviewed by the CCO or another appropriate person and updated annually and filed with the SEC within 90 days of IRC's fiscal year end.

The CCO is responsible for reviewing all Form ADV amendments prior to filing.

5. Supervisory System

In order to comply with its fiduciary obligations and supervisory responsibility under the Advisors Act, IRC has established the following:

A. Designation of Chief Compliance Officer (CCO)

Rule 206(4)-7 requires IRC to designate a Chief Compliance Officer ("CCO") to administer its compliance policies and procedures. Timothy E. Taggart has been designated as IRC's CCO.

Mr. Taggart has the responsibility for overseeing implementation of IRC's compliance program, as well as periodic review of the compliance policies and procedures. He also reviews IRC's Form ADV and other materials as appropriate, trains staff, and is

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responsible for detecting violations of applicable federal securities laws, rules, and regulations. Mr. Taggart may delegate day-to-day advisory compliance duties to other appropriate associates of IRC; however, he cannot delegate his overall advisory compliance responsibility to any other associate.

The CCO will attend industry-sponsored functions, network with fellow compliance specialists in the industry, and review alerts and notices disseminated by regulatory authorities, as well as consult IRC's outside legal counsel, and other third parties for items that may impact IRC's investment advisory business.

B. Additional CCO responsibilities include but are not limited to:
   1. Monitoring for compliance with investment advisor disclosure and antifraud rules,
   2. Monitoring for compliance with applicable advertising rules,
   3. Monitoring for compliance with advisory fee rules,
   4. Monitoring for compliance with all record-keeping rules, including maintenance of "separate and secure" investment advisor files,
   5. Ensuring that current and accurate client files for all investment advisor client accounts are being maintained by IRC's IARs at the place from which IRC's business is conducted,
   6. Ensuring that all investment advisor files being maintained are secure and separated from any other files IRC's IAR may maintain for a client's insurance and/or other investment business. These files must include:
      a. Copies of Advisor Agreements and any other agreement(s) relating to the client account,
      b. Copies of new account opening documents (investor profile, risk tolerance, Client Account Questionnaires, trust documents, etc.),
      c. Copies of all investment advisor-related correspondence,
      d. Copies of checks for advisory services,
      e. Copies of any fee-based financial plans delivered to clients,
      f. Copies of any invoices sent to clients,
      g. Quarterly account statements and annual account statements,
      h. Confirmation statements, and
      i. Copies of the client's acknowledgement of receipt of IRC's Form ADV Part 2.
   7. All client accounts that have investment advisor activity during the year require periodic review,

C. This Manual is intended to be a permanent record which will be reviewed and updated on an annual basis by the CCO, or other appropriate associate appointed by the CCO, to comply with Rule 206(4)-7.

If the review is conducted by an appropriate person other than the CCO, the CCO must review and approve all changes made prior to publication.

6. Investment Advisor Representative Qualifications

A. IRC requires all registered persons associated with it who represent themselves as "financial planners" or "financial advisors" and/or charge a fee for financial advice to be registered with IRC as IARs.

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B. As a pre-condition to being registered as an IAR, IRC will investigate the character, business reputation, qualifications, and expertise of each person seeking association with IRC as an IAR. IRC requires its representatives to pass all requisite industry-related examinations and to be registered with all regulatory business locations relevant to their activities as an IAR. Investment advisory representatives typically have a college degree; some have an advanced degree in law, business or finance; and most have at least five years business experience in a business professional capacity.

7. Advisory Agreements

A. Each Advisory Agreement provided to the client for wrap, managed account services, or fee-based planning must include:

1. A statement that IRC may not assign the Advisory Agreement without the client's consent.
2. A statement that the client acknowledges receipt of IRC's Form ADV, Part II
3. Information relevant to the type(s) of client assets to be managed by IRC.
4. Information about any limitations on client's discretion to select broker/ dealers.
5. Information about the advisor's fee.
6. Information about the notice required by the client or advisor to terminate the Advisory Agreement.
7. Information about all other terms relevant to the particular advisor/client relationship established by the advisory agreement signed by the client.
8. Advisory Agreements executed in the name of a corporation must be accompanied by:
   a. A copy of the corporation's articles of incorporation certified by the State agency having jurisdiction over incorporation in that State.
   b. A corporate resolution authorizing the officer signing the advisory agreement to enter into the advisory agreement.
   c. Advisory agreements executed in the name of a trust must be accompanied by a copy of the trust agreement.
   d. Advisory agreements executed in the name of an ERISA plan must be accompanied by plan documents.

B. IRC's CCO will work with the firm's legal counsel to ensure that IRC's Investment Advisory Agreements ("Advisory Agreement") are in compliance with the requirements outlined in the Advisors Act. The Supervising Principals at IRC's business locations have been delegated the primary responsibility of verifying that the client has signed an Advisory Agreement prior to IRC's IARs rendering investment advice to a client. Supervising Principals also have the primary responsibility of monitoring the client's advisory file at IRC's business locations to assure that an Advisory Agreement signed by the client is maintained in this file. IRC's CCO has been delegated the responsibility of verifying, prior to IRC rendering advisory services to the client, whether in the form of financial planning, a managed account and/or wrap account, that an Advisory Agreement has been executed by the client and a copy of the Advisory Agreement has been delivered or offered to the client.

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8. Form ADV Part 2

Rule 204-3 under the Advisors Act requires an investment advisor to provide certain written disclosures to prospective and existing advisory clients. This rule requires IRC to furnish or offer to furnish each advisory client and prospective advisory client with a written disclosure statement ("ADV II").

A. This rule is designed to ensure that clients receive basic information about an investment advisor, including;
   1. Type(s) of advisory services provided by IRC and its IARs,
   2. Method(s) of security analysis used,
   3. Fee(s) charged by the advisor and its IARs,
   4. Background information about IRC, and
   5. Disclosure of IRC's conflicts and potential conflicts of interest.

B. ADV II must be offered to advisory clients and prospective advisory clients upon the happening of the following events:
   1. Initial delivery: At the time an Advisory Agreement is entered into between IRC and advisory client, the IAR must provide the advisory client with IRC's ADV II.
      a. At "initial delivery" of ADV II, the client is given the right to terminate the Advisory Agreement without penalty within five business days after entering into the Advisory Agreement.
      b. IRC has primary responsibility of assuring that this "right of termination" is contained in ADV II that IRC's provides to the advisory client or prospective advisory client.
      c. "Initial delivery" of ADV II, as well as communication of the "right of termination" to the advisory client/prospective advisory client, is the primary responsibility of IRC's IARs.
      d. The CCO or a Supervising Principal of the IAR has the primary responsibility of monitoring that the IAR fulfills the duty of "initial delivery" of the ADV II and the IAR's duty of communicating to the client/prospective client this "right of termination."
   2. Annual delivery: Each year, IRC's Firm Brochure is delivered, without charge, to each client.
      a. At any time other than at the annual delivery, IRC will deliver an ADV II within seven days of receipt of the client's written request.
      b. IRC bears the primary responsibility of delivering or offering in writing to deliver its ADV II to the advisory client.
      c. When opening an account every advisory client must acknowledge receipt of a copy of ADV II.

C. The CCO will ensure that IRC's ADV II is current prior to delivery to the advisory client / prospective advisory client.

D. The CCO or a Supervising Principal have been delegated the responsibility to ensure that ADV II is offered to the advisory client/prospective advisory client within the time frames specified in the Advisors Act and delivered within the specified time frame. The CCO has been delegated the responsibility to ensure that ADV II is delivered to clients at least annually.

9. ERISA Clients

Special considerations arise when IRC is retained to invest the assets of a pension or profit-sharing plan ("plan") that is subject to regulation under the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

ERISA accounts must be approved in writing by the CCO prior to opening the account.

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A. Only a “named fiduciary” with respect to the plan may enter into an Advisory Agreement with IRC on behalf of the plan.

B. The named fiduciary -- which may be the employer or employee organization sponsoring the plan, an individual, committee, or corporation serving as the plan administrator, or the plan trustee(s) -- must either be identified in the documents governing the plan or be appointed by the plan sponsor pursuant to a procedure specified in the plan documents.

C. In addition, certain transactions involving assets of an ERISA plan are expressly prohibited, whether or not the transaction is otherwise prudent and in the best interest of the plan and its participants. These “prohibited transactions” include the following:

1. Sale or exchange, or leasing, of any property between a plan and a party in interest.
2. Lending money or other extension of credit between a plan and a party in interest.
3. Furnishing of goods, services, or facilities between a plan and a party in interest.
4. Transfer to, or use by or for the benefit of, a party in interest, of any assets of a plan.
5. Acquisition, on behalf of a plan, of any security issued by an employer with respect to the plan or the plan’s affiliate, or real property which is leased to an employer or an affiliate, or the holding of this security or real property, unless the acquisition or holding complies with certain limitations imposed by ERISA (generally, these holdings may not comprise more than ten percent (10%) of the value of all plan assets).

D. The term “party in interest” is broadly defined to include an employer with respect to the plan and certain affiliates of the employer, plan fiduciaries, and other plan service providers.

E. When serving as a fiduciary with respect to an ERISA plan, IRC may not engage in self-dealing transactions involving the assets of the plan. Specifically, an ERISA plan fiduciary may not:

1. Deal with the assets of the plan in the fiduciary’s own interest or for the fiduciary’s own account,
2. Act in any transaction involving the plan on behalf of a party (or represent a party) whose interests are adverse to the interests of the plan or plan participants or beneficiaries, or
3. Receive any consideration for the fiduciary’s own personal account from any party dealing with the plan in connection with a transaction involving the assets of the plan.

F. ERISA plan documents must be reviewed to confirm that the prospective client is authorized to enter into an Advisory Agreement on behalf of the plan regardless of the ownership of an ERISA plan, assets may not be maintained at any location that is outside the jurisdiction of the United States Federal District Courts. Supervising Principals at IRC’s business locations have been delegated the primary responsibility of assuring that IARs under their supervision comply with the aforementioned ERISA requirements. IRC’s CCO has been delegated the responsibility of assuring that new advisory accounts are established only if the aforementioned ERISA requirements have been met by IRC’s IARs and their Supervising Principals. Therefore, any question as to whether a transaction may be prohibited should be discussed with IRC’s CCO. IRC’s CCO will determine if such a transaction could be prohibited, and, if so, whether or not this transaction would be permitted by one of the statutory exemptions enacted by Congress or class exemptions issued by the Department of Labor.

IRC’s CCO shall ensure that IRC has obtained necessary insurance coverage relating to the advisory services provided to ERISA clients.

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10. Advertisements

A. Rule 206(4)-1 under the Advisors Act governs advertisements by IRC and IARs. This rule prohibits an SEC-registered investment advisor from publishing, circulating, or distributing any advertisement that is incomplete, false, or misleading.

B. Accordingly, IRC does not permit any of its IARs to directly or indirectly publish, circulate, or distribute any advertisement that;

1. Refers to any testimonial in which IRC or any other investment advisor is named or referenced,
2. Refers to any testimonial in which any advice, analysis, report, or other service rendered by IRC or any other investment advisor is referenced,
3. Refers directly or indirectly to past or current specific recommendations,
4. Represents that any graph, chart, formula, or other device being offered can be used to determine what securities should be bought or sold, or that such a device will assist any person in making decisions concerning specific securities transactions,
5. Contains any statement to the effect that any report, analysis, or other service will be furnished without charge unless the report, analysis, or service is actually furnished without charge or other obligation, and
6. Contains any untrue statement of a material fact, or is otherwise false or misleading.

C. IARs are required to submit all sales literature and advertisements including, in part, business cards, letterheads and telephone book advertisements to the CCO and gain written approval prior to use.

D. Business Cards and Letterheads must use the following language in a legible font size. “Investment Advisory Services offered through Investment Research Corp., 1636 Logan Street, Denver, CO 80203, 303-626-0634, a Registered Investment Advisor.”

E. Marketing Advisory Services and Solicitors, as well as all sales literature and advertisements involved with such, must be approved in writing by the CCO.

F. Prohibited Advertising Items

1. Hard-cover books or pamphlets on investment topics that can be purchased with the registered representative’s name printed on the cover.
2. Newspaper, magazine or Web articles where the public might reasonably assume the registered representative is the author, when this is not the case.
3. Interview-style broadcasts, webcasts or other public appearances where it appears that an independent third party is interviewing a registered representative when the interview questions and answers are in fact pre-determined; or, in the case of printed interviews, where the questions and answers were created by or for the registered representative.
4. Handouts in the form of magazines that appear to contain articles written by or about the representative when, in fact, they are produced by a vendor at the request of the registered representative.

G. Responsibility for ensuring that all advertisements are approved prior to use by IARs belongs to the IAR.

11. Client Lists

A. Although testimonials are generally prohibited, the SEC’s Division of Investment Management has permitted investment advisors to provide a “partial list” of clients in their marketing materials if the following conditions are met;

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1. IRC's IARs use objective criteria unrelated to the performance of client accounts in determining which clients to include in the list,
2. Client list discloses the objective criteria used to determine which clients to include on the list, and
3. Client list carries a disclaimer stating, "It is not known whether the listed clients approve or disapprove of the advisor or the advisory services provided."

B. Any IAR intending to include a client's name on a "representative Client List" or "partial list" must obtain the client's hand signed written consent.

C. IARs are required to submit all requests for use of Client Lists to their Supervising Principals for review to determine if the IAR has met all requirements.

D. Further, the Supervising Principal shall:
1. Forward the IAR's request to the CCO, and discuss comments received from the CCO with the IAR and ensure all requested changes are completed.
2. Accordingly, Supervising Principals at IRC's business locations have been delegated the primary responsibility of assuring that IARs under their supervision comply with the aforementioned process requirements for "partial list" or "representative Client List" requests.

12. Custody of Client Assets

Rule 206(4)-2 regulates investment advisors who have custody or possession of client securities or funds.

A. IRC discloses in its Form ADV that it does not maintain custody of client assets.

B. Neither IRC nor its IARs are permitted to engage in activities that constitute custody. The term "custody" includes the following;
1. receiving proceeds from the redemption of client securities,
2. having signatory power over a client's checking account,
3. having discretionary authority including the authority to wire client funds,
4. holding securities in IRC's name, in the IAR's name, or in bearer form,
5. holding financial planning fees for more than six months,

C. In the event that IRC inadvertently receives a check from a client that should have been made payable to a third-party fund or custodian, such checks will be returned to the client within three business days.

D. Accordingly, Supervising Principals at IRC's business locations have been delegated the primary responsibility of ensuring that IARs under their supervision do not maintain custody of client assets.

13. Advisory Fees

The SEC states that an advisor's compensation may not be based on a share of capital gains or capital appreciation of the funds or any portion of the funds of the client, except for performance based fees permitted under the conditions contained in rule 205-3 under the Advisors Act.

Valuation is either performed by a 3rd party advisor or by Pershing according to the holding in each account.

A. The Advisors Act further requires that;

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1. All unearned, pre-paid fees must be refunded upon termination of a contract,
2. The terms of the advisory contract describing fees must be consistent with information in the Advisor's Form ADV as currently on file with the SEC,
3. Any advisory relationship can always be terminated, at which time the advisor must return any unearned prepaid fees, and
4. The Advisor discloses to the client (or the client's agent) all material information regarding the advisory arrangement before entering into the advisory contract.

B. Depending on the service selected, clients may pay for services based on;
   1. A percentage of assets under management,

C. Additional charges may also apply, such as;
   1. Transaction costs,
   2. Custodial services, and
   3. Mutual fund 12b-1 fees.

D. Disclosure of Fees

Because each advisor or investment advisory service has its own fee schedule, full disclosure of all applicable fees, refunds and termination provisions will, necessarily, be communicated directly to the client by IRC's IARs.

E. Financial Planning Fees

Fees may be charged on either an hourly, flat or asset-based fee basis. Fees for financial planning services may differ from one IAR to another, as they are subject to prior negotiation and agreement between the client and the IAR. IRC does not dictate a minimum required fee, a maximum required fee, or a range. After the first anniversary of their initial contract, clients may wish, or the IAR may suggest that their contracts be renewed in order to update their financial plans in whole or in part. If a client chooses to renew his/her contract, current financial information relevant to the planning areas is obtained and evaluated and a written summary/update is provided. A new, negotiated fee may apply.

1. Financial plans must be delivered to the advisory client no later than six months following the date of the Advisory Agreement signed by the client.

IARs who collect advisor fees cannot collect commission fees.
All fees must be paid directly to IRC.

F. WRAP Fees

If the advisory service involves a wrap program, the all-inclusive "wrap fee" typically will cover;

1. Costs of the initial and on-going investment advisory services,
2. Execution of securities transactions,
3. Costs of custody,
4. Costs of performance measurement, and
5. Costs of any other service(s) set forth in the service agreement.

Wrap fee programs must be approved by the CCO.

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Please refer to section “Advisory Agreements” for further disclosure details.

G. Commission-Based Fees

If a client participates in a different kind of advisory service that does not include execution services, IRC’s IARs may be compensated on a commission-basis for executing transactions in their capacity as a broker dealer representative, or may receive commissions for insurance sales.

