

## Personal Accounts Questionnaire Instructions

[www.reged.com/aig](http://www.reged.com/aig)

Please note that the instructions are different for Financial Advisors and Investment Advisory Representatives. Non-registered personnel are exempt from this requirement.

**\* Most of you are IA Representatives required to disclose ALL personal accounts, whether held in brokerage or held directly with a fund sponsor. For example, if you have a personal account held at Pershing and another held at Oppenheimer, you are **REQUIRED** to disclose both of these accounts.**

### Registered Representatives (Non-Investment Advisory Registered)

Persons not affiliated with the Broker-Dealer's Registered Investment Adviser must maintain their Personal Brokerage Accounts (PBAs) at the Broker-Dealer or at an approved Outside Custodian listed in Compliance Journal 06-2008-V (see attached). A PBA that only maintains mutual funds is also required to be held at the Broker-Dealer if general securities may be transacted in the account. Questions regarding PBAs should be referred to your First Line Supervisor (FLS).

*A mutual fund account or variable contract account held directly at the sponsor company is exempt from these requirements if no general securities business can be transacted. Unit Investment Trust accounts or any other securities of companies registered under the Investment Company Act of 1940 is also exempt from this requirement.*

Upon closing any Personal Brokerage Account, FAs must notify the Broker-Dealer immediately by updating this questionnaire. Be sure to complete a new Personal Account Questionnaire if the account was transferred, thus disclosing the new account.

### Investment Advisory Representatives affiliated with the BD Corporate RIA

Employees and Investment Advisor Representatives of the Broker-Dealer must maintain their Personal Brokerage Accounts (PBAs) at the Broker-Dealer or at an approved Outside Custodian. They are under an ongoing obligation to promptly report all changes to PSAs (i.e., opening, closing, etc.) to the Broker-Dealer and are expected to abide by all applicable

laws and regulations (including SEC Rule 204A-1) and to uphold the company's policies and standards at all times. To satisfy these reporting requirements, the Broker-Dealer collects and maintains information regarding your PSAs via this questionnaire. The Broker-Dealer also uses Pershing and the Financial Tracking System to collect and review your personal securities account statements. The Broker-Dealer will review your PSAs to ensure that your securities holdings and transactions comply with Broker-Dealer policy.

***Personal Securities Accounts are defined more broadly than personal brokerage accounts and include ALL securities accounts, including brokerage accounts as well as accounts held at Third Party Money Managers (TPMM), variable products, DPPs, mutual funds held directly with the fund sponsor, etc.***

Upon closing any Personal Securities Accounts, employees and IARs must notify the Broker-Dealer immediately by updating this questionnaire. Be sure to complete a new Personal Account Questionnaire if the account was transferred, thus disclosing the new account.

# Compliance Journal

---

AIG Financial Advisors

## Journal

**Number:** 06-2008-V

**Subject:** Personal Accounts Policy

## Executive

**Summary:** Effective June 30, 2008, firm policy has been revised to allow Financial Advisors and Registered Assistants to maintain their personal accounts outside of Pershing at one of seven approved custodians. All Financial Advisors and Registered Assistants are required to complete the new RegEd Personal Account Questionnaire (PAQ) no later than **October 31, 2008**.

---

## BACKGROUND

FINRA Rule 3050 requires Financial Advisors and Registered Assistants to disclose all personal brokerage accounts to their broker-dealer in writing.

SEC Rule 204A-1 requires all investment advisor representatives (IARs) to report their personal securities transactions and holdings to the adviser's chief compliance officer or other designated person.

This journal will outline the disclosure requirements for all Financial Advisors and Registered Assistants as well as those Financial Advisors who are affiliated with the Corporate (i.e. broker-dealer) RIA or an Independent RIA.

Previous firm policy required Financial Advisors and Registered Assistants to only disclose personal accounts held outside of Pershing. First Line Supervisors (FLS) were required to obtain and review duplicate statements and confirmations for such accounts. Accounts held at Pershing were monitored through the VISION2020 Transaction Review system.

## FIRM POLICY

Effective June 30, 2008, personal accounts can be custodied at one of the following firms:

- Pershing
- Charles Schwab & Co., Inc.
- E\*Trade
- Scottrade
- TD Ameritrade
- UBS
- Merrill Lynch

All Financial Advisors and Registered Assistants are required to do the following by:

1. By **October 31, 2008** disclose **all** personal accounts, regardless of where the accounts are held (this includes accounts held at Pershing), via the Personal Accounts Questionnaire (PAQ) on RegEd.
2. For any personal accounts that are not currently custodied at one of the above firms, Financial Advisors and Registered Assistants must do one of the following by **November 14, 2008**:
  - a. Move the personal account to one of the approved custodians listed above; or
  - b. Obtain approval from the Investment Advisory (“IA”) Compliance department to maintain the personal account at an alternative custodian.

