# I. INTRODUCTION[[1]](#footnote-1)

The Manual should be kept at hand for easy reference. You are asked and encouraged to raise questions, criticisms or comments about the manual. Suggestions for changes or additions are welcome. **Any questions regarding compliance issues must be directed to the Senior Vice-President – Compliance who is the Chief Compliance Officer**

**The Firm expects you to be thoroughly familiar with the procedures and policies as set forth in this manual.**  Adherence to the policies and procedures set forth will help to achieve our goal of uniform compliance. The Firm also requires you to be familiar with the Code of Ethics which is available to all employees and to clients upon request.

A. Use and Distribution of the Manual. The Manual is a basic part of the Firm's Compliance Program. It is intended to be revised or supplemented from time to time. **It is the responsibility of the holder to see that his/her copy is up to date by inserting new material as instructed or review the current copy on a shared directory. The adequacy of the policies and procedures will be evaluated at least annually and a report provided to management.**

Regarding the Manual, each officer, principal, manager, supervisor or any other person having managerial or supervisory responsibilities must:

(1) know and understand the contents;

(2) provide new employees, including trainees, with a copy;

(3) ensure that all holders of the Manual whom you supervise know and understand the contents, and use it in day‑to‑day activities;

(4) ensure that any supplements are distributed to persons under your supervision with proper instructions for their use.

See the Firm’s organizational chart for the supervisory system.

B. Overview of the Advisers Act. Before we begin our examination of specific compliance issues, which you should understand, we need to first examine existing Investment Adviser regulations and determine how and to what extent they affect you.

Congress enacted the Investment Advisers Act of l940 after finding that the activities of those providing investment advice or investment advisory materials were of national concern because of their effect on the economy. Certain sections of the 1940’s Investment Advisors Act are not referred in this manual due to the inapplicable nature of them in a manual such as this. These are:

275.0-2 General procedures for serving non-residents

275.0-3 References for rules and regulations.

275.0-5 Procedure with respect to applications and other matters.

275.0-6 Incorporations by reference in applications.

275.0-7 Small Entities under the Investment Advisors Act for

purposes of the Regulatory Flexibility Act.

275.203A-5 Reserved.

275.203A-6 Reserved

275.205-1 Definition of “Investment Performance” of an Investment company and “Investment Record” of an Appropriate Index of Securities Prices.

275.205-2 Definition of “Specified Period” over which the asset value of the company or fund under management is averaged.

275.206 (3)-1 Exemption of Investment Advisers registered as Broker Dealers in connection with the provision of certain Investment Advisory services.

275.222-1 Definitions.

275.222-2 Definition of “client” for purposes of the National De Minimus Standard.

One of the important provisions of the Investment Advisers Act of l940 calls for the registration of Investment Advisers with the Securities and Exchange Commission (the "Commission"). Once registered, the Adviser must comply with the statute and regulations promulgated under the Investment Advisers Act of l940. Included among these are numerous anti‑fraud provisions and various disclosure and financial reporting requirements. In general beginning in 2011 advisers with assets under management greater than $100 million will be registered with the SEC.

All other advisers are registered with and regulated by states.

1. Definitions.

For purposes of section 203A of the Act (15 U.S.C. 80b-3a) and the rules thereunder:

**Investment Adviser Representative**. “Investment adviser representative” of an investment adviser means a supervised person of the investment adviser.

(i) Who has more than five clients who are natural persons (other than excepted persons described in paragraph (a)(3)(i) of this section); and

(ii) More than 10 percent of whose clients are natural persons (other than excepted persons described in paragraph (a)(3)(i) of this section).

(1) Notwithstanding paragraph (a)(1) of this section, a supervised person is not an investment adviser representative if the supervised person:

(i) Does not on a regular basis solicit, meet with, or otherwise communicate with clients of the investment adviser; or

(ii) Provides only impersonal investment advice

1. For purposes of this section:

(i) “Excepted person” means a natural person who is a qualified client as described in §275.205-3(d)(1).

(ii) “Impersonal investment advice” means investment advisory services provided by means of written material or oral statements that do not purport to meet the objectives or needs of specific individuals or accounts.

1. Supervised persons may rely on the definition of “client” in §275.203(b)(3)-1 without giving regard to paragraph (b) (6) of that section to identify clients for purposes of paragraph (a)(1) of this section, except that supervised persons need not count clients that are not residents of the United States.

**Place of Business**. “Place of business” of an investment adviser representative means:

(1) An office at which the investment adviser representative regularly provides investment advisory services, solicits, meets with, or otherwise communicates with clients; and

1. Any other location that is held out to the general public as a location at which the investment adviser representative provides investment advisory services, solicits, meets with or otherwise communicates with clients.

**Principal Office and Place of Business**. “Principal office and place of business” of an investment adviser means the executive office of the investment adviser from which the officers, partners, or managers of the investment adviser direct, control, and coordinate the activities of the investment adviser.

**“Client” of an Investment Adviser.**

(1) General. For purposes of section 203(b)(3) of the Act [15 U.S.C 80b-3(b)(3)], the following are deemed a single client:

(A) A natural person, and:

(i) Any minor child of the natural person;

(ii) Any relative, spouse, or relative of the spouse of the natural person who has the same principal residence;

(iii) All accounts of which the natural person and /or the person referred to in this paragraph (a)(1) are the only primary beneficiaries;

(B) (i) A Corporation, general partnership, limited partnership, limited liability company (except when the limited partnership or limited liability company is determine to be a private fund) , trust (other than a trust referred to in paragraph (a)(1)(iv) of this section), or other legal organization (any of which are referred to hereinafter as a “legal organization”) that receives investment advice based on its investment objectives rather than the individual investment objectives of its shareholders, partners, limited partners, members, or beneficiaries (any of which are referred to hereinafter as an “owner”); and

(ii) Two or more legal organizations referred to in paragraph (a)(2)(i) of this section that have identical owners.

1. Special Rules. For purposes of this section:

(A) An owner must be counted as a client if the investment adviser provides investment advisory services to the owner separate and apart from the investment advisory services provided to the legal organization, provided, however, that the determination that an owner is a client will not affect the applicability of this section with regard to any other owner;

1. An owner need not be counted as a client of an investment adviser solely because the investment adviser, on behalf of the legal organization, offers, promotes, or sells interests in the legal organization to the owner, or reports periodically to the owners as a group solely with respect to the performance of or plans for the legal organization’s assets or similar matters;
2. A limited partnership or limited liability company is a client of any general partner managing member or other person acting as investment adviser to the partnership;
3. Any person for whom an investment adviser provides investment advisory services without compensation need not be counted as a client; and
4. An investment adviser that has its principal office and place of business outside of the United States must count only clients that are United States residents; an investment adviser that has its principal office and place of business in the United States must count all clients.

1. 275.206(4)-7 (Compliance Procedures and Practices)

   275.203.A-1 (Eligibility for SEC registration)

   275.203.A-2 (Exemptions from Prohibition on SEC Registration) [↑](#footnote-ref-1)