IARs that receive commission based fees cannot collect advisor fees.

Commission based fees must be pre-approved by the CCO in writing.

H. Guidelines for Charging Asset-Based Advisory Fees

IARs that provide portfolio management services approved through IRC and who are charging fees based upon assets under management must adhere to the following guidelines;

1. Asset-based advisory fees must be on par with what other advisors would charge for a similar service. Fees greater than 2% are considered to be excessive. Be aware, however, that fees less than 2% can also be considered excessive based upon the service provided. The SEC believes that an excessive fee may violate the anti-fraud provisions of the Advisors Act,
2. Illiquid assets, such as limited partnerships and fixed annuities, may not be included in the asset base upon which the IAR’s billing is based. Fees are difficult to justify in situations where there is no active management service provided. The client must be made aware in writing of all fees and their functions which may include passive fees such as when monitoring accounts,
3. If the IAR receives a commission (subject to written pre-approval by the CCO), the IAR must disclose the commission to the client,
4. Any prepaid fees received from the client must be refunded on a pro-rata basis if the client terminates the advisory agreement prior to the end of the period for which the prepaid fee applies.
5. An IAR may not receive fees and/or commissions directly from a third-party provider or clearing firm. All fees must be paid through IRC, thus permitting a Supervising Principal and home office review of all fees, and
6. Advisory fees may not be based on tax savings realized by a client.

IRC has delegated to the Supervising Principals at IRC’s business locations the primary responsibility of ensuring that IARs under their supervision make full and appropriate disclosure of all applicable fees to the advisory client. IRC delegates this primary responsibility to the Supervising Principals because disclosure of this type takes place at the “point of sale” or contact with the advisory client, and the Supervising Principals at IRC’s business locations are best positioned to supervise this important market conduct. IRC’s CCO has been delegated the responsibility of ensuring that, once a new advisory account has been properly established, fees are charged in accordance with client agreements.

14. Performance-Based Fees

Section 205(a)(1) of the Advisors Act prohibits an advisor from receiving “performance-based compensation.” A performance-based fee is one based on a share of the capital gains and appreciation of a client’s funds, subject to the conditions contained in rule 205-3 under the

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Advisors Act. This prohibition was included in the Advisors Act because these performance-based fees, by their very nature, were believed to create an incentive for an investment advisor to take undue risks with client funds in an attempt to generate a higher fee.

A. IRC does not permit Performance-Based Fees.

B. IRC has delegated to the Supervising Principals at IRC's business locations the primary responsibility of ensuring that IARs under their supervision do not charge advisory clients any advisory fee that is based on performance. IRC delegates this primary responsibility to the Supervising Principals at the IRC's business locations because enforcement of this type takes place at the "point of sale" or contact with the advisory client, and the Supervising Principals at the business location are best positioned to supervise this important market conduct.

15. Trading

As an advisor and a fiduciary, Supervised Persons must place client interests first and foremost. IRC's trading policies and procedures prohibit unfair trading practices and seek to avoid any conflicts of interests or resolve such conflicts in the clients' favor. Specific policies and procedures with regard to trade documentation, trade confirmation, resolution of trade errors, and trade aggregation are outlined below. All Supervised Persons are bound by these policies and procedures. IARs are not permitted to have discretion over any of their client's accounts without prior written approval from the CCO.

A. Trade Documentation and Confirmation

1. It is IRC's policy to follow SEC requirements with regard to documentation of all trade activity through World Capital Brokerage, Inc., from the time at which trades are initiated through the settlement process.

B. Trade Errors

All trade errors must be immediately reported to the CCO and documented in writing.

C. Trade Aggregation

Trade aggregation is the process of adding together trade orders to purchase and sell the same security as one large order. When a partial fill occurs, an investment adviser must allocate the purchased securities or sale proceeds among the participating accounts in a manner fair to the clients involved. Trade aggregations must be documented in writing and must be approved by the CCO. Partial fills must be documented in writing and must be approved by the CCO.

D. Best Execution

1. An Advisor has an obligation to obtain best execution of clients' transactions under the circumstances of the particular transaction. The advisor must execute securities transactions for clients in such a manner that the clients' total cost or proceeds in each transaction is the most favorable under the circumstances.

2. The Advisor should consider the full range and quality of a counter party's services in placing brokerage including, among other things, the value of research provided as well as execution capability, commission rate, financial responsibility, and responsiveness to the money manager. The determinative factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution for the managed account. In this connection, advisors are expected to periodically and systematically evaluate the execution performance of counter parties executing their transactions Best execution is a term most commonly associated with time critical transactions (equities, options, commodities).

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E. Principal Trading and Cross Transactions

Compliance with Section 206(3) of the Advisors Act is required for investment advisors that engage in principal and agency cross transactions. Section 206(3) states that it is a prohibited practice for an advisor "acting as principal for his own account, knowingly to sell any security to or purchase any security from a client, or acting as broker for a person other than such client, knowingly to effect any sale or purchase of any security for the account of such client, without disclosing to such client in writing before the completion of such transactions the capacity in which he is acting and obtaining the consent of the client to such transaction. The prohibitions of this paragraph shall not apply to any transaction with a customer of a broker or dealer if such broker or dealer is not acting as an investment advisor in relation to such transaction."

1. Principal Trading

   IRC does not transact any business as principal for its own account. Should IRC decide to conduct business as principal for its own account in the future, prior approval must be obtained in writing from the CCO, who shall be responsible for drafting new policies and procedures covering such activities for incorporation into this Manual.

2. Agency Cross Transactions

   IRC does not conduct agency cross transactions nor does IRC sell securities from one client's portfolio and subsequently repurchase the same security in another client's portfolio. Should IRC decide to conduct agency cross transactions, prior approval must be obtained in writing from the CCO.

F. Diversification

When applicable, IRC or IARs must take into consideration certain diversification requirements. While the subject of diversification is ultimately the client's responsibility, IRC or IARs should not make a recommendation, or direct a purchase of any security, that would cause that client to become undiversified unless explicitly directed to do so.

When diversification is an issue, such as with a mutual fund, on a purchase-by-purchase basis, IRC will prepare an order ticket that will address diversification standards as set forth by the client. This ticket would be presented to the client so that they may verify and track their portfolio's diversification.

In the event that a purchase is outside of the diversification guidelines set forth by the client, the CCO must be immediately notified.

G. Review of Trading Activity

The CCO, or other appropriate individual as determined by the CCO, will review and initial each trade.

16. Valuation of Client Portfolio Holdings

The Adopting Release for rule 206(4)-7, the investment advisor compliance program rule, states that investment advisors' compliance policies and procedures should address processes to value client holdings and assess fees based on those valuations. It is IRC's policy to value all client portfolios fairly, accurately, and objectively.

Clearing Firm accounts will be valued by that firm. Third party advisors are all registered investment advisors with the SEC or state(s) in which they are registered. IRC relies on these RIAs to perform their own valuations.

A. Inaccurate or stale security valuations introduce a variety of risks to an advisor, including but not limited to;

1. Over or under charging its fees to clients,

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2. Violating client investment guidelines or restrictions, such as those that limit the percentage of a particular asset or asset class that may be acquired or held in an account or restrictions on purchasing or holding illiquid securities,
3. Overstating or understating performance,
4. Misrepresenting potential tax liability,
5. Misleading clients as to the value of their assets, and
6. Misjudging when to sell or hold a portfolio position.

B. IRC periodically reviews valuation processes of third-party advisors to insure accurate pricing of client holdings.

17. Proxy Voting

Under rule 206(4)-6, advisors that exercise voting authority with respect to client securities must adopt written proxy voting policies and procedures. They must be reasonably designed to ensure that the advisor votes in the best interest of clients, and they must describe how the advisor addresses material conflicts between its interests and those of its clients with respect to proxy voting. Furthermore, an advisor's proxy voting policies and procedures should be designed to enable the firm to resolve material conflicts of interest with its clients before voting their proxies. Such obligations involve both a duty to vote client proxies and a duty to vote them in the best interest of clients. Rule 206(4)-6 also requires advisors to disclose to clients how they can obtain information from the advisor on how their securities were voted. Rule 206(4)-6 also requires advisors to describe their proxy voting policies and procedures to clients, and upon request, to provide clients with a copy of those policies and procedures. If a client requests a copy of the policies and procedures, the advisor must supply it.

A. IRC offers only third-party advisory programs and does not hold any securities in IRC's name. Therefore, IRC does not vote proxies on behalf of clients, thusly, proxy voting is the responsibility of the client.

18. Client Review & Communication

In order to properly carry out IRC's fiduciary duties to clients, IARs must be familiar with client objectives and financial needs. Regular communication with clients is the most effective way to ensure that client information is current and that a proper stated strategy is followed and current. The following parameters guide IARs in communication protocol with clients.

A. New Client Reviews

An initial review of all new client accounts for which IRC takes on advisory duties is conducted during the client solicitation process prior to initial account funding. This initial review is conducted by the IAR, is approved by the Supervising Principal, and begins the formal implementation of the advisory relationship.

B. Subsequent Client Reviews

Client reports are distributed quarterly. These reports detail client portfolio holdings and portfolio activity, if any, transpiring during the prior quarter. At least quarterly, the IAR performs a client portfolio review and documents this review in the designated client file. Furthermore, a client review may be conducted during periods of increased market volatility, when the client's investment objectives change, or when a client deposits or withdraws funds. Portfolios may receive more frequent review under other circumstances at the discretion of the Supervising Principal. At least once per year IAR must review each client's portfolio with the client either in person, over the telephone or over the internet.

These reviews must be fully documented and will be audited as part of IRC's Office Audits.

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C. Client Communication

All written/electronic client communications initiated or received by Supervised Persons are reviewed by the IAR's Supervising Principal and retained in client files. Where possible, oral communications that specifically relate to any advisory services performed shall also be documented by IARs in client files.

1. IARs agree to provide duplicate copies of any and all communications, which relates directly to the client's directions/instructions relative to the provision of advisory services and to provide copies of specific communications upon request.

19. Insider Trading Policy

A. IRC is a fiduciary. Section 206 of the Advisors Act requires directors, officers, and advisory representatives of investment advisors to act in accordance with the guiding philosophy that a client's interest must always come before any personal interest of directors, officers, and IARs. Section 206 also requires an advisor's directors, officers, and IARs to avoid actual abuse and any potential abuse of their positions of trust and responsibility.

1. Accordingly, IRC's directors, officers, and IARs are prohibited from taking inappropriate advantage of their positions with their clients.

B. Section 204A of the Advisors Act requires IRC to establish, maintain, and enforce written policies and procedures designed to prevent and detect misuse of material, nonpublic information, including insider trading. IRC's procedures for preventing these abuses are contained in IRC's Code of Ethics, the Compliance Manual and the firm's written Supervisory Procedures. IRC's Code of Ethics is hereby incorporated by reference into this Compliance Manual.

1. Each director, officer, Supervised Person and employee of IRC is expected to be familiar with, and comply with, the Code of Ethics, the Compliance Manual and IRC's written Supervisory Procedures. Supervised Persons of IRC will be required, on an annual basis, to certify his or her compliance with IRC's Code of Ethics.

20. Cash Payments for Client Solicitation

IRC does not pay cash or referral fees to persons who solicit advisory clients. Supervising Principals at IRC's business locations have been delegated the primary responsibility of day-to-day supervision of IAR compliance with this policy. Additionally, they shall immediately report to IRC's CCO any suspected violation of this policy.

21. State Registration

A. State IAR registrations are required to be renewed on a timely basis. Registration and Renewal requirements vary widely from state to state. Most states renew licenses on a calendar year basis, but not all states do so. Some states renew on an anniversary date or every other year. Supervising Principals must ensure that IARs renew their registrations in those states in which they conduct business and maintain or solicit clients.

B. Before an IAR can be added as a Supervised Person of IRC, the Supervising Principal is required to send a written communication to the CCO. By forwarding this communication, Supervising Principals are notifying IRC that they are aware of the IAR's proposed investment advisor activities and will supervise them accordingly.

C. After notification is received, a review will be made to be sure the IAR meets all qualifications, including the state requirements.

D. Please Note: Prior to the solicitation of any investment advisory services, IAR must be registered as an IAR in the states where their clients reside and/or where solicitation takes place. Upon receipt of the written notification from the Supervising Principal, IAR registration paperwork and any additional state requirements will be forwarded to the IAR for completion. The completed paperwork needs to be returned to the designated person in the home office. Once the paperwork is processed and the representative is registered as an IAR, the IAR will be notified and copies of the Firm Brochure will be provided. The IAR may not solicit business until he/she is notified that his/her IAR registration is complete.

22. Transaction Reporting

A. All Supervised Persons of IRC are required under federal law to transmit to IRC, on or before the 30th day of the month following a calendar quarter a report of their personal securities transactions. In order to comply with the quarterly transaction reporting requirements, IRC requires personal securities transactions to be reported on or before the 10th day of the month following a calendar quarter.

B. This reporting requirement applies to all accounts in which an IAR or a member of the IAR's immediate family living in the same household has a direct or beneficial interest. *(See Code of Ethics.)*

C. The form should be completed even if the IAR did not have any transactions to report for that quarter (see the form for additional information). Copies of the forms submitted must be maintained in the IAR's own office files for review.

D. Supervising Principals at IRC's business locations have been delegated the primary responsibility of day-to-day supervision of IAR compliance with IRC's transaction reporting policy. Additionally, Supervising Principals shall ensure that all IARs within their business locations timely file the required transaction report. IRC's senior management and the CCO will be immediately notified about any violations regarding the transaction reporting policy.

23. Books and Records to be maintained by Investment Advisor

Rule 204-2 under the Advisors Act requires every investment advisor that is registered or required to be registered to make and keep true, accurate, and current the following books and records related to its investment advisory business.

A. Corporate documents;
   1. Articles of incorporation, charters, minute books, etc. of investment advisor and any predecessor, and
   2. Retention requirements - Maintain on site until at least three years after termination of the entity.

B. Accounting records;
   1. Books of original entry, including cash receipts and disbursements records, and any other records of original entry forming the basis of entries in any ledger,
   2. General and auxiliary ledgers reflecting asset, liability, reserve, capital, income and expense accounts,
   3. Bank account information, including checkbooks, bank statements, canceled checks and cash reconciliation,
   4. Bills and statements, paid or unpaid, relating to the business of the Advisor,
   5. Trial balances, financial statements, internal audit working papers, and
   6. Retention requirements - 5 years, first 2 years on site, last three in a place easy to access.

C. Trading and Account Management records;
   1. Trade Tickets,

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2. Research Files,
3. Purchase and Sale records,
4. Client Security positions, and
5. Retention requirements - 5 years, first 2 years on site, last three in a place easy to access.

D. Proxy Voting records,
1. IRC does not exercise voting authority with respect to client securities, and
2. Retention requirements - 5 years, first 2 years on site, last three in a place easy to access.

E. Client Relationship records;
1. Form ADV-Part II (Firm Brochure),
2. Advisory and other contracts,
3. Fee Schedules,
4. Client Investment Objectives,
5. Directed Brokerage and Soft Dollar Agreements,
6. Written communications including emails,
7. Complaint File,
8. Quarterly reviews,
9. Annual in-person review,
10. Form ADV Part III (Form CRS)
11. Retention requirements - 5 years, first 2 years on site, last three in a place easy to access.

F. Marketing and Performance records;
1. Marketing Materials,
2. Supporting Memoranda,
3. Performance Numbers, and
4. Retention requirements - Entire period of track record, plus 5 years from year last published, first 2 years on site, last three in a place easy to access.

G. Personal Securities Transactions;
1. Holdings reports,
2. Transaction reports, and
3. Retention requirements - 5 years, first 2 years on site, last three in a place easy to access.

H. Code of Ethics;
1. Copies of the Code of Ethics,
2. Violations of the Code of Ethics,
3. Written acknowledgement of the Code of Ethics, and
4. Retention requirements - the copies of the Code of Ethics must be maintained permanently. Any violations and written acknowledgements must be maintained 5 years, first 2 years on site, last three years in a place easy to access.

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I. Compliance policies and procedures;
   1. Copies of policies and procedures,
   2. Annual Review documentation, and
   3. Retention requirements - the copies of the compliance policies and procedures that were in effect at any time currently and during the previous 5 years must be maintained.
      1. Annual review documentation – 5 years, first 2 years on site, last three years in a place easy to access.

J. SEC Filings and Correspondence
   1. Form ADV, including all amendments
   2. Retention requirements – indefinitely on site.

K. Cash Solicitation records
   1. Solicitation Agreements
   2. Solicitor's Disclosure Documents and Acknowledgements
   3. Retention requirements - 5 years, first 2 years on site, last three in a place easy to access.

L. Overall responsibility for assuring that all IRC IARs comply with IRC's books and records policies belongs to IRC's CCO. However, IRC's CCO may delegate day-to-day supervision of IAR compliance with these policies. Supervising Principals at IRC's business locations have been delegated the primary responsibility of day-to-day supervision of IAR compliance with IRC's books and records policies. Supervising Principals at IRC's business locations shall immediately report to the CCO and correct any violation or deficiency relating to IRC's books and records policies.