An annual fee of \$100 per Advisor will be assessed beginning in December 2008 for accounts not custodied at Pershing. The fee is assessed to support and maintain the new Financial Tracking system which will electronically house all account data for non-Pershing personal accounts.

The First Line Supervisor (FLS) will no longer be required to obtain and review duplicate statements and confirmations. Review of personal accounts will now be performed by IA Compliance through the Financial Tracking system.

### **PERSONAL ACCOUNT QUESTIONNAIRE (PAQ) PROCESS**

All Financial Advisors and Registered Assistants who currently hold personal accounts must complete a separate PAQ for each account. If new accounts are opened in the future, a new PAQ must be completed at that time. For ease of completing the PAQ, a copy of a recent account statement should be on hand, as the PAQ requires entry of the account number and the account registration exactly as they appear on the statement.

Disclosure of personal accounts through the PAQ will vary based on the type of affiliation of the registered person. Persons affiliated with the Corporate RIA have additional personal account disclosure requirements (see below for detail).

As stated above, the review of personal accounts will now be performed by IA Compliance. Therefore, all PAQs will route directly to the IA Compliance department for review and approval. FLSs will not be responsible for reconciling any PAQ “breaks”.

## REQUIREMENT FOR FINANCIAL ADVISORS AND REGISTERED ASSISTANTS

Financial Advisors and Registered Assistants are required to disclose all **personal brokerage accounts**<sup>1</sup> in which the registered person has:

- 1.) A financial interest (account owner, joint owner, etc.) or
- 2.) Discretionary authority (attorney-in-fact, executor, guardian, custodian, trustee, etc.).

## REQUIREMENT FOR FINANCIAL ADVISORS AFFILIATED WITH THE CORPORATE RIA

Financial Advisors affiliated with the Corporate RIA are required to disclose all **personal securities accounts**<sup>2</sup> in which the Financial Advisor has “beneficial interest”. Beneficial interest exists in the following scenarios:

- Accounts owned by the Financial Advisor (including joint ownership accounts)
- Accounts owned by an immediate family member that lives in the same household or for whom you are financially responsible
- Accounts controlled by the Financial Advisor (attorney-in-fact, trustee, executor, guardian, trustee, etc.)
- Accounts in which the Financial Advisor is a beneficiary AND has “indirect control” (i.e. the Financial Advisor gives investment advice to or otherwise influences the account owner)

## REQUIREMENT FOR FINANCIAL ADVISORS AFFILIATED WITH AN INDEPENDENT RIA

Financial Advisors affiliated with an Independent RIA are required to comply with SEC Rule 204A-1 as well as any applicable FINRA, SEC and state requirements for their RIA. This means that such individuals will have to disclose all personal securities accounts in which the Financial Advisor has beneficial interest **to their Independent RIA Chief Compliance Officer**. Such persons are NOT required to make such disclosures to the broker-dealer. Therefore, firm policy only requires such individuals to disclose personal brokerage accounts in which:

- 1.) A financial interest exists (account owner, joint owner, etc.) or
- 2.) Discretionary authority exists (attorney-in-fact, executor, guardian, custodian, trustee, etc.).

## APPROVAL PROCESS FOR ACCOUNTS HELD AT OUTSIDE CUSTODIAN

Some accounts might not be able to be moved to an approved custodian. In these cases, the Financial Advisor/Registered Assistant can request a separate approval from the IA Compliance department. Examples may include familial retirement accounts that cannot be moved due to the employer’s policy, TPMM accounts, variable insurance accounts, etc.

---

<sup>1</sup> A personal “brokerage” account is defined as any account in which general securities business **may** be transacted. Therefore, if an account currently maintains only mutual funds, but it can hold stocks or bonds, it is classified as a “brokerage” account.

<sup>2</sup> A personal “securities” account is defined more broadly than a personal “brokerage” account. It includes accounts held at a Third Party Money Manager (TPMM), variable insurance companies and DPPs as well as accounts that can transact general securities business.

The approval process consists of the following steps:

- Financial Advisor/Registered Assistant must disclose the account via the PAQ in RegEd.
- IA Compliance will forward an Approval Form and a 407 letter template to the Financial Advisor/Registered Assistant via email with a copy to the FLS. The registered person must complete an individual Approval Form and 407 letter for each account.
- After the Financial Advisor/Registered Assistant completes the Approval Form, the form must be forwarded to the FLS for review.
- If the FLS agrees to allow the account to be held outside an approved custodian, the FLS is required to forward the Approval Form and the completed 407 letter to IA Compliance at [personalaccounts@aigadvisorgroup.com](mailto:personalaccounts@aigadvisorgroup.com) or by fax at 602-744-3225.
- IA Compliance will review the request for approval or denial. Notification of approval or denial will be forwarded to the registered person and the FLS.
- If the request is denied, the account must be moved to an approved custodian and closed with the current custodian.

Personal accounts held at an outside custodian that have not received a separate approval from IA Compliance must be moved to an approved custodian no later than **November 14, 2008**.

### **PROCESS FOR NEW FINANCIAL ADVISORS AND REGISTERED ASSISTANTS**

New Financial Advisors and Registered Assistants who are not affiliated with any RIA must:

- 1.) Disclose all personal **brokerage** accounts in which they have “financial interest or discretionary authority” on the new hire questionnaire during the registration process
- 2.) Complete the PAQ on RegEd within 30 days of affiliation
- 3.) Move any personal accounts to an approved custodian if a separate approval from IA Compliance is not granted

New Financial Advisors affiliated with the Corporate RIA must:

- 1.) Disclose all personal **securities** accounts in which they have “beneficial interest” on the new hire questionnaire during the registration process
- 2.) Provide a copy of a current statement and holdings within 10 days of affiliation
- 3.) Complete the PAQ on RegEd within 30 days of affiliation
- 4.) Move any personal accounts to an approved custodian if a separate approval from IA Compliance is not granted

New Financial Advisors affiliated with an Independent RIA must:

- 1.) Disclose all personal **brokerage** accounts in which they have “financial interest or discretionary authority” on the new hire questionnaire during the registration process
- 2.) Complete the PAQ on RegEd within 30 days of affiliation
- 3.) Move any personal accounts to an approved custodian if a separate approval from IA Compliance is not granted

## FOR MORE INFORMATION

If you have questions concerning this policy change, please contact the IA Compliance department at [personalaccounts@aigadvisorgroup.com](mailto:personalaccounts@aigadvisorgroup.com). Additionally, the table below is designed to illustrate the requirements described throughout this journal.

| Status   | Financial Advisors and Registered Assistants  | Financial Advisors affiliated with the Corporate RIA  | Financial Advisors affiliated with an Independent RIA <sup>3</sup>  |
|----------|---|---|---|
| Existing | <ul style="list-style-type: none"> <li>Disclose all personal <b>brokerage</b> accounts on PAQ by 10/31/08</li> <li>Any personal brokerage accounts that are not approved to be held outside of the approved list of custodians must be moved by 11/14/08</li> </ul>   | <ul style="list-style-type: none"> <li>Disclose all personal <b>securities</b> accounts on PAQ by 10/31/08.</li> <li>Any personal securities accounts that are not approved to be held outside of the approved list of custodians must be moved by 11/14/08</li> </ul>  | <ul style="list-style-type: none"> <li>Disclose all personal <b>brokerage</b> accounts on PAQ by 10/31/08</li> <li>Any personal brokerage accounts that are not approved to be held outside of the approved list of custodians must be moved by 11/14/08</li> </ul>   |
| New Hire | <ul style="list-style-type: none"> <li>Disclose all personal <b>brokerage</b> accounts on new hire questionnaire</li> <li>Complete PAQ on RegEd within 30 days of affiliation</li> <li>Any personal brokerage accounts not approved for custody outside of approved custodians must be moved within 90 days.</li> </ul> | <ul style="list-style-type: none"> <li>Disclose all personal <b>securities</b> accounts on new hire questionnaire</li> <li>Complete PAQ on RegEd within 30 days of affiliation</li> <li>Any personal securities accounts not approved for custody outside of approved custodians must be moved within 90 days.</li> </ul> | <ul style="list-style-type: none"> <li>Disclose all personal <b>brokerage</b> accounts on new hire questionnaire</li> <li>Complete PAQ on RegEd within 30 days of affiliation</li> <li>Any personal brokerage accounts not approved for custody outside of approved custodians must be moved within 90 days.</li> </ul> |

<sup>3</sup> REMINDER: Such requirements are broker-dealer only requirements. Financial Advisors affiliated with Independent RIAs do have additional disclosure requirements under SEC Rule 204A-1 as well as any applicable FINRA, SEC and state requirements that may apply.