24. Safeguarding Client Confidential Information

A. Safeguarding confidential information is essential to the conduct of IRC's business. Caution and discretion must be exercised in the use of this information, which should be shared only with IRC associates or a contracted third-party affiliate who have a clear and legitimate need and contractual right to know.

B. Accordingly, no associate of IRC shall disclose confidential information of any type to anyone, except persons within IRC who have a need to know this information. Information regarding a customer may not be released to third parties, government officials, or officials of other organizations, without the consent of the customer, unless required by law.

C. Client personal information can only be emailed as an encrypted attachment.

D. All email attachments that contain customer information, or other like personal information, must be encrypted using Adobe Acrobat and the assigned password "1917market".
   1. Representatives are prohibited from otherwise encrypting emails or email attachments.

E. Portable media devices must be encrypted (256-bit or higher). This includes, but is not limited to, CDs, DVDs and Flashcards.

F. All computers with an outside connection, i.e. internet connections, must utilize, at a minimum, Virus Protection software that;
   1. updates itself automatically
   2. automatically scans emails
   3. automatically scans the computer for malicious files, and, continually utilizes current Firewall hardware or a current Firewall software program.

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G. No computer may use a wireless (WiFi) network or internet connection unless an advanced encryption program (256-bit or higher) is in constant use.

H. All unauthorized access, without regard to severity, will immediately be reported in full to the Firm's Chief Compliance Officer without delay.

I. Overall responsibility for assuring that all IRC IARs comply with IRC's policies regarding client confidential information belongs to IRC's CCO. However, IRC's
CCO may delegate day-to-day supervision of IAR compliance with such policies.
Supervising Principals at IRC's business locations have been delegated the primary responsibility of day-to-day supervision of IAR compliance with IRC's policies regarding client confidential information.

J. Supervising Principals at IRC's business locations shall immediately correct any violation or deficiency regarding these policies at his/her business location and shall immediately notify IRC's CCO accordingly. Supervising Principals at IRC's business locations are responsible for ensuring all client files and records are returned to IRC in the case of a terminated IRC IAR. All client files are the property of and proprietary to IRC.

K. The Operations department shall immediately correct any violation or deficiency related to these policies and shall promptly notify IRC's CCO accordingly.

25. Home Office Record Review Procedures

A. Required Records

1. IRC prepares and keeps current all records relating to IRC's advisory business as required by rule 204-2 under the Advisors Act and any other applicable law. These include;
   a. Journals (records of original entry),
   b. General and Auxiliary ledgers,
   c. Security Order Memoranda,
   d. Cash Receipts and Disbursements Journals,
   e. Check Books and Bank Statements,
   f. Record of Receivables and Payables,
   g. Balance Sheets,
   h. Trial Balances and Financial Statements,
   i. Correspondence and Written Communications including emails,
   j. Complaints,
   k. Powers of Attorney,
   l. Advisory Agreements, and
   m. Advertisements.
2. In addition to the records identified above, IRC also maintains transaction records in the form of client "holding records" and "security cross-index records" for each client receiving portfolio management services. A "holding record" is a journal

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listing purchases and sales by client, while a "security cross-index record" is a journal of transactions arranged by security.

B. Record Retention

1. Pursuant to rule 204-2 under the Advisors Act, all the books and records of IRC identified above shall be preserved in an easily accessible place for a period of not less than five years from the end of the fiscal year during which the last entry was made on a record. For the first two years of the five-year period, these records are to be maintained in an easily accessible place in IRC's offices.
2. To ensure compliance with rule 204-2, no record shall be destroyed until six years have elapsed after the closing of any client account. These records will be subject to review during the annual inspection of IRC's business locations.

C. Complaint Files

1. Complaints must be kept in a separate complaint file, and copies must be sent immediately upon receipt to IRC's CCO or his delegate. These records and files must be kept for a period of not less than five years from the end of the fiscal year during which the last entry was made. For two years, these records must remain in an office or an easily accessible place for periodic inspections by the SEC Staff. These records will be subject to review during the annual inspection of IRC's business locations.
2. The CCO has been delegated the primary responsibility of ensuring that all legally required records (indicated above), including transaction records, are established and are posted on a current basis. Additionally, the CCO has been delegated the day-to-day responsibility for review and approval of all investment advisory contracts with focus on detecting such illegal or unethical business practices as those indicated below;
    a. Exercise of discretion in placing an order for the purchase or sale of securities of a client (review of investment advisory agreement),
    b. Placing an order to purchase or sell securities for the account of a client on instruction of a third party without having obtained written third-party trading authorization (review of correspondence),
    c. Inducement of trading in a client's account that is excessive in size or frequency in view of the financial resources and character of the account (quarterly review of portfolio reports),
    d. Placing an order to purchase or sell a security for the account of a client without authority to do so (quarterly review of unauthorized or irregular transactions and withdrawals shown on quarterly portfolio reports),
    e. Maintaining custody or possession of any client's funds or securities (requires immediate attention if detected),
    f. Making purchases of a security for a representative's own account or for the account of a member of the representative's immediate family living in the same household shortly before recommending or purchasing the same security for a client, and then shortly afterwards selling the security for the representative's own account or for the account of such an immediate family member (review of representative's transaction reports and security cross-index records of clients),
    g. Falsifying any information within IRC's records pertaining to a client's account, including a client's name or address (pursue immediately upon receipt of information), and

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h. Disclosing to third parties any information received from a client, including the client's name, unless obligated to do so by law, or unless permission of the client is obtained prior to providing the information (pursue immediately upon receipt of information).

3. The Supervising Principals at IRC's business locations should report to IRC's CCO any activity which may be illegal or deemed to be an unethical business practice by an IAR of IRC, including, but not limited to the following;
   a. Inducement of trading in a client's account that is excessive in size or frequency in view of the financial resources and character of the account (quarterly review of portfolio reports),
   b. Making recommendations to clients for purchase, sale, or exchange of any security without reasonable grounds to believe that the recommendations are suitable on the basis of information furnished by the client after inquiry concerning the client's investment objectives, financial situation and needs (quarterly review of portfolio reports),
   c. Borrowing money or securities from or lending money or securities to a client (requires immediate attention if detected), and
   d. Making representations that an individual is an IAR or other qualified personnel when the representation does not accurately describe the nature of the services offered, the qualifications of the person offering the services, and the method of compensation for the services.

4. Rule 206(4)-7 requires IRC to review its compliance policies and procedures annually to determine the adequacy and the effectiveness of their implementation. The CCO shall be responsible for the annual review of IRC's compliance polices and procedures, consult with the Firm's Legal Counsel when needed, and shall maintain all documents for verification. Further, the CCO shall ensure that the review of IRC's records and record-keeping procedures takes place on an annual basis. Accordingly, IRC's CCO or his delegates will direct an annual inspection of IRC's business locations. Written reports of these inspections shall be sent to IRC's CCO and shall be retained in accordance with applicable laws, rules and regulations.

26. Regulatory Inspections & Press Inquiries

A. Regulatory Inspections

1. Section 204 of the Advisors Act gives the SEC authority to examine an investment advisor's books and records. The SEC maintains an extensive regular on-site inspection program for investment advisors. IRC anticipates that a regular inspection will occur at least every three to five years. The SEC staff will usually send a pre-inspection letter outlining the books and records that IRC should have ready for review. The SEC staff usually requests;
   a. Copies of IRC's Form ADV,
   b. Information on types and sizes of IRC's accounts,
   c. Information about clients advised by IRC,
   d. IRC's books and records,
   e. IRC's compliance procedures,

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2. IRC's CCO is designated as the contact person for the SEC inspection staff. IRC's CCO will provide requested information and will keep copies of the materials provided. IRC's CCO will be present at the entry interview to determine the scope of the examination and will request an exit interview.
3. Generally, within ninety (90) days of the inspection, the SEC staff will send either a "no further action letter" or a "deficiency letter" to the investment advisor. A deficiency letter requests that the investment advisor describe in writing the corrective measures taken in response to the deficiencies set forth in the letter. After consulting with the Firm's Legal Counsel IRC's CCO shall be responsible for responding to a deficiency letter within the time frame requested.
4. In the event an individual from any federal, state or self-regulatory organization contacts IRC (either in writing, via electronic means, or by telephone) or arrives for an inspection of any of IRC's business locations, the Supervising Principal, senior management and the CCO must be notified immediately. Likewise, in the event of any inquiry from any member of the press, any and all such inquiries must be referred to the Supervising Principal and the CCO immediately.
5. Such notifications must be acknowledged in real time. No Supervised Person is permitted to talk to a representative of a regulatory entity or a member of the press without prior approval from the CCO.
6. The CCO shall retain records of all communications with regulatory authorities. All IARs and Supervising Principals shall forward relevant documents to the CCO for recordkeeping purposes.

27. Incorporation of Codes/Policies by Reference

A. The following Codes/Policies of IRC are incorporated by reference in this Compliance Manual.
1. Code of Ethics
2. Insider Trading Policy
3. Privacy Policy
4. Business Continuity Plan
5. Anti-Money Laundering Policy
6. Customer Identification Program

28. Managing Client's Portfolios

A. Client Portfolios must be managed with the client's suitability and investment objectives in mind as well as on a consistent basis and within the client's wishes. Conflicts that arise due to client instructions, such as acting outside the client's investment objectives, must be documented in writing prior to any such action.

B. When allocating investment opportunities between clients it must be done so in a fair and reasonable way and must be fully documented in writing.

C. Any and all disclosures and restrictions on a portfolio or security must be made to the client in full and documented in writing.

29. Referral Fees

It is IRC's policy not to pay referral fees.

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30. Privacy

A. IRC has in place policies and procedures to protect customer information and privacy, as well as the opportunity for customers to choose how their information may be shared. This information will be included with all initial purchases and will also be sent to all clients on an annual basis.

The basic reason that IRC collects and maintains shareholder information is to enable it to serve the client and his/her administrator to their account(s) in the best way possible. IRC collects nonpublic personal information about the client from the following sources:

1. Information it receives from him/her on applications or other forms, such as name, address, age, social security number, and name of beneficiary,
2. Information about the client's transactions with IRC, its affiliates and others, such as the purchase and sale of securities and account balances.

B. IRC is committed to preventing others from unauthorized access to personal information, and it maintains procedures and technology designed for this purpose. Some of the steps IRC takes to protect the information it has about the client include the following:

1. IRC updates and tests its technology on a regular basis in order to improve the protection of shareholder information.
2. IRC requires outside companies and independent contractors with whom it has agreements to enter into a confidentiality agreement that restricts the use of the information to those purposes and prohibits independent use of the information to specified purposes.
3. IRC has internal procedures that limit access to shareholder information, such as procedures that require an employee to have a business need to access shareholder information. IRC also maintains policies about the proper physical security of workplaces and records. IRC's physical, electronic, and procedural safeguards comply with federal regulations regarding the protection of shareholder information.
4. IRC protects the integrity of shareholder information about the client through measures such as maintaining backup copies of account data in the event of power outages or other business interruptions, using computer virus detection and eradication software on systems containing shareholder data, installing computer hardware and software, and employing other technical means to protect against unauthorized computer entry into systems containing shareholder information.

C. Clients have choices about how their shareholder information may be shared. Account holders may exercise these choices at any time.

D. If shareholders have opted out of information sharing previously, it is not necessary to do so again.

1. Option 1 - Outside Companies
   a. IRC may share limited shareholder information under special agreements with outside financial service providers in order to offer shareholders financial products that it typically does not offer itself.

      If clients prefer that IRC does not share this information with these outside financial service providers for these purposes, they may choose to opt out. Clients may direct the Firm at any time not to disclose this information to these outside providers for marketing purposes.

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2. Option 2 - Within our IRC Family
    1. IRC uses and shares client information within its internal network system to help IRC identify and provide information to help it meet financial needs and offer the right products and services to its clients.
    If clients prefer that IRC does not share their personal information within its internal network system for these purposes, they may choose to opt out. They may direct IRC not to disclose this information internally to determine eligibility for such products and services. If clients wish to opt out of this type of sharing, they should simply notify IRC and their request will be honored by it.

31. Direct Brokerage Agreements

Direct Brokerage Agreements require CCO approval in writing prior to executing the agreement.

32. Prohibited Practices

The following partial list of practices is against applicable regulations. IARs who engage in these activities may be subject to significant action(s) by IRC and state and federal agencies.

A. Reverse Churning
Putting investors in accounts that pay a fixed fee but generate little or no activity to justify that fee. Realizing that this is not a one-on-one comparison; if account activity is low the advisor must be able to justify and show that the fees the client is paying are fair and reasonable.

B. Double-Dipping
Advisers who generate significant commissions within a client's brokerage account, then move that client into an advisory account and collect additional fees.

C. Front Running
Front running is the illegal practice of a stockbroker executing orders on a security for its own account while taking advantage of advance knowledge of pending orders from its customers.

D. Establishing false or fictitious accounts.

E. Entering false information on a customer account.

F. Entering orders without the consent of the customer.

G. Selling under the auspices of another broker dealer without the approval of the Firm.

H. Soliciting or accepting business in jurisdictions without being licensed in that jurisdiction.

I. Customer accounts which are “spaced” among different fund groups in products with similar objectives, unless a written letter of understanding is obtained.

J. Customer accounts which show the Investment Advisor’s home or business address as the address of record.

K. Displaying an Investment Research Corporation sign at a business location, whether home or office, or otherwise holding him or herself out to the public as an office of the Firm without the benefit of branch office registration.

L. Accepting a customer check for the payment of securities made payable to a personal account or accounts controlled by the Investment Advisor.

M. Converting customer funds or assets for personal use.

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N. Failure to clear customer orders through the Firm's Main Office.
O. Withholding a customer order.
P. Trading securities on the basis of insider information.
Q. Withholding customer mail.
R. Borrowing or loaning of securities or funds between the Investment Advisor and a customer.
S. No member or person associated with a member shall, directly or indirectly, give, permit to be given or receive, anything of value, including gratuities, in excess of one hundred dollars per individual, aggregate with the Firm, per calendar year to any person, principal, proprietor, employee, agent or representative of another person where such payment or gratuity is in relation to the business of the employer of the recipient of the payment or gratuity. A gift of any kind is considered a gratuity.
Occasional gifts outside the $100 limit are permitted as long as;
1. The gift does not call into question the Firm's ethical standards,
2. Contains no preconditions or conditions, and
3. Prior written approval is gained from the Firm's Chief Compliance Officer. Meeting the first two conditions does not guarantee approval.

33. Branch Office

Branch offices are subject to an audit at least every three years by the Main Office to consist of a review of at a minimum:
A. Supervisory Procedures
B. Evidence that the Main Office is the Office of Supervisory Jurisdiction (a sign posted in a prominent place)
C. Safeguarding customer funds and securities
D. Maintenance of books and records
E. Customer accounts serviced by the branch
F. Fund transmittal records
G. Validation of customer address changes
H. Validation of customer account information changes including address changes
I. Audits performed by the Branch Manager
J. Form BR.
K. Plus any other item or items which may include an audit of additional books and records and any other compliance related items.

If an IAR does not engage in all of the activities enumerated above, the IAR must identify those activities in which it does not engage in the written inspection report and document in the report that supervisory policies and procedures for such activities must be in place before the IAR can engage in them.
The annual audits are generally performed the CCO but may be performed by another qualified individual.
The annual audit process is tentatively scheduled to begin typically in April or May. However, this is a tentative time frame only and the audit may be scheduled for another time period if the need should arise. Audits may also be increased or decreased in frequency, as allowed by regulations, and announced or unannounced as the Firm deems necessary.

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The results of each audit will be recorded in a written report that will be kept on file at the Main Office for a time period not less than three years or until, at a minimum, the next audit is performed.

34. Operational Procedures

A. Shared Expenses

All shared expenses will be governed by the signed agreements between IRC and the other contracting party.
Prior to transfer of monies resulting from shared expenses two people, one of who must be a senior member of management, must verify that:

1) The expenses fall within the guidelines of the agreement(s).
2) The amounts are correctly allocated according to the agreement(s).
3) The total amount due balances.

Preparing and verifying individuals must initial and date the work paper(s) evidencing such.
These work papers will be provided to the board of the other contracting party upon request.

B. Shared Information

IRC will share information necessary, and as requested, to the boards of other companies that they have entered into agreements with as deemed necessary and appropriate by the CCO. The CCO will review and approve the requested material prior to its delivery.
In general, it is the duty of an investment adviser to furnish, such information as may reasonably be necessary to evaluate the terms of any contract whereby a person undertakes regularly to serve or act as investment adviser of a company.

C. Research

IRC does not engage outside sources for research purposes.
Section 28(e)(3) provides that a broker is deemed to provide brokerage and research services if the broker; furnishes advice, either directly or through publications or writings, as to the value of securities, the advisability of investing in, purchasing, or selling securities, and fee schedules of securities or purchasers or sellers of securities; furnishes analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy, and the performance of accounts; and effects securities transactions and performs functions incidental thereto (such as clearance, settlement, and custody) or if required by rules of the SEC or a self-regulatory organization.

D. Good Faith

IRC shall act “in good faith” in exercising investment discretion.

E. Hedge Funds

IRC and its clients/advisors do not purchase or sell Hedge Funds.

F. Disclosure of Financial and Disciplinary Information

Rule 204(4) makes it unlawful for an investment adviser which has discretionary authority over client accounts to fail to disclose all material facts relating to: (i) any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients; or (ii) a legal or disciplinary event that, is material to a client's evaluation of the adviser's integrity or ability to meet Its contractual commitments.

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G. Non-Trading Errors

When a mistake is suspected, the problem should be analyzed and verified as soon as possible.

Many apparent errors are found not to be errors upon detailed examination. If an error truly has occurred, it must be brought to the attention of the Chief Compliance Officer and senior IRC management immediately.

The next step is to determine if it has affected any client of IRC in a material way. Mistakes that result in a gain to a client almost always result in the client being allowed to keep the accidental benefit received. Errors that result in a loss to the client may or may not result in IRC making the client whole. The Securities and Exchange Commission recognizes that mistakes can occur, and need not be corrected in all circumstances. For example, errors in pricing individual securities may or may not materially affect the calculation of net asset value per share (NAV) of a mutual fund. If the error causes the actual NAV to be materially different than the calculated and announced NAV, there may be legal and monetary issues involved.

Errors involving the IRC client mutual funds are required to be reported to the Board of Directors of the Fund.

Generally, it is the policy of the IRC to correct any mistake involving a regulatory requirement as soon as possible after it is discovered. Similarly, mistakes that result in a material loss to a client are to be corrected as soon as possible after the amount is verified. Mistakes that do not involve either a regulatory requirement or a material loss to a client generally do not result in a correcting payment by the AND. The first decision on whether a correcting payment must be made, and in what amount, is the determination of the Fund's CCO.

H. Mutual Fund Compliance Responsibilities

The portfolio manager of the Fund is responsible for assuring that:

1. every investment selection for the Fund's portfolio is made in accordance with the Fund's investment objectives, policies and restrictions as set forth in the Fund's prospectus and statement of additional information;
2. investment selections for a Fund's portfolio are supported by investment research;
3. borrowings by the Fund, if any, comply with policies and restrictions as set forth in the Fund's prospectus and SAI;
4. turnover is within parameters set forth in the Fund's registration statement;
5. records are maintained and kept current regarding research materials, investment authorizations and investments in illiquid securities and in derivatives; and
6. compliance is maintained with the duties assigned to the portfolio manager and the standards and guidelines set forth in the policies and procedures adopted by IRC.

The Trading Department is responsible for assuring that:

1. every portfolio transaction for a Fund is made with an effort to obtain the best price and execution;
2. transactions in OTC securities are affected only with market makers unless a better price is otherwise obtained;
3. records of all orders placed with brokers and dealers are maintained;
4. compliance is maintained with the duties assigned to the Trading Department and the standards and guidelines set forth in the policies and procedures adopted by IRC.

The Accounting Department is responsible for:

1. maintaining internal accounting controls;

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2. monitoring compliance with diversification requirements of the Internal Revenue Code and monitoring compliance with the diversification requirements of the 1940 Act and for monitoring compliance with regulations applicable to leveraged transactions;
3. maintaining records regarding brokerage orders, diversification requirements, lending of portfolio securities, repurchase agreements and leveraged transactions.

The Compliance Department is responsible for:

1. maintaining on a current basis IRC's Form ADV and this Manual.

I. Blue Sky

The term "blue sky" refers to the process of qualifying offers and sales of securities in the states or other jurisdictions in which the issuer (or other) desires to sell the securities. It also encompasses the myriad of other filings and information requirements necessary to complete and/or continue such qualification.

J. Customer Identification Program

We have established, documented, and maintain a written Customer Identification Program (or CIP). We will collect certain minimum customer identification information from each customer who opens an account; utilize risk-based measures to verify the identity of each customer who opens an account; record customer identification information and the verification methods and results; provide notice to customers that we will seek identification information and compare customer identification information with government-provided lists of suspected terrorists.

1. Required Customer Information

Prior to opening an account, we will collect the following information for all accounts, if applicable, for any person, entity or organization who is opening a new account and whose name is on the account: the name; date of birth (for an individual); an address, which will be a residential or business street address (for an individual), an Army Post Office ("APO") or Fleet Post Office ("FPO") number, or residential or business street address of next of kin or another contact individual (for an individual who does not have a residential or business street address), or a principal place of business, local office or other physical location (for a person other than an individual); an identification number, which will be a taxpayer identification number (for U.S. persons) or one or more of the following: a taxpayer identification number, passport number and country of issuance, alien identification card number or number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or other similar safeguard (for non-U.S. persons). In the event that a customer has applied for, but has not received, a taxpayer identification number, the customer is subject to withholding until a taxpayer identification number is provided and confirmed. If the customer fails to obtain and provide their taxpayer identification number within a reasonable period of time, generally 90 days after the account is opened, the AML Compliance Officer will promptly be informed and will determine if we should report the situation to FinCEN (i.e., file a Form SAR-SF).

When opening an account for a foreign business or enterprise that does not have an identification number, we will request alternative government-issued documentation certifying the existence of the business or enterprise.

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When individuals are unable to provide a second form of ID the AML Compliance Officer may accept, at his discretion, any legal document (such as a power of attorney) or bank statement or other like document, subject to pre-approval by the Chief Compliance Officer. All documents submitted must be verifiable by conventional means. Acceptance of any form of ID is at the sole discretion of the Chief Compliance Officer on a case-by-case basis.

2. Customers Who Refuse To Provide Information

If a potential or existing customer either refuses to provide the information described above when requested, or appears to have intentionally provided misleading information, our Firm will not open a new account and, after considering the risks involved, consider closing any existing account. In either case, our AML Compliance Officer will be notified so that we can determine whether we should report the situation to FinCEN (i.e., file a Form SAR-SF).

3. Verifying Information

Based on the risk, and to the extent reasonable and practicable, we will ensure that we have a reasonable belief that we know the true identity of our customers by using risk-based procedures to verify and document the accuracy of the information we get about our customers. In verifying customer identity, we will analyze any logical inconsistencies in the information we obtain.

We will verify customer identity through documentary evidence, non-documentary evidence, or both. We will use documents to verify customer identity when appropriate documents are available. In light of the increased instances of identity fraud, we will supplement the use of documentary evidence by using the non-documentary means described below whenever possible. We may also use such non-documentary means, after using documentary evidence, if we are still uncertain about whether we know the true identity of the customer. In analyzing the verification information, we will consider whether there is a logical consistency among the identifying information provided, such as the customer's name, street address, zip code, telephone number (if provided), date of birth, and social security number.

Appropriate documents for verifying the identity of customers include, but are not limited to, the following:

a. For an individual, an unexpired government-issued identification evidencing nationality, residence, and bearing a photograph or similar safeguard, such as a driver's license or passport; and

b. for a person other than an individual, documents showing the existence of the entity, such as certified articles of incorporation, a government-issued business license, a partnership agreement, or a trust instrument.

We understand that we are not required to take steps to determine whether the document that the customer has provided to us for identity verification has been validly issued and that we may rely on a government-issued identification as verification of a customer's identity. If, however, we note that the document shows some obvious form of fraud, we must consider that factor in determining whether we can form a reasonable belief that we know the customer's true identity.

We will use the following non-documentary methods of verifying identity:

c. Contacting a customer;
Independently verifying the customer's identity through the comparison of information provided by the customer with information obtained from a consumer reporting agency, public database, or other source;

d. Checking references with other financial institutions; or

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e. Obtaining a financial statement;

Performing a Background Check (i.e., Credit Reports, et al).

We will use non-documentary methods of verification in the following situations:

f. when the customer is unable to present an unexpired government-issued identification document with a photograph or other similar safeguard;

g. when the Firm is unfamiliar with the documents the customer presents for identification verification;

h. when the customer and the Firm do not have face-to-face contact; and

i. when there are other circumstances that increase the risk that the Firm will be unable to verify the true identity of the customer through documentary means.

We will verify the information within a reasonable time before or after the account is opened. Depending on the nature of the account and requested transactions, we may refuse to complete a transaction before we have verified the information, or in some instances when we need more time, we may, pending verification, restrict the types of transactions or dollar amount of transactions. If we find suspicious information that indicates possible money laundering or terrorist financing activity, we will, after internal consultation with the Firm's AML Compliance Officer, file a SAR-SF in accordance with applicable law and regulation.

We recognize that the risk that we may not know the customer's true identity may be heightened for certain types of accounts, such as an account opened in the name of a corporation, partnership or trust that is created or conducts substantial business in a jurisdiction that has been designated by the U.S. as a primary money laundering concern or has been designated as non-cooperative by an international body. We will identify customers that pose a heightened risk of not being properly identified. Therefore, we will take the following additional measures that may be used to obtain information about the identity of the individuals associated with the customer when standard documentary methods prove to be insufficient:

Perform background checks on individuals responsible for the financial condition and operations of said corporation, partnership or trust account(s).

Report all findings to the AML Compliance Officer prior to opening the account. The AML Compliance Officer will make the final decision if the account should be opened, request additional information and/or file a SAR-SF with FinCEN.

4. Lack of Verification

When we cannot form a reasonable belief that we know the true identity of a customer, we will do the following:

a. not open an account;

b. impose terms under which a customer may conduct transactions while we attempt to verify the customer's identity;

c. close an account after attempts to verify a customer's identity fail; and

d. file a SAR-SF in accordance with applicable law and regulation.

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35. Pay to Play (Rule 2030)

Covered members may not engage in distribution or solicitation activities for compensation with a government entity on behalf of an investment adviser that provides, or is seeking to provide, investment advisory services to such government entity within two years after a contribution to an official of the government entity is made by the covered member or a covered associate (including a person who becomes a covered associate within two years after the contribution is made).

A "covered member" is "any member except when that member is engaging in activities that would cause the member to be a municipal advisor as defined in Exchange Act Section 15B(e)(4), SEA Rule 15Ba1-1(d)(1) through (4) and other rules and regulations thereunder."

A member firm that solicits a government entity for investment advisory services on behalf of an unaffiliated investment adviser may be required to register with the SEC as a municipal advisor as a result of such activity. Under such circumstances, MSRB rules applicable to municipal advisors, including the MSRB's pay-to-play rule, would apply to the member firm.

If the member firm solicits a government entity on behalf of an affiliated investment adviser, such activity would not cause the firm to be a municipal advisor. Under such circumstances, the member firm would be a "covered member" subject to the requirements of Rule 2030.

A "covered associate" is:

A. any general partner, managing member or executive officer of a covered member or other individual with a similar status or function;

B. any associated person of a covered member who engages in distribution or solicitation activities with a government entity for such covered member (and such person's supervisor); and

C. any political action committee (PAC) controlled16 by a covered member or a covered associate.

Rule 2030 applies to covered members acting on behalf of any investment adviser registered (or required to be registered) with the SEC, or unregistered in reliance on the exemption available under Section 203(b)(3) of the Advisers Act for foreign private advisers, or that is an exempt reporting adviser under Advisers Act Rule 204-4(a). It does not apply to member firms acting on behalf of advisers that are registered with state securities authorities instead of the SEC, or advisers that are unregistered in reliance on exemptions other than Section 203(b)(3) of the Advisers Act.

An official of a government entity includes an incumbent, candidate or successful candidate for elective office of a government entity if the office is directly or indirectly responsible for, or can influence the outcome of, the hiring of an investment adviser or has authority to appoint any person who is directly or indirectly responsible for, or can influence the outcome of, the hiring of an investment adviser. Government entities include all state and local governments, their agencies and instrumentalities, and all public pension plans and other collective government funds, including participant-directed plans such as 403(b), 457 and 529 plans.

The two year time period is triggered by contributions made by a covered member or any of its covered associates. Rule 2030(g)(1) defines a "contribution" to mean any gift, subscription, loan, advance, or deposit of money or anything of value made for:

D. the purpose of influencing any election for federal, state or local office;

E. payment of debt incurred in connection with any such election; or

F. transition or inaugural expenses of the successful candidate for state or local office.

FINRA does not consider a donation of time by an individual to be a contribution, provided the covered member has not solicited the individual's efforts and the covered member's resources, such as office space and telephones, are not used. Similarly, FINRA would not

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consider a charitable donation made by a covered member to an organization that qualifies for an exemption from federal taxation under the Internal Revenue Code, or its equivalent in a foreign jurisdiction, at the request of an official of a government entity to be a contribution for purposes of the rule.

The rule attributes to a covered member contributions made by a person within two years of becoming a covered associate. This applies to any person who becomes a covered associate, including a current employee who has been transferred or promoted to a position covered by the rule. A person becomes a "covered associate" for purposes of the rule's provision at the time he or she is hired or promoted to a position that meets the definition of a "covered associate". The two-year period begins on the contribution date.

Rule 2030(b) prohibits a covered member or covered associate from soliciting or coordinating any person or PAC to make any:

G. contribution to an official of a government entity in respect of which the covered member is engaging in, or seeking to engage in, distribution or solicitation activities on behalf of an investment adviser; or

H. payment to a political party of a state or locality of a government entity with which the covered member is engaging in, or seeking to engage in, distribution or solicitation activities on behalf of an investment adviser.

Rule 2030(e) provides that it shall be a violation of Rule 2030 for any covered member or any of its covered associates to do anything indirectly that, if done directly, would result in a violation of the rule.

Rule 2030(d)(1) provides that a covered member that engages in distribution or solicitation activities with a government entity on behalf of a covered investment pool in which a government entity invests or is solicited to invest shall be treated as though the covered member was engaging in or seeking to engage in distribution or solicitation activities with the government entity on behalf of the investment adviser to the covered investment pool directly. Rule 2030(d)(2) provides that an investment adviser to a covered investment pool in which a government entity invests or is solicited to invest shall be treated as though that investment adviser were providing or seeking to provide investment advisory services directly to the government entity.

Rule 2030(d) applies the prohibitions of the rule to situations in which an investment adviser manages assets of a government entity through a hedge fund or other type of pooled investment vehicle.

I. Exceptions and Exemptions

1. De Minimis Contributions

   Rule 2030(c)(1) excepts from the rule's restrictions contributions made by a covered associate that is a natural person to government entity officials for whom the covered associate was entitled to vote32 at the time of the contributions, provided the contributions do not exceed $350 in the aggregate to any one official per election. If the covered associate was not entitled to vote for the official at the time of the contribution, the contribution must not exceed $150 in the aggregate per election.

   Under both exceptions, primary and general elections are considered separate elections.

2. New Covered Associates

   Rule 2030(c)(2) provides an exception from the rule's restrictions for covered members if a natural person made a contribution more than six months prior to becoming a covered associate of the covered member unless the covered associate engages in, or seeks to engage in, distribution or solicitation activities with a government entity on behalf of the covered member.

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3. Certain Returned Contributions
Rule 2030(c)(3) provides an exception from the rule's restrictions for covered members if the restriction is due to a contribution made by a covered associate and:
a. the covered member discovered the contribution within four months of it being made;
b. the contribution was less than $350; and
c. the contribution is returned within 60 days of the discovery of the contribution by the covered member.

Recordkeeping Requirements

Rule 4580 requires covered members that engage in distribution or solicitation activities with a government entity on behalf of any investment adviser that provides or is seeking to provide investment advisory services to such government entity to maintain books and records that will allow FINRA to examine for compliance with Rule 2030. The rule requires covered members to maintain a list or other record of:

J. the names, titles and business and residence addresses of all covered associates;
K. the name and business address of each investment adviser on behalf of which the covered member has engaged in distribution or solicitation activities with a government entity within the past five years (but not prior to the rule's effective date);
L. the name and business address of all government entities with which the covered member has engaged in distribution or solicitation activities for compensation on behalf of an investment adviser, or which are or where investors in any covered investment pool on behalf of which the covered member has engaged in distribution or solicitation activities with the government entity on behalf of the investment adviser to the covered investment pool, within the past five years (but not prior to the rule's effective date); and
M. all direct or indirect contributions made by the covered member or any of its covered associates to an official of a government entity, or direct or indirect payments to a political party of a state or political subdivision thereof, or to a PAC.
The rule requires that the direct and indirect contributions or payments made by the covered member or any of its covered associates be listed in chronological order and indicate the name and title of each contributor and each recipient of the contribution or payment, as well as the amount and date of each contribution or payment, and whether the contribution was the subject of the exception for returned contributions in Rule 2030.

36. Impartial Conduct Standards

The standards specifically require advisers and financial institutions to:

A. Give advice that is in the "best interest" of the retirement investor. This best interest standard has two chief components: prudence and loyalty:
1. Under the prudence standard, the advice must meet a professional standard of care as specified in the text of the exemption;
2. Under the loyalty standard, the advice must be based on the interests of the customer, rather than the competing financial interest of the adviser or firm;
B. Charge no more than reasonable compensation;2 and
C. Make no misleading statements about investment transactions, compensation, and conflicts of interest.

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Exhibits

Compliance Manual Acknowledgement of Receipt
Advisory Agreement Addendum
IRC Cybersecurity Protocol
IRC Identity Theft Program
IRC AML
IRC Brochure (Form ADV II) (available at invresearch.com)
IRC Application (available at invresearch.com)
IRC Code of Ethics (available at invresearch.com)
IRC Business Contingency Plan (available at invresearch.com)

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Acknowledgement of Receipt
Investment Research Corporation
dba. World Capital Brokerage Advisory Services

Compliance Manual

From:

_____
Supervised Person's Name (please print)

_____
CRD#

This is to acknowledge that I have received the Investment Research Corporation, dba World Capital Brokerage Advisory Services', Compliance Manual. I confirm that I have carefully read and fully understand my duties, responsibilities and obligations as specified in this Compliance Manual. I will contact my immediate supervisor with any questions or concerns I may have regarding the material in Investment Research Corporation, dba World Capital Brokerage Advisory Services', Compliance Manual or my responsibilities under federal or state laws and regulations as well as all Investment Research Corporation, dba World Capital Brokerage Advisory Services', policies.

_____
Supervised Person's Signature

_____
Date

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Advisory Agreement Addendum
Investment Research Corporation
dba. World Capital Brokerage Advisory Services

_____ _____
Client *Date of Birth*

I understand that Investment Research Corporation, dba World Capital Brokerage Advisory Services, ("Firm") may not assign the Advisory Agreement without my consent.

I confirm that I have received, reviewed and understand the Firm's Brochure / ADV Part II.

I confirm that I have received information relevant to the type(s) of my assets that will be managed by the Firm as well as my limitations when selecting Broker/Dealers, what advisor fees I will be or could be responsible for, and other terms relevant to the relationship between myself and my Investment Advisor Representative.

I confirm that I have received, reviewed and understand the Customer Relationship Summary.

I also understand that that I can terminate the Advisory Agreement within the first five business days without penalty.

_____ _____
Client Signature *Date*

_____ _____
Investment Advisor Representative Name *CRD#*

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Cybersecurity Protocol

I. General. Cybersecurity is the protection of investor and firm information from compromise through the use, in whole or in part, of electronic digital media. In an ever increasing electronic world, cybersecurity is becoming more of a concern, not only for the investor whose personal information investment advisor representatives and Investment Research Corporation ("IRC") possess, but also for the investment advisor representative, as well as the firm, with the creation of a negative public image and legality issues.

Malware, short for malicious software, is any software used to disrupt computer operation, gather sensitive information, or gain access to private computer systems such as computer viruses, worms, trojan horses, ransomware, spyware, adware or scareware. Malware may be stealthy, intended to steal information or spy on computer users for an extended period without their knowledge, or it may be designed to cause harm, often as sabotage or to extort payment. Malware is often disguised as, or embedded in, non-malicious files such as email attachments. Typically malware is self-replicating, emailing itself to your contacts in your computer using your email program and address, in an effort to infect as many computers as possible.

IRC receives emails from the Federal Bureau of Investigation Cyber Division regarding cyber activity. These reports are provided to key personnel for analysis and possible dissemination (depending on the Traffic Light Protocol level issued with said report).

IRC's computer network is overseen by the company's in-house Information Technology person. The Information Technology person's systems are under the supervision of IRC's CCO.

II. Definitions.

A. Personal Information – personal information is any information that can be used by another person to do harm. Personal information does not include names, addresses or phone numbers. Personal information includes, in part; social security number, date of birth, passwords, driver's license number, credit card number, account number, pin number, account value, etc.

B. Firewall – a firewall is a network security system that controls the incoming and outgoing network traffic based on an applied rule set. A firewall establishes a barrier between a trusted, secure internal network and another network (e.g., the Internet) that is assumed not to be secure and trusted.

C. Router – is a networking device that forwards data packets between computer networks (e.g., your computer and the internet.

D. Wi-Fi – wireless technology that allows your computer and other electronic devices to communicate with each other as well as communicate with the internet.

E. Trojan Horse - A Trojan horse appears to be nothing more than an interesting computer program or file, such as "deliveryrefused.pdf " on the computer or in an email. The Trojan virus once on your computer, doesn't reproduce, but instead makes your computer susceptible to malicious intruders by allowing them to access and read your files.

F. Worm - A Worm is a virus program that copies and multiplies itself by using computer networks and security flaws. Worms are more complex than Trojan viruses, and usually attack multi-user systems or personal computers and can spread over corporate networks, social media and amongst friends via the circulation of emails using your personal contact list

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G. Email Virus – e mail viruses use email messages to spread. An email virus can automatically forward itself to thousands of people, depending on whose email address it attacks. To avoid receiving virus-laden emails, always check that your antivirus software is up-to-date and also stay clear of opening attachments, even from friends that you weren't expecting or don't know anything about. Also, block unwanted email viruses by installing a spam filter and spam blocker.

H. Two Factor Authentication - is an authentication method in which a computer user is granted access only after successfully presenting two pieces of evidence to an authentication mechanism: knowledge, possession, and inherence. Two-factor authentication is a type, or subset, of multi-factor authentication.

III. Software.

A. Anti-Virus Software. All computers that contain or receive personal information must have an anti-virus software program installed. The software must continually run, auto-update and auto scan email attachments.

B. Firewall. All computers that contain or receive personal information must have an active firewall program installed and running. Many personal computer operating systems include software-based firewalls to protect against threats from the public Internet. Many routers that pass data between networks contain firewall components and, conversely, many firewalls can perform basic routing functions.

C. Encryption. Bitlocker is a full volume data encryption program available on most new versions of Windows. Bitlocker To Go lockdowns USB flash drives and Portable hard drives. While not required for desktop computers, all portable media, including but not limited to USB drives, backup tapes, and the drives of portable end-user terminals such as laptops, must be encrypted.

D. Password protection programs. IRC highly recommends using a password protection program to safely store your passwords electronically. Physically writing down passwords is not considered safe. Password protection programs usually allow you to utilize one password to access your other passwords and also enable you to use more complex passwords on other sites.

IV. Wi-Fi.

No computer may use a wireless (Wi-Fi) network or internet connection unless an advanced encryption program (256-bit or higher) is in constant use. Devices with client personal information are prohibited from using public Wi-Fi.

A. Representatives utilizing Wi-Fi will need access the IP or Mac logs to review who has access to the system on a weekly basis. These reports will need to be printed, initialed, dated and filed in an easy to access location. If a foreign user is discovered the Representative must:

1. Change the Wi-Fi password,
2. Run a full virus/malware scan on all attached computers, and
3. Notify the home office of the incident.

V. Hardware.

A. Computers must:

1. Have an anti-virus program as described above.

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2. Have a firewall as described above.
3. Should be hardwired for internet connection or, if that is not practicable, can only accept data that is transmitted with 256 not encryption or better.
4. Must require a password upon turning on the computer.
5. Screensaver:
    a. must be enabled.
    b. must be set to 15 minutes or less
    c. must require a password to re-enable the computer.
6. Must utilize a currently supported operating system. For example, Windows XP is no longer supported by Mircosoft so that operating system would have to be upgraded or replaced.

B. Cell Phones that that contain or receive personal information must utilize a locking mechanism to prevent unauthorized access should the phone be lost or stolen. IRC strongly recommends against keeping client personal information on your cell phone.

C. Other devices, such as PDAs or iPads, that that contain or receive personal information must utilize a locking mechanism to prevent unauthorized access should the phone be lost or stolen. IRC strongly recommends against keeping client personal information on your other devices.

D. The Server room is to remain locked at all times.

E. An inventory of all computers and devices is to be kept and updated whenever the physical inventory changes. This inventory must be kept in an easily accessible location.

VI. Data at Rest.

All portable media, including but not limited to USB drives, backup tapes, and the drives of portable end-user terminals such as laptops, must be encrypted. Please refer to the Software section of this Cybersecurity Protocol.

VII. Cloud Storage.

IRC does not permit client personal information to be stored on a non-company provided cloud unless prior written approval is first provided by the CCO.

VIII. Email.

Personal information must be sent as an attachment and must be encrypted using Adobe Acrobat and your assigned password. Representatives are prohibited from otherwise encrypting emails or email attachments. The password cannot be included in the email. Passwords should be communicated verbally to the recipient but alternately may be sent in a separate email. IRC reminds its representatives and associates that only email addresses assigned by IRC are allowed to be utilized.

A. Threats

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1. Malware - malware is an umbrella term used to refer to a variety of forms of hostile or intrusive software, including computer viruses, worms, trojan horses, ransomware, spyware, adware, scareware, and other malicious programs. It can take the form of executable code, scripts, active content, and other software. These can easily be included as attachments in emails and can come from trusted sources like associates and friends whose computers have already been compromised. Remember, your friends do not have to actually click the send button to send you an email. Many email viruses will automatically reproduce itself by sending emails immediately to all of the contacts on your or your friend's computers. While malware can be delivered to you in many ways one of the most common ways is utilizing files ending in ".exe."

2. Phishing - Phishing is the attempt to acquire sensitive information such as usernames, passwords, and credit card details (and sometimes, indirectly, money), often for malicious reasons, by masquerading as a trustworthy entity in an electronic communication. Many of these attacks contain links to click on that will direct you to a page that is made to look believable enough to gain your trust so that you try and login to your account. Emails stating that there is an amount past due, that require you to login to an account, offer you money if you provide your bank account info, et cetera, are very common types of attacks. Use the phone numbers provided on your bills, NOT what is provided on the email in question, to contact the institution in question and verify that the email is valid.

IX. Passwords and Biometrics.

A. Representatives and Associates are prohibited from sharing passwords.

B. Passwords must contain at least one lower case letter, one upper case letter, one number and one special character (such as !, $ or @) and must be a minimum of eight characters. Alternately some programs do not allow for all four components to be used. If that is the case then you should use as many of the parameters as possible.

C. It is strongly encouraged that you use the most amount of characters allowed whenever setting up or changing passwords.

D. It is strongly encouraged that all computers and devices use a form of biometrics to secure the computer and/or device. Items such as fingerprint scanners or facial recognition are very successful alternatives to using passwords.

E. Internal Passwords must be changed every 3 months. Passwords may not be the same as the last four passwords. The home office will send out an email every three months reminding all associates and registered individuals to change their password.

F. Systems must lock out a user after a minimum of three attempts for a duration of not less than 30 minutes or until reset by an administrator.

G. Mac users: the Password Assistant must be used to create new passwords with minimum "Letters and Numbers" the password quality must be green.

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H. IRC highly recommends using complex passwords. For example:

"thatsfronkensteen" for example.
1) Try not to capitalize the first letter.
2) Look for letters that can be substituted for numbers.
3) Look for letters that can be substituted for symbols.
Can be:
tH@tsfronk3nst33n, or th@t5fronken5teeN, or THAT$fronken5t33n

I) The National Institute of Standards and Technology ("NIST") recommends password changes every month and also recommends not using words common to yourself such as children or pet names, the city you live in, your maiden name, sports teams, et al, that people can get off your social media accounts.

J) Whenever possible IARs and associates of IRC should utilize Two Factor Authentication to increase security.

X. Data in Transit.

Occasionally it may be impractical to transport data (see Data at Rest), either through size or time constraints. In those instances, data can be transmitted between two secure sources via https://.

XI. Access/Termination.

Generally, only IRC associates will be allowed access to IRC's networks. From time to time, at the discretion of the Information Technology person and IRC's CCO, and after proper vetting, outside individuals may be granted access to IRC's network.

An annual access review will be performed and documented by IRC's Information Technology Person who will then present it to IRC's CCO.

Additionally, immediately upon termination, the Information Technology person shall, or shall cause, all known passwords for the terminated person be deleted; in particular for data sensitive areas such as Pershing, Allbridge and Vision.

Access to any computer that has access to the home office database or client personal information by a person outside of IRC, such as a computer repair person or an Information Technology person, requires that the individual sign form IT Access, a copy to be provided to IRC's CCO.

XII. Training.

All new employees must complete training within 30 days of hire. Training of new employees must include all topics of this protocol.

All employees must complete annual training which can include topics from this protocol as well as updated policies and/or any relevant industry updates and any cyber-attacks against the company.

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XIII. Review.

A. Reviews of this cybersecurity plan, including penetration testing, must be conducted annually. The results and recommendations of which to be presented to the board as a report.

The review should include;

1. identify and document asset vulnerabilities;
2. review threat and vulnerability information from information sharing forums and sources;
3. identify and document internal and external threats;
4. identify potential business impacts and likelihoods;
5. use threats, vulnerabilities, likelihoods and impacts to determine risk; and
6. identify and prioritize risk responses.

B. As part of the annual review of service provider's cybersecurity protocols must be reviewed.

C. Wi-Fi logs must be created, reviewed and logged daily or as practicable and, at a minimum reviewed monthly. These reviews should carefully scrutinize what IP or Mac addresses are accessing the system.

If unauthorized access is found then the user must run a complete virus scan on the computer(s)/system immediately.

D. Reviews as it relates to IARs

1. IARs that maintain client personal information on electronic devices, including computers, must annually go through the same penetration testing World Capital Brokerage, Inc., an affiliated company, does.
   a. Client personal information need only exist on the electronic device or computer. It does not matter if the data was placed there intentionally or unintentionally.
   b. IAR will reimburse World Capital Brokerage, Inc., an affiliated company, for all costs associated with penetration testing.
2. IARs will be required to annually certify that they do, or do not, have client personal information on their electronic devices including computers.
   a. Client personal information need only exist on the electronic device or computer. It does not matter if the data was placed there intentionally or unintentionally.
   b. IARs who certify that they do not have client personal information on their electronic devices or computers, but are later found to have client personal information on their electronic devices or computers will be required to undergo immediate penetration testing at their cost. Additionally, these IAR(s) may be required to pay a fine for previous missed annual penetration testing up to the cost of the penetration testing of those missed years.

XIV. Outside Service Providers.

When considering a relationship with an outside service provider the following contractual obligations should be considered.

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A. Non-disclosure agreements/confidentiality agreements: This language outlines confidential material, knowledge or information that the parties exchange, such as customer personal information. The parties agree not to share further or disclose information obtained under the contract.

B. Data storage, retention and delivery: This language describes how firm data should be stored and transmitted while on a vendor's system. This may include encryption requirements, requirements as to the type and location of servers used, and business recovery practices.

C. Breach notification responsibilities: This language addresses the manner and timing of the vendor's notification to the data owner of a security breach and the requirements as to who is responsible for notifying customers along with any related costs. Contract language also would include the definition of a breach as it relates to the data or systems involved.

D. Right-to-audit clauses: This language gives the data owner the ability to perform physical audits of the vendor's data storage facility and related controls. These clauses also might outline the vendor's responsibility for having a third-party test of the vendor's controls.

E. Vendor employee access limitations: This language defines which vendor employees have access to firm data. Typically this language also documents the approval process for granting this access, e.g., who at the firm would approve employee access to restricted data.

F. Use of subcontractors: This language outlines any subcontractors that the vendor will use and that would have access to firm data. It also addresses the controls that the vendor would require at any subcontractor, for instance regarding employee data access or data encryption. Typically, controls expected to be present at the vendor would also be required at the subcontractor.

G. Vendor obligations upon contract termination: This language addresses requirements regarding the destruction or return of any data stored at the vendor's physical locations, including how quickly any data would be disposed of and written notification thereof. It also includes language related to removing employee access to the data.

On an ongoing basis, at a minimum upon contract inception/renewal, IRC should review vendor's SSAE 16/SOC reports.

XV. Incident Response.

In the event of a cyber-breach there are several possible responses that may be launched as appropriate. The person with authorization to launch the appropriate response is Timothy E. Taggart. In the event he is unavailable either Michael L. Gaughan or Patricia A. Blum may act in his stead. Each occurrence is liquid therefor these possible responses are not meant to direct absolutely, but to instead provide guidance. It is important to note IRC's Business Contingency Plan.

A. Loss of ability to conduct business through virus or malware.
   1. Isolate infected system(s).
      a. immediately shut down all internet connections.
      b. shut down infected components.
   2. Identify strain.
   3. Launch corrective measures.
      a. patch, quarantine and repair, and/or
      b. rebuild.

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4. Test for further infection.
5. Restore internet and monitor.
6. Restore data.
    a. when in doubt make a second backup prior to restoring data.
7. Change passwords.
8. Investigate exploit.
9. Report to FINRA coordinator.

B. Loss of client personal data through virus or malware

While it is still important to address the infection as described above, it is equally important to ascertain if any client personal data has been stolen. If client data has been breached:

1. identify information and owner of the information that has been breached.
2. inform SRO(s), law enforcement, and/or intelligence agency(ies).
3. inform the data owner of the breach as well as the response.
4. prepare corrective measures for clients (ie. reimbursement, credit monitoring, et al).
5. Investigate exploit.
6. Report to FINRA coordinator.

C. Loss of client personal data through internal theft

1. identify information and owner of the information that has been stolen.
2. inform SRO(s), law enforcement, and/or intelligence agency(ies).
3. inform the data owner of the theft as well as the response.
4. prepare corrective measures for clients (ie. reimbursement, credit monitoring, et al).
5. Investigate exploit.
6. Report theft under FINRA Rule 4530(b) and/or FINRA coordinator.

XVI. Mandatory SAR reporting of cyber-events

IRC is required to report a suspicious transaction conducted or attempted by, at, or through the institution that involves or aggregates to $5,000 or more in funds or other assets. If IRC knows, suspects, or has reason to suspect that a cyber-event was intended, in whole or in part, to conduct, facilitate, or affect a transaction or a series of transactions, it should be considered part of an attempt to conduct a suspicious transaction or series of transactions. Cyber-events targeting financial institutions that could affect a transaction or series of transactions would be reportable as suspicious transactions because they are unauthorized, relevant to a possible violation of law or regulation, and regularly involve efforts to acquire funds through illegal activities.

In determining whether a cyber-event should be reported, IRC should consider all available information surrounding the cyber-event, including its nature and the information and systems targeted. Similarly, to determine monetary amounts involved in the transactions or attempted transactions, IRC should consider in aggregate the funds and assets involved in or put at risk by the cyber-event.

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XVII. Voluntary SAR reporting of cyber-events

FinCEN encourages, but does not require, IRC to report egregious, significant, or damaging cyber-events and cyber-enabled crime when such events and crime do not otherwise require the filing of a SAR.

To illustrate, consider a DDoS attack that disrupts a financial institution's website and disables the institution's online banking services for a significant period of time. After mitigating and investigating the DDoS attack, the affected financial institution determines the attack was not intended to and could not have affected any transactions. Although IRC is not required to report such DDoS attack, FinCEN encourages financial institutions to consider filing a SAR because the attack caused online banking disruptions that were particularly damaging to the institution. SAR reporting of cyber-events, even those that may not meet mandatory SAR-filing requirements, is highly valuable in law enforcement investigations.

XVIII. Imposter Websites

Imposter websites typically is designed to mimic a member firm's actual website to obtain existing or potential clients' personally identifiable information (PII) or login credentials, which the website sponsors subsequently use to engage in financial fraud.

If an imposter website is found:

A. Report the attack to local law enforcement, the nearest Federal Bureau of Investigation (FBI) field office or the Bureau's Internet Crime Complaint Center, and the relevant state's Attorney General via their websites or, if possible, a phone call.

B. Run a "WHOis" search (www.whois.net) on the site to determine the hosting provider and domain name registrar associated with the imposter website (which may be the same organization in some instances). In some cases, this site also provides relevant contact information.

C. Submit an abuse report to the hosting provider or the domain registrar asking them to take down the imposter website. Keep the pressure on these providers with repeated calls or emails, or, if necessary, seek the assistance of an attorney.

D. Notify the U.S. Securities and Exchange Commission (SEC), FINRA or other securities or financial regulators.

E. Consider posting an alert on your website and sending email notifications to warn clients of the imposter website(s) and the associated URL(s).

XIX. Reporting Agencies.

Federal Trade Commission
877-438-4338
Consumer Response Center
FTC
600 Pennsylvania Avenue, N.W.
Washington, DC 20580

Federal Bureau of Investigation
303-629-7171
8000 East 36th Avenue
Denver, CO 80238

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CBI Identity Theft/Fraud & Cyber Crimes Unit
1-855-443-3489
690 Kipling Street, Ste. 4000
Denver CO 80215

FINRA
Kimberly Fitzgerald
(303) 446-3126
4600 S. Syracuse Street
Suite 1400
Denver, CO 80237

Colorado State Attorney General
720-508-6000
300 Broadway
Denver, CO 80203

SEC
303-844-1000
1961 Stout Street, Suite 1700
Denver, CO 80294

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Identity Theft Program

Investment Research Corporation
Identity Theft Program
Implemented 04/28/2009

I General. Investment Research Corporation ("IRC") has adopted an Identity Theft Program ("ITP") as required by the Federal Trade Commission ("FTC"). The ITP will be administered by the CCO ("CCO"), Timothy E. Taggart, and is reportable to IRC's Board of Directors annually.

II Clearing Firm. IRC clears through Pershing, LLC. IRC will rely upon Pershing's ITP program as practical. IRC's own ITP is designed to work in conjunction with, or mirror, Pershing's ITP.

III Risk Factors. IRC recognizes that all accounts could be at risk for Identity Theft. Therefore, all accounts will be considered Covered Accounts. In developing this program IRC considered the methods used to open accounts as well as access to accounts.

IV Detecting Red Flags.

- A) Opening Accounts. IRC and Pershing, LLC shall rely upon existing Customer Identification Program procedures to establish and verify customer identity.
- B) Existing Accounts. IRC shall work in conjunction with Pershing, LLC to protect client identification integrity. This includes:
  - 1) monitoring transactions,
    - a) IRC and Pershing LLC shall employ the use of;
      - 1) existing reports and procedures,
      - 2) existing IRC CCO approval of transactions,
      - 3) existing IRC audit controls.
  - 2) verification of address change requests.
    - a) All change of addresses are subject to verification as described in the Supervisory Procedures Manual.
    - a) change of address requests include notification from the U.S. Postal Service.
    - b) in the event that the customer's phone number has changed without notification then the customer shall provide a second source of identification such as government issued picture identification or previous IRC statement showing the last known address of record.
  - 3) All change of address requests will be printed, signed and dated by the IRC associate contacting the customer, and filed in the customer's account file.

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V Identified Red Flags. If an associate is informed of or discovers any Red Flags, or finds other cause for suspicion of Identity Theft, he/she will immediately inform the CCO. These include;

A) Alerts, notifications or other warnings received from consumer reporting or service providers,
B) presentation of suspicious documents,
C) presentation of suspicious personal identification information such as that found on an address change,
D) unusual use of, or suspicious activity in an account,
E) notice from customers, victims of Identity Theft, law enforcement official, et al, of Identity Theft, or
F) data security incidents that result in unauthorized access to client account information.

VI Responses to Red Flags.

A) In the event that a Red Flag is identified and verified, the CCO, or other qualified person designated by the CCO, shall for the affected account(s);
   1) immediately contact the customer(s) involved as well as their IAR of record, and
   2) freeze the customer's accounts until such time as the account is secured.
B) In the event that a Red Flag is identified and verified, the CCO, or other qualified person designated by the CCO, may for the affected account(s);
   1) change any password or security codes that allow access to the customer's account(s),
   2) deny or delay opening of additional customer accounts,
   3) reopen accounts with a new account number,
   4) close accounts,
   5) not collect from or sell the account to a debt collector, or
   6) notify law enforcement.

VII Updating Procedures. Periodically, as new information regarding Identity Theft becomes available or as business arrangements warrant, these procedures may be updated if necessary.

VIII Annual Report to the Firm's Board of Directors. At least annually a report will be prepared detailing;

A) the effectiveness of current policies,
B) service provider arrangements,
C) significant incidents including management response, and
D) recommendations, if any, for material change to the ITP program.

IX Training. Relevant staff will be trained in WCB's ITP program as required and shall be promptly notified of any change of procedures.

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Anti Money Laundering Program

Compliance and Supervisory Procedures
Anti-Money Laundering (AML) Program

Effective April 24, 2002

1. Firm Policy

It is the policy of the Firm to prohibit and actively prevent money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities. Money laundering is generally defined as engaging in acts designed to conceal or disguise the true origins of criminally derived proceeds so that the unlawful proceeds appear to have been derived from legitimate origins or constitute legitimate assets. Generally, money laundering occurs in three stages. Cash first enters the financial system at the "placement" stage, where the cash generated from criminal activities is converted into monetary instruments, such as money orders or traveler's checks, or deposited into accounts at financial institutions. At the "layering" stage, the funds are transferred or moved into other accounts or other financial institutions to further separate the money from its criminal origin. At the "integration" stage, the funds are reintroduced into the economy and used to purchase legitimate assets or to fund other criminal activities or legitimate businesses. Terrorist financing may not involve the proceeds of criminal conduct, but rather an attempt to conceal the origin or intended use of the funds, which will later be used for criminal purposes. Legitimate sources of funds are a key difference between terrorist financiers and traditional criminal organizations. In addition to charitable donations, legitimate sources include foreign government sponsors, business ownership and personal employment. Although the motivation differs between traditional money launderers and terrorist financiers, the actual methods used to fund terrorist operations can be the same as or similar to methods used by other criminals to launder funds. Funding for terrorist attacks does not always require large sums of money and the associated transactions may not be complex.
Our AML policies, procedures and internal controls are designed to ensure compliance with all applicable BSA regulations and SRO rules and will be reviewed and updated on a regular basis to ensure appropriate policies, procedures and internal controls are in place to account for both changes in regulations and changes in our business.

2. AML Compliance Officer Designation and Duties

The Firm designates Timothy E. Taggart as its Anti-Money Laundering Program Compliance Officer, with full responsibility for the Firm's AML program. Timothy E. Taggart is qualified by experience, knowledge and training. The duties of the AML Compliance Officer will include monitoring the Firm's AML compliance, overseeing communication and training for employees. The AML Compliance Officer will also ensure that proper AML records are kept. When warranted, the AML Compliance Officer will ensure Suspicious Activity Reports (SARs) are filed.

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SRO member firms are required to review and update, where necessary, contact and other related information on an annual basis. The annual review must be completed by the AML Compliance Office, or an individual selected by him, within 17 business days after the end of the calendar year. In addition, if there is any change to the information, Mr. Taggart, or an individual he assigns to the task, will update the information promptly, but in any event not later than 30 days following the change.

3. Giving AML Information to Federal Law Enforcement Agencies and Other Financial Institutions

a. FinCEN Requests Under PATRIOT Act Section 314

Under Treasury's final regulations (published in the Federal Register on September 26, 2002), we will respond to a Financial Crimes Enforcement Network (FinCEN) request about accounts or transactions by immediately searching our records, at our Main Office or at one of our branches, to determine whether we maintain or have maintained any account for, or have engaged in any transaction with, each individual, entity, or organization named in FinCEN's request. We understand that we have 14 days (unless otherwise specified by FinCEN) from the transmission date of the request to respond to a 314(a) Request. Unless otherwise stated in FinCEN's request Timothy E. Taggart is the person to be contacted regarding all FinCEN requests. Request or specified by FinCEN, we are required to search those documents outlined in FinCEN's FAQ. If we find a match, Timothy Taggart will report it to FinCEN via FinCEN's Web-based 314(a) Secure Information Sharing System within 14 days or within the time requested by FinCEN in the request. If the search parameters differ from those mentioned above (for example, if FinCEN requests longer periods of time or limits the search to a geographic location), we will limit our search accordingly.

If we search our records and do not uncover a matching account or transaction, then we will not reply to a 314(a) request. We will maintain documentation that we have performed the required search by maintaining a log showing the date of the request, the number of accounts searched, the name of the individual conducting the search and a notation of whether or not a match was found.

We will not disclose the fact that FinCEN has requested or obtained information from us, except to the extent necessary to comply with the information request. We will protect the security and confidentiality of requests from FinCEN and satisfy the requirements of Section 501 of the Gramm-Leach-Bliley Act. Access to FinCEN documentation is limited to Timothy Taggart.

We will direct any questions we have about the request to the requesting Federal law enforcement agency as designated in the 314(a) request.

Unless otherwise stated in the information request, we will not be required to treat the information request as continuing in nature, and we will not be required to treat the request as a list for purposes of the customer identification and verification requirements. We will not use information provided to FinCEN for any purpose other than (1) to report to FinCEN as required under Section 314 of the PATRIOT Act; (2) to

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determine whether to establish or maintain an account, or to engage in a transaction; or (3) to assist the Firm in complying with any requirement of Section 314 of the PATRIOT Act.

b. National Security Letters

National Security Letters (NSLs) are written investigative demands that may be issued by the local Federal Bureau of Investigation and other federal government authorities conducting counterintelligence and counterterrorism investigations to obtain, among other things, financial records of broker-dealers. NSLs are highly confidential. No broker-dealer, officer, employee or agent of the broker-dealer can disclose to any person that a government authority or the FBI has sought or obtained access to records. NSLs will be maintained by Timothy Taggart. If we file a Suspicious Activity Report (SAR-SF) after receiving a NSL, the SAR-SF should not contain any reference to the receipt or existence of the NSL.

c. Grand Jury Subpoenas

We understand that the receipt of a grand jury subpoena concerning a customer does not in itself require that we file a Suspicious Activity Report (SAR-SF). When we receive a grand jury subpoena, we will conduct a risk assessment of the customer subject to the subpoena as well as review the customer's account activity. If we uncover suspicious activity during our risk assessment and review, we will elevate that customer's risk assessment and file a SAR-SF in accordance with the SAR-SF filing requirements. We understand that none of our officers, employees or agents may directly or indirectly disclose to the person who is the subject of the subpoena its existence, its contents or the information we used to respond to it. To maintain the confidentiality of any grand jury subpoena we receive, we will process and maintain the subpoena by limiting knowledge of the request to Timothy Taggart or any other IRC employee assigned by Mr. Taggart. If we file a SAR-SF after receiving a grand jury subpoena, the SAR-SF will not contain any reference to the receipt or existence of the subpoena. The SAR-SF will only contain detailed information about the facts and circumstances of the detected suspicious activity.

d. Sharing Information with Other Financial Institutions

We will share information about those suspected of terrorism and money laundering with other financial institutions for the purposes of identifying and reporting activities that may involve terrorist acts or money laundering activities. Timothy Taggart or an individual assigned by him will file with FinCEN an initial certification before any sharing occurs and annual certifications afterwards. We will use the certification form found at www.treas.gov/fincen. Before we share information with another financial institution, we will take reasonable steps to verify that the other financial institution has submitted the requisite notice to FinCEN, either by obtaining confirmation from the financial institution or by consulting a list of such financial institutions that FinCEN will make available. We understand that this requirement applies even to financial institutions with which we are affiliated, and that we will obtain the requisite notices from affiliates and follow all required procedures. We will employ strict procedures both to ensure that only relevant information is shared and to protect the security and confidentiality of this information, including segregating it from the Firm's other books and records.

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We also will employ procedures to ensure that any information received from another financial institution shall not be used for any purpose other than identifying and, where appropriate, reporting on money laundering or terrorist activities, determining whether to establish or maintain an account, or to engage in a transaction, or assisting the financial institution in complying with performing such activities.

In addition to sharing information with other financial institutions about possible terrorist financing and money laundering, we will also share information about particular suspicious transactions with our clearing broker for purposes of determining whether one of us will file a SAR. In cases in which we file a SAR for a transaction that has been handled both by us and by the clearing broker, we may share with the clearing broker a copy of the filed SAR, unless it would be inappropriate to do so under the circumstances, such as where we filed a SAR concerning the clearing broker or one of its employees.

4. Checking the Office of Foreign Assets Control ("OFAC") List

Before opening an account, and on an ongoing basis, we will check to ensure that a customer does not appear on Treasury's OFAC "Specifically Designated Nationals and Blocked Persons" List (SDN List) (See the OFAC Web Site at www.treas.gov/ofac, which is also available through an automated search tool on www.FINRAr.com/money.asp), and is not from, or engaging in transactions with people or entities from, embargoed countries and regions listed on the OFAC Web Site. Because the OFAC Web Site is updated frequently, we will consult the list on a regular basis and subscribe to receive updates when they occur. We may access these lists through various software programs to ensure speed and accuracy. We will also review existing accounts against these lists when they are updated and we will document our review.

In the event that we determine a customer, or someone with or for whom the customer is transacting, is on the SDN List or is from or engaging in transactions with a person or entity located in an embargoed country or region, we will reject the transaction and/or block the customer's assets and file a blocked assets and/or rejected transaction form with OFAC. We will also call the OFAC Hotline at 1-800-540-6322.

Our review will include customer accounts, transactions involving customers (including activity that passes through the firm such as wires) and the review of customer transactions that involve physical security certificates or application-based investments (e.g., mutual funds).

5. Customer Identification and Verification

In addition to the information we must collect under SEC Rules 17a-3(a)(9) (Beneficial Ownership regarding Cash and Margin Accounts) and 17a-3(a)(17) (Customer Accounts), we have established, documented, and maintained a written Customer Identification Program (or CIP). We will collect certain minimum customer identification information from each customer who opens an account; utilize risk-based measures to verify the identity of each customer who opens an account; record customer identification information and the verification methods and results; provide notice to customers that we will seek identification information and compare customer identification information with government-provided lists of suspected terrorists.

a. Required Customer Information

Prior to opening an account, we will collect the following information for all accounts, if applicable, for any person, entity or organization who is opening a new account and whose name is on the account: the name; date of birth (for an individual); an address, which will be a residential or business street address (for an individual), an Army Post Office ("APO") or Fleet Post Office ("FPO") number, or residential or business street address of next of kin or another contact individual (for an individual who does not have a residential or business street address), or a principal place of business, local office or other physical location (for a person other than an individual); an identification number, which will be a taxpayer identification number (for U.S. persons) or one or more of the following: a taxpayer identification number, passport number and country of issuance, alien identification card number or number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or other similar safeguard (for non-U.S. persons). In the event that a customer has applied for, but has not received, a taxpayer identification number, the customer is subject to withholding until a taxpayer identification number is provided and confirmed. If the customer fails to obtain and provide their taxpayer identification number within a reasonable period of time, generally 90 days after the account is opened, the AML Compliance Officer will promptly be informed and will determine if we should report the situation to FinCEN (i.e., file a Form SAR-SF).

When opening an account for a foreign business or enterprise that does not have an identification number, we will request alternative government-issued documentation certifying the existence of the business or enterprise.

When individuals are unable to provide a second form of ID the AML Compliance Officer may accept, at his discretion, any legal document (such as a power of attorney) or bank statement or other like document, subject to pre-approval by the CCO. All documents submitted must be verifiable by conventional means. Acceptance of any form of ID is at the sole discretion of the CCO on a case-by-case basis.

b. Customers Who Refuse To Provide Information

If a potential or existing customer either refuses to provide the information described above when requested, or appears to have intentionally provided misleading information, our Firm will not open a new account and, after considering the risks involved, consider closing any existing account. In either case, our AML Compliance Officer will be notified so that we can determine whether we should report the situation to FinCEN (i.e., file a Form SAR-SF).

c. Verifying Information

Based on the risk, and to the extent reasonable and practicable, we will ensure that we have a reasonable belief that we know the true identity of our customers by using risk-based procedures to verify and document the accuracy of the information we get about our customers. In verifying customer identity, we will analyze any logical inconsistencies in the information we obtain.

We will verify customer identity through documentary evidence, non-documentary evidence, or both. We will use documents to verify customer identity when appropriate documents are available. In light of the increased instances of identity fraud, we will supplement the use of documentary evidence by using the non-documentary means described below whenever possible. We may also use such non-documentary means, after using documentary evidence, if we are still uncertain about whether we know the true identity of the customer. In analyzing the verification information, we will consider whether there is a logical consistency among the identifying information provided, such as the customer's name, street address, zip code, telephone number (if provided), date of birth, and social security number.

Appropriate documents for verifying the identity of customers include, but are not limited to, the following:

For an individual, an unexpired government-issued identification evidencing nationality, residence, and bearing a photograph or similar safeguard, such as a driver's license or passport; and
for a person other than an individual, documents showing the existence of the entity, such as certified articles of incorporation, a government-issued business license, a partnership agreement, or a trust instrument.

We understand that we are not required to take steps to determine whether the document that the customer has provided to us for identity verification has been validly issued and that we may rely on a government-issued identification as verification of a customer's identity. If, however, we note that the document shows some obvious form of fraud, we must consider that factor in determining whether we can form a reasonable belief that we know the customer's true identity.

We will use the following non-documentary methods of verifying identity:

Contacting a customer;

Independently verifying the customer's identity through the comparison of information provided by the customer with information obtained from a consumer reporting agency, public database, or other source;

Checking references with other financial institutions; or

Obtaining a financial statement;

Performing a Background Check (i.e., Credit Reports, et al).

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We will use non-documentary methods of verification in the following situations: (1) when the customer is unable to present an unexpired government-issued identification document with a photograph or other similar safeguard; (2) when the Firm is unfamiliar with the documents the customer presents for identification verification; (3) when the customer and the Firm, or a Representative of the Firm, do not have face-to-face contact; and (4) when there are other circumstances that increase the risk that the Firm will be unable to verify the true identity of the customer through documentary means.

We will verify the information within a reasonable time before or after the account is opened. Depending on the nature of the account and requested transactions, we may refuse to complete a transaction before we have verified the information, or in some instances when we need more time, we may, pending verification, restrict the types of transactions or dollar amount of transactions. If we find suspicious information that indicates possible money laundering or terrorist financing activity, we will, after internal consultation with the Firm's AML Compliance Officer, file a SAR-SF in accordance with applicable law and regulation.

We recognize that the risk that we may not know the customer's true identity may be heightened for certain types of accounts, such as an account opened in the name of a corporation, partnership or trust that is created or conducts substantial business in a jurisdiction that has been designated by the U.S. as a primary money laundering concern or has been designated as non-cooperative by an international body. We will identify customers that pose a heightened risk of not being properly identified. Therefore, we will take the following additional measures that may be used to obtain information about the identity of the individuals associated with the customer when standard documentary methods prove to be insufficient:

Perform background checks on individuals responsible for the financial condition and operations of said corporation, partnership or trust account(s).

Report all findings to the AML Compliance Officer prior to opening the account. The AML Compliance Officer will make the final decision if the account should be opened, request additional information and/or file a SAR-SF with FinCEN.

d. Lack of Verification

When we cannot form a reasonable belief that we know the true identity of a customer, we will do the following: (A) not open an account; (B) impose terms under which a customer may conduct transactions while we attempt to verify the customer's identity; (C) close an account after attempts to verify a customer's identity fail; and (D) file a SAR-SF in accordance with applicable law and regulation.

e. Recordkeeping

We will document our verification, including all identifying information provided by a customer, the methods used and results of verification, and the resolution of any discrepancy in the identifying information. We will keep records containing a description of any document that we

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relied on to verify a customer's identity, noting the type of document, any identification number contained in the document, the place of issuance, and if any, the date of issuance and expiration date. With respect to non-documentary verification, we will retain documents that describe the methods and the results of any measures we took to verify the identity of a customer. We will maintain records of all identification information for five years after the account has been closed; we will retain records made about verification of the customer's identity for five years after the record is made.

f. Comparison with Government Provided Lists of Terrorists and Other Criminals

From time to time, we may receive notice that a Federal government agency has issued a list of known or suspected terrorists. Within a reasonable period of time after an account is opened (or earlier, if required by another Federal law or regulation or Federal directive issued in connection with an applicable list), we will determine whether a customer appears on any such list of known or suspected terrorists or terrorist organizations issued by any Federal government agency and designated as such by Treasury in consultation with the Federal functional regulators. We will follow all Federal directives issued in connection with such lists.

We will continue to comply with Treasury's Office of Foreign Asset Control rules prohibiting transactions with certain foreign countries or their nationals.

g. Notice to Customers

We will provide notice to customers that the Firm is requesting information from them to verify their identities, as required by Federal law via U.S. Mail. Additionally the following language is provided in the form of an addendum to each new account application to every prospective customer.

Important Information About Procedures for Opening a New Account

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account.

What this means for you: When you open an account, we will ask for your name, address, date of birth and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

h. Reliance on Another Financial Institution for Identity Verification

We may, under the following circumstances, rely on the performance by another financial institution (including an affiliate) of some or all of the elements of our customer identification program with respect to any customer that is opening an account or has established an account or similar business relationship with the other financial institution to provide or engage in services, dealings, or other financial transactions:

When such reliance is reasonable under the circumstances;

When the other financial institution is subject to a rule implementing the anti-money laundering compliance program requirements of 31 U.S.C. 5318(h), and is regulated by a Federal functional regulator; and
When the other financial institution has entered into a contract with our Firm requiring it to certify annually to us that it has implemented its anti-money laundering program, and that it will perform (or its agent will perform) specified requirements of the customer identification program.

6. Foreign Correspondent Accounts and Foreign Shell Banks
Investment Research Corporation has not/will not establish, maintain, administer, or manage correspondent accounts for unregulated foreign shell banks. The Firm's CCO reviews each account to ensure no account is established for such entity.

7. Private Banking Accounts/Foreign Officials
Investment Research Corporation has not/will not establish, maintain, administer, or manage Private Banking Accounts. The Firm's CCO reviews each account to ensure no account is established for such entity.

8. Monitoring Accounts for Suspicious Activity
We will manually monitor a sufficient amount of account activity to permit identification of patterns of unusual size, volume, pattern or type of transactions, geographic factors such as whether jurisdictions designated as "non-cooperative" are involved, or any of the "red flags" identified in Section 8. b. below. We will look at transactions, including trading and wire transfers, in the context of other account activity to determine if a transaction lacks financial sense or is suspicious because it is an unusual strategy for that customer. The AML Compliance Officer or his or her designee, in consultation with Pershing, will be responsible for this monitoring, will document when and how it is carried out, and will report suspicious activities to the appropriate authorities. Among the information we will use to determine whether to file a SAR are exception reports that include transaction size, location, type, number, and nature of the activity. We will create employee guidelines with examples of suspicious money laundering activity and lists of high-risk clients whose accounts may warrant further scrutiny. Our AML Compliance Officer will conduct an appropriate investigation before a SAR is filed.
Additionally, from time to time, an associate of the AMLO's choosing will perform independent audits on a random sampling of accounts to verify their authenticity as well as look for any red flags as identified in section 8.b. below.

a. Emergency Notification to the Government by Telephone
When conducting due diligence or opening an account, we will immediately call Federal law enforcement when necessary, and especially in these emergencies: a legal or beneficial account holder or person with whom the account holder is engaged in a transaction is listed on or located in a country or region listed on the OFAC list, an account is held by an entity that is owned or controlled by a person or entity listed on the OFAC list, a customer tries to use bribery, coercion, or similar means to open an account or carry out a suspicious activity, we have reason to believe the customer is trying to move illicit cash out of the government's reach, or we have reason to believe the customer is

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about to use the funds to further an act of terrorism. We will first call the OFAC Hotline at 1-800-540-6322. The other contact numbers we will use are: Financial Institutions Hotline (1-866-556-3974), local U.S. Attorney's Office, local FBI Office and local SEC Office.

b. Red Flags

Red flags that signal possible money laundering or terrorist financing include, but are not limited to:

1. Potential Red Flags in Customer Due Diligence and Interactions with Customers
   a. The customer provides the firm with unusual or suspicious identification documents that cannot be readily verified or are inconsistent with other statements or documents that the customer has provided. Or, the customer provides information that is inconsistent with other available information about the customer. This indicator may apply to account openings and to interaction subsequent to account opening.
   b. The customer is reluctant or refuses to provide the firm with complete customer due diligence information as required by the firm's procedures, which may include information regarding the nature and purpose of the customer's business, prior financial relationships, anticipated account activity, business location and, if applicable, the entity's officers and directors.
   c. The customer refuses to identify a legitimate source of funds or information is false, misleading or substantially incorrect.
   d. The customer is domiciled in, doing business in or regularly transacting with counterparties in a jurisdiction that is known as a bank secrecy haven, tax shelter, high-risk geographic location (e.g., known as a narcotics producing jurisdiction, known to have ineffective AML/Combating the Financing of Terrorism systems) or conflict zone, including those with an established threat of terrorism.
   e. The customer has difficulty describing the nature of his or her business or lacks general knowledge of his or her industry.
   f. The customer has no discernable reason for using the firm's service or the firm's location (e.g., the customer lacks roots to the local community or has gone out of his or her way to use the firm).
   g. The customer has been rejected or has had its relationship terminated as a customer by other financial services firms.
   h. The customer's legal or mailing address is associated with multiple other accounts or businesses that do not appear related.
   i. The customer appears to be acting as an agent for an undisclosed principal, but is reluctant to provide information.
   j. The customer is a trust, shell company or private investment company that is reluctant to provide information on controlling parties and underlying beneficiaries.
   k. The customer is publicly known or known to the firm to have criminal, civil or regulatory proceedings against him or her for crime, corruption or misuse of public funds, or is known to associate with such persons. Sources for this information could include news items, the Internet or commercial database searches.
   l. The customer's background is questionable or differs from expectations based on business activities.

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m. The customer maintains multiple accounts, or maintains accounts in the names of family members or corporate entities, with no apparent business or other purpose.

n. An account is opened by a politically exposed person (PEP), particularly in conjunction with one or more additional risk factors, such as the account being opened by a shell company beneficially owned or controlled by the PEP, the PEP is from a country which has been identified by FATF as having strategic AML regime deficiencies, or the PEP is from a country known to have a high level of corruption.

o. An account is opened by a non-profit organization that provides services in geographic locations known to be at higher risk for being an active terrorist threat.

p. An account is opened in the name of a legal entity that is involved in the activities of an association, organization or foundation whose aims are related to the claims or demands of a known terrorist entity.

q. An account is opened for a purported stock loan company, which may hold the restricted securities of corporate insiders who have pledged the securities as collateral for, and then defaulted on, purported loans, after which the securities are sold on an unregistered basis.

r. An account is opened in the name of a foreign financial institution, such as an offshore bank or broker-dealer, that sells shares of stock on an unregistered basis on behalf of customers.

s. An account is opened for a foreign financial institution that is affiliated with a U.S. broker-dealer, bypassing its U.S. affiliate, for no apparent business purpose. An apparent business purpose could include access to products or services the U.S. affiliate does not provide.

2. Potential Red Flags in Deposits of Securities

a. A customer opens a new account and deposits physical certificates, or delivers in shares electronically, representing a large block of thinly traded or low-priced securities.

b. A customer has a pattern of depositing physical share certificates, or a pattern of delivering in shares electronically, immediately selling the shares and then wiring, or otherwise transferring out the proceeds of the sale(s).

c. A customer deposits into an account physical share certificates or electronically deposits or transfers shares that:

1. were recently issued or represent a large percentage of the float for the security;
2. reference a company or customer name that has been changed or that does not match the name on the account;
3. were issued by a shell company;
4. were issued by a company that has no apparent business, revenues or products;
5. were issued by a company whose SEC filings are not current, are incomplete, or nonexistent;
6. were issued by a company that has been through several recent name changes or business combinations or recapitalizations;
7. were issued by a company that has been the subject of a prior trading suspension; or

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8. were issued by a company whose officers or insiders have a history of regulatory or criminal violations, or are associated with multiple low-priced stock issuers.

d. The lack of a restrictive legend on deposited shares seems inconsistent with the date the customer acquired the securities, the nature of the transaction in which the securities were acquired, the history of the stock or the volume of shares trading.

e. A customer with limited or no other assets at the firm receives an electronic transfer or journal transfer of large amounts of low-priced, non-exchange-listed securities.

f. The customer's explanation or documents purporting to evidence how the customer acquired the shares does not make sense or changes upon questioning by the firm or other parties. Such documents could include questionable legal opinions or securities purchase agreements.

g. The customer deposits physical securities or delivers in shares electronically, and within a short time-frame, requests to journal the shares into multiple accounts that do not appear to be related, or to sell or otherwise transfer ownership of the shares.

h. Seemingly unrelated clients open accounts on or at about the same time, deposit the same low-priced security and subsequently liquidate the security in a manner that suggests coordination.

3. Potential Red Flags in Securities Trading

a. The customer, for no apparent reason or in conjunction with other "red flags," engages in transactions involving certain types of securities, such as penny stocks, Regulation "S" stocks and bearer bonds, which although legitimate, have been used in connection with fraudulent schemes and money laundering activity. (Such transactions may warrant further due diligence to ensure the legitimacy of the customer's activity.)

b. There is a sudden spike in investor demand for, coupled with a rising price in, a thinly traded or low-priced security.

c. The customer's activity represents a significant proportion of the daily trading volume in a thinly traded or low-priced security.

d. A customer buys and sells securities with no discernable purpose or circumstances that appear unusual.

e. Individuals known throughout the industry to be stock promoters sell securities through the broker-dealer.

f. A customer accumulates stock in small increments throughout the trading day to increase price.

g. A customer engages in pre-arranged or other non-competitive securities trading, including wash or cross trades, with no apparent business purpose.

h. A customer attempts to influence the closing price of a stock by executing purchase or sale orders at or near the close of the market.

i. A customer engages in transactions suspected to be associated with cyber breaches of customer accounts, including potentially unauthorized disbursements of funds or trades.

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j. A customer engages in a frequent pattern of placing orders on one side of the market, usually inside the existing National Best Bid or Offer (NBBO), followed by the customer entering orders on the other side of the market that execute against other market participants that joined the market at the improved NBBO (activity indicative of "spoofing").

k. A customer engages in a frequent pattern of placing multiple limit orders on one side of the market at various price levels, followed by the customer entering orders on the opposite side of the market that are executed and the customer cancelling the original limit orders (activity indicative of "layering").

l. Two or more unrelated customer accounts at the firm trade an illiquid or low-priced security suddenly and simultaneously.

m. The customer makes a large purchase or sale of a security, or option on a security, shortly before news or a significant announcement is issued that affects the price of the security.

n. The customer is known to have friends or family who work at or for the securities issuer, which may be a red flag for potential insider trading or unlawful sales of unregistered securities.

o. The customer's purchase of a security does not correspond to the customer's investment profile or history of transactions (e.g., the customer may never have invested in equity securities or may have never invested in a given industry, but does so at an opportune time) and there is no reasonable explanation for the change.

p. The account is using a master/sub structure, which enables trading anonymity with respect to the sub-accounts' activity, and engages in trading activity that raises red flags, such as the liquidation of microcap issuers or potentially manipulative trading activity.

q. The firm receives regulatory inquiries or grand jury or other subpoenas concerning the firm's customers' trading.

r. The customer engages in a pattern of transactions in securities indicating the customer is using securities to engage in currency conversion. For example, the customer delivers in and subsequently liquidates American Depository Receipts (ADRs) or dual currency bonds for U.S. dollar proceeds, where the securities were originally purchased in a different currency.

s. The customer engages in mirror trades or transactions involving securities used for currency conversions, potentially through the use of offsetting trades.

t. The customer appears to buy or sell securities based on advanced knowledge of pending customer orders.

4. Potential Red Flags in Money Movements

a. The customer attempts or makes frequent or large deposits of currency, insists on dealing only in cash equivalents, or asks for exemptions from the firm's policies and procedures relating to the deposit of cash and cash equivalents.

b. The customer "structures" deposits, withdrawals or purchases of monetary instruments below a certain amount to avoid reporting or recordkeeping requirements, and may state directly that they are trying to avoid triggering a reporting obligation or to evade taxing authorities.

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c. The customer seemingly breaks funds transfers into smaller transfers to avoid raising attention to a larger funds transfer. The smaller funds transfers do not appear to be based on payroll cycles, retirement needs, or other legitimate regular deposit and withdrawal strategies.

d. The customer's account shows numerous currency, money order (particularly sequentially numbered money orders) or cashier's check transactions aggregating to significant sums without any apparent business or lawful purpose.

e. The customer frequently changes bank account details or information for redemption proceeds, in particular when followed by redemption requests.

f. The customer makes a funds deposit followed by an immediate request that the money be wired out or transferred to a third party, or to another firm, without any apparent business purpose.

g. Wire transfers are made in small amounts in an apparent effort to avoid triggering identification or reporting requirements.

h. Incoming payments are made by third-party checks or checks with multiple endorsements.

i. Outgoing checks to third parties coincide with, or are close in time to, incoming checks from other third parties.

j. Payments are made by third party check or money transfer from a source that has no apparent connection to the customer.

k. Wire transfers are made to or from financial secrecy havens, tax havens, high-risk geographic locations or conflict zones, including those with an established presence of terrorism.

l. Wire transfers originate from jurisdictions that have been highlighted in relation to black market peso exchange activities.

m. The customer engages in transactions involving foreign currency exchanges that are followed within a short time by wire transfers to locations of specific concern (e.g., countries designated by national authorities, such as FATF, as non-cooperative countries and territories).

n. The parties to the transaction (e.g., originator or beneficiary) are from countries that are known to support terrorist activities and organizations.

o. Wire transfers or payments are made to or from unrelated third parties (foreign or domestic), or where the name or account number of the beneficiary or remitter has not been supplied.

p. There is wire transfer activity that is unexplained, repetitive, unusually large, shows unusual patterns or has no apparent business purpose.

q. The securities account is used for payments or outgoing wire transfers with little or no securities activities (i.e., account appears to be used as a depository account or a conduit for transfers, which may be purported to be for business operating needs).

r. Funds are transferred to financial or depository institutions other than those from which the funds were initially received, specifically when different countries are involved.

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s. The customer engages in excessive journal entries of funds between related or unrelated accounts without any apparent business purpose.
t. The customer uses a personal/individual account for business purposes or vice versa.
u. A foreign import business with U.S. accounts receives payments from outside the area of its customer base.
v. There are frequent transactions involving round or whole dollar amounts purported to involve payments for goods or services.
w. Upon request, a customer is unable or unwilling to produce appropriate documentation (e.g., invoices) to support a transaction, or documentation appears doctored or fake (e.g., documents contain significant discrepancies between the descriptions on the transport document or bill of lading, the invoice, or other documents such as the certificate of origin or packing list).
x. The customer requests that certain payments be routed through nostro14 or correspondent accounts held by the financial intermediary instead of its own accounts, for no apparent business purpose.
y. Funds are transferred into an account and are subsequently transferred out of the account in the same or nearly the same amounts, especially when the origin and destination locations are high-risk jurisdictions.
z. A dormant account suddenly becomes active without a plausible explanation (e.g., large deposits that are suddenly wired out).
aa. Nonprofit or charitable organizations engage in financial transactions for which there appears to be no logical economic purpose or in which there appears to be no link between the stated activity of the organization and the other parties in the transaction.
bb. There is unusually frequent domestic and international automated teller machine (ATM) activity.
cc. A person customarily uses the ATM to make several deposits into a brokerage account below a specified BSA/AML reporting threshold.
dd. Many small, incoming wire transfers or deposits are made using checks and money orders that are almost immediately withdrawn or wired out in a manner inconsistent with the customer's business or history; the checks or money orders may reference in a memo section "investment" or "for purchase of stock." This may be an indicator of a Ponzi scheme or potential funneling activity.
ee. Wire transfer activity, when viewed over a period of time, reveals suspicious or unusual patterns, which could include round dollar, repetitive transactions or circuitous money movements.

5. Potential Red Flags in Insurance Products
a. The customer cancels an insurance contract and directs that the funds be sent to a third party.
b. The customer deposits an insurance annuity check from a cancelled policy and immediately requests a withdrawal or transfer of funds.

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c. The customer cancels an annuity product within the free-look period. This could be a red flag if accompanied with suspicious indicators, such as purchasing the annuity with several sequentially numbered money orders or having a history of cancelling annuity products during the free-look period.
d. The customer opens and closes accounts with one insurance company, then reopens a new account shortly thereafter with the same insurance company, each time with new ownership information.
e. The customer purchases an insurance product with no concern for the investment objective or performance.

6. Other Potential Red Flags
   a. The customer is reluctant to provide information needed to file reports to proceed with the transaction.
   b. The customer exhibits unusual concern with the firm's compliance with government reporting requirements and the firm's AML policies.
   c. The customer tries to persuade an employee not to file required reports or not to maintain the required records.
   d. Notifications received from the broker-dealer's clearing firm that the clearing firm had identified potentially suspicious activity in customer accounts. Such notifications can take the form of alerts or other concern regarding negative news, money movements or activity involving certain securities.
   e. Law enforcement has issued subpoenas or freeze letters regarding a customer or account at the securities firm.
   f. The customer makes high-value transactions not commensurate with the customer's known income or financial resources.
   g. The customer wishes to engage in transactions that lack business sense or an apparent investment strategy, or are inconsistent with the customer's stated business strategy.
   h. The stated business, occupation or financial resources of the customer are not commensurate with the type or level of activity of the customer.
   i. The customer engages in transactions that show the customer is acting on behalf of third parties with no apparent business or lawful purpose.
   k. The customer engages in transactions that show a sudden change inconsistent with normal activities of the customer.
   l. Securities transactions are unwound before maturity, absent volatile market conditions or other logical or apparent reason.
   m. The customer does not exhibit a concern with the cost of the transaction or fees (e.g., surrender fees, or higher than necessary commissions).
   n. A borrower defaults on a cash-secured loan or any loan that is secured by assets that are readily convertible into currency.
   o. There is an unusual use of trust funds in business transactions or other financial activity.

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c. Responding to Red Flags and Suspicious Activity

When an employee of the Firm detects any red flag he or she will investigate further under the direction of the AML Compliance Officer. This may include gathering additional information internally or from third party sources, contacting the government, freezing the account, and filing a SAR.

9. Suspicious Transactions and BSA Reporting

a. Filing a Form SAR-SF

We will file Form SAR-SFs for any account activity (including deposits and transfers) conducted or attempted through our Firm involving (or in the aggregate) $5,000 or more of funds or assets where we know, suspect, or have reason to suspect: 1) the transaction involves funds derived from illegal activity or is intended or conducted in order to hide or disguise funds or assets derived from illegal activity as part of a plan to violate or evade federal law or regulation or to avoid any transaction reporting requirement under federal law or regulation, 2) the transaction is designed, whether through structuring or otherwise, to evade any requirements of the BSA regulations, 3) the transaction has no business or apparent lawful purpose or is not the sort in which the customer would normally be expected to engage, and we know, after examining the background, possible purpose of the transaction and other facts, of no reasonable explanation for the transaction, or 4) the transaction involves the use of the Firm to facilitate criminal activity.

We will not base our decision on whether to file a SAR-SF solely on whether the transaction falls above a set threshold. We will file a SAR-SF and notify law enforcement of all transactions that raise an identifiable suspicion of criminal, terrorist, or corrupt activities. [See: NtM 02-21, page 9.] In high-risk situations, we will notify the government immediately (See Section 8 for contact numbers) and will file a SAR-SF with FinCEN. Securities law violations that are reported to the SEC or a Self-Regulatory Organization (SRO) may also be reported promptly to the local U.S. Attorney, as appropriate.

We will not file SAR-SFs to report violations of Federal securities laws or SRO rules by our employees or IARs that do not involve money laundering or terrorism, but we will report them to the SEC or SRO. [See: NtM 02-21, page 10, n.35.]

All SAR-SFs will be periodically reported to the Firm's Board of Directors and senior management, with a clear reminder of the need to maintain the confidentiality of the SAR-SF.

We will report suspicious transactions by completing a SAR-SF and we will collect and maintain supporting documentation as required by the BSA regulations. We will file a SAR-SF no later than 30 calendar days after the date of the initial detection of the facts that constitute a basis for filing a SAR-SF. If no suspect is identified on the date of initial detection, we may delay filing the SAR-SF for an additional 30 calendar days pending identification of a suspect, but in no case, will the reporting be delayed more than 60 calendar days after the date of initial detection.

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We will retain copies of any SAR-SF filed and the original or business record equivalent of any supporting documentation for five years from the date of filing the SAR-SF. We will identify and maintain supporting documentation and make such information available to FinCEN, any other appropriate law enforcement agencies, or federal or state securities regulators, upon request.

We will not notify any person involved in the transaction that the transaction has been reported, except as permitted by the BSA regulations. We understand that anyone who is subpoenaed or asked to disclose a SAR-SF or the information contained in the SAR-SF, except where disclosure is requested by FinCEN, the SEC, or another appropriate law enforcement or regulatory agency or an SRO registered with the SEC, will decline to produce the SAR-SF or to provide any information that would disclose that a SAR-SF was prepared or filed. We will notify FinCEN of any such request and our response.

b. Currency Transaction Reports (CTR)

Our Firm prohibits the receipt of currency and has the following procedures to prevent its receipt: The Firm's CCO will review each transaction to assure that we do not accept currency. If we discover currency has been received, we will file with FinCEN CTRs for transactions involving currency that exceed $10,000. Multiple transactions will be treated as a single transaction if they total more than $10,000 during any one business day. We will use the CTR form at http://www.fincen.gov/reg_bsaforms.html#4789.
The Firm will file the CTR by the 15th calendar day after the day of the transaction with the IRS Detroit Computing Center, ATTN: CTR, P. O. Box 33604, Detroit, MI 48232-5604 or with our local IRS office. We will keep a copy (either paper or magnetic) of each CTR for at least five years from the date filed.

c. Currency and Monetary Instrument Transportation Reports (CMIR)

Our Firm prohibits the receipt of currency and has the procedures described in the previous subsection to prevent its receipt. If we discover currency has been received, we will file with the Commissioner of Customs a CMIR whenever the transmitter transports, mails, ships or receives or causes or attempts to transport, mail, ship or receive monetary instruments of more than $10,000 at one time (on one calendar day or, if for the purpose of evading the reporting requirements, on one or more days) in or out of the U.S. We will file a CMIR for all such shipments or receipts of monetary instruments, except for currency or monetary instruments shipped or mailed through the postal service or by common carrier. We will, however, file a CMIR for such receipts of currency and monetary instruments and for shipments and deliveries made by the transmitter by means other than the postal service or common carrier, even when such shipment or transport is made by the transmitter to an office of the Firm located outside the U.S. We will use the CMIR Form at http://www.treas.gov/fincen/f4790newfillin.pdf. Form 105 shall be filed within 15 days after receipt of the monies with the Commissioner of Customs, Attention: Currency Transportation Reports, Washington DC 20229.

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d. Foreign Bank and Financial Accounts Reports (FBAR)
We will file with FinCEN an FBAR for any financial accounts that we hold, or for which we have signature or other authority over, in a foreign country of more than $10,000. We will use the FBAR Form at http://www.treas.gov/fincen/f90221.pdf.

e. Transfers of $3,000 or More Under the Joint and Travel Rule
When we transfer funds of $3,000 or more, we will record on the transmittal order at least the following information: the name and address of the transmitter and recipient, the amount of the transmittal order, the identity of the recipient's financial institution, and the account number of the recipient. We will also verify the identity of transmitters and recipients who are not established customers of the Firm (i.e., customers of the Firm who have not previously maintained an account with us or for whom we have not obtained and maintained a file with the customer's name, address, taxpayer identification number, or, if none, alien identification number or passport number and country of issuance).

10. AML Record Keeping

a. SAR Maintenance and Confidentiality
We will hold SARs and any supporting documentation confidential. We will not inform anyone outside of a law enforcement or regulatory agency or securities regulator about a SAR. We will deny any subpoena requests for SARs or SAR information and immediately tell FinCEN of any such subpoena we receive. We will segregate SAR filings and copies of supporting documentation from other Firm books and records to avoid disclosing SAR filings. Our AML Compliance Officer will handle all subpoenas or other requests for SARs. We will share information with our clearing broker about suspicious transactions for determining when a SAR should be filed. As mentioned earlier, we may share with the clearing broker a copy of the filed SAR – unless it would be inappropriate to do so under the circumstances, such as where we file a SAR concerning the clearing broker or its employees.

b. Responsibility for AML Records and SAR Filing
Our AML Compliance Officer and his or her designee will be responsible to ensure that AML records are maintained properly and that SARs are filed as required.

c. Records Required
As part of our AML program, our Firm will create and maintain SARs, CTRs, CMIRs, FBARs, and relevant documentation on customer identity and verification (See Section 4.c. above), and fund transfers and transmittals as well as any records related to customers listed on the OFAC list. We will maintain SARs and their accompanying documentation for at least five years. Other documents will be kept according to existing BSA and other record keeping requirements, including certain SEC rules that require six-year retention.

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11. Clearing/Introducing Firm Relationships

We will work closely with our clearing firm to detect money laundering. We will exchange information, records, data and exception reports as necessary to comply with AML laws. Both our Firm and our clearing firm have filed (and kept undated) the necessary annual certifications for such information sharing, which can be found at http://www.fincen.gov/fi_infoappb.html. As a general matter, we have agreed that our clearing firm will monitor customer activity on our behalf, and we will provide our clearing firm with proper customer identification information as required to successfully monitor customer transactions. We have allocated these functions and set them forth in a written document. We understand that the allocation of functions will not relieve either of us from our independent obligation to comply with AML laws, except as specifically allowed under the PATRIOT Act and its implementing regulations.

12. Training Programs

We will develop ongoing employee training under the leadership of the AML Compliance Officer. Our training will occur on at least an annual basis. It will be based on our Firm's size, its customer base, and its resources.

Our training will include, at a minimum: how to identify red flags and signs of money laundering that arise during the course of the employees' duties; what to do once the risk is identified; what employees' roles are in the Firm's compliance efforts and how to perform them; the Firm's record retention policy; and the disciplinary consequences (including civil and criminal penalties) for non-compliance with the PATRIOT Act.

We will develop training in our Firm, or contract for it. Delivery of the training may include educational pamphlets, videos, intranet systems, in-person lectures, and explanatory memos. Currently our training program is included with the Firm's Annual Compliance Meeting held with each IAR. We will maintain records to show the persons trained the dates of training, and the subject matter of their training.

We will review our operations to see if certain employees, such as those in compliance, margin, and corporate security, require specialized additional training. Our written procedures will be updated to reflect any such changes.

13. Program to Test AML Program

a. Staffing

The internal testing of our AML program will be performed by Timothy E. Taggart annually. Annually as part of the testing Mr. Taggart will research new rules and proposed rules under section 311 of the USA Patriot Act.
Additionally, a review of our AML program will be performed by an independent party, at least annually.

b. Evaluation and Reporting

AML testing will be completed at least annually. After we have completed the testing, Firm staff will report its findings to the President. We will address each of the resulting recommendations.

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c. Additional Independent Testing
Additionally, from time to time, Tait Weller and Baker LLP will perform independent audits on a random sampling of accounts to verify their authenticity as well as look for any red flags as identified in section 8.b. above. Tait Weller Baker LLP is also the Firm's independent auditor. Any individual or outside audit entity will not suffer any form of retaliation for making adverse comments regarding the Firm's AML Procedures. If said individual feels that they are suffering retaliation it should be reported immediately to the CCO and/or the Firm's Board of Directors.

14. Monitoring Employee Conduct and Accounts
We will subject employee accounts to the same AML procedures as customer accounts, under the supervision of the AML Compliance Officer. We will also review the AML performance of supervisors, as part of their annual performance review. The AML Compliance Officer's accounts will be reviewed by the Firm's President.

15. Confidential Reporting of AML Non-Compliance
Employees must report any violations of the Firm's AML compliance program to the AML Compliance Officer, unless the violations implicate the AML Compliance Officer, in which case the employee shall report to the President. Such reports will be confidential, and the employee will suffer no retaliation for making them.

16. Additional Areas of Risk
The Firm has reviewed all areas of its business to identify potential money laundering risks that may not be covered in the procedures described above. No other areas of risk have been identified.

17. Senior Manager Approval
I have approved this AML program as reasonably designed to achieve and monitor our Firm's ongoing compliance with the requirements of the BSA and the implementing regulations under it.

Signed: /s/ Timothy E. Taggart
Title: President
AML Compliance Officer
Date: 06/26/2019

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