South Carolina Code of Regulations 13-408. Recordkeeping Requirements for Investment Advisers.

A. Every investment adviser registered or required to be registered under the South Carolina Uniform Securities Act of 2005 shall make and keep true, accurate and current the following books, ledgers and records:

(1) A journal or journals, including cash receipts and disbursement records, and any other records of original entry forming the basis of entries in any ledger;

(2) General and auxiliary ledgers (or other comparable records) reflecting asset, liability, reserve, capital, income and expense accounts;

(3) A memorandum of each order given by the investment adviser for the purchase or sale of any security, of any instruction received by the investment adviser from a client concerning the purchase, sale, receipt or delivery of a particular security, and of any modification or cancellation of any such order or instruction. The memoranda shall show the terms and conditions of the order, instruction, modification or cancellation; shall identify the person connected with the investment adviser who recommended the transaction to the client and the person who placed the order; and shall show the account for which entered, the date of entry, and the bank or broker-dealer by or through who executed where appropriate. Orders entered pursuant to the exercise of discretionary power shall be so designated;

(4) All check books, bank statements, canceled checks and cash reconciliations of the investment adviser;

(5) All bills or statements (or copies of), paid or unpaid, relating to the investment adviser's business as an investment adviser;

(6) All trial balances, financial statements and internal audit working papers relating to the investment adviser's business as an investment adviser;

(7) Originals of all written communications received and copies of all written communications sent by the investment adviser relevant to (a) any recommendation made or proposed to be made and any advice given or proposed to be given, (b) any receipt, disbursement or delivery of funds or securities, or (c) the placing or execution of any order to purchase or sell any security, provided, however, (i) that the investment adviser shall not be required to keep any unsolicited market letters or other similar communications of general public distribution not prepared by or for the investment adviser, and (ii) that if the investment adviser sends any notice, circular or other advertisement offering any report, analysis, publication or other investment advisory service to more than ten persons, the investment adviser shall not be required to keep a record of the names and addresses of the persons to whom it was sent; except that if the notice, circular or advertisement is distributed to persons named on any list, the investment adviser shall retain with the copy of the notice, circular or advertisement a memorandum describing the list and its source;

(8) A list or other record of all accounts which identifies the accounts in which the investment adviser is vested with any discretionary power with respect to the funds, securities or transactions of any client;

(9) A copy of all powers of attorney and other evidences of the granting of any discretionary authority by any client to the investment adviser;

(10) A copy in writing of each agreement entered into by the investment adviser with any client, and all other written agreements otherwise relating to the investment adviser's business as an investment adviser;

(11) A file containing a copy of each notice, circular, advertisement, newspaper article, investment letter, bulletin, or other communication, including those by electronic media, that the investment adviser circulates or distributes, directly or indirectly, to two or more persons (other than persons connected with the investment adviser), and if the notice, circular, advertisement, newspaper, newspaper article, investment letter, bulletin, or other communication recommends the purchase or sale of a specific security and does not state the reasons for the recommendation, a memorandum of the investment adviser indicating the reasons for the recommendation;

(12) Records of Beneficial ownership (investment adviser or investment adviser representative)

(a) A record of every transaction in a security in which the investment adviser or any advisory representative (as hereinafter defined) of the investment adviser has, or by reason of any transaction acquires, any direct or indirect beneficial ownership, except:

(i) transactions effected in any account over which neither the investment adviser nor any advisory representative of the investment adviser has any direct or indirect influence or control; and

(ii) transactions in securities which are direct obligations of the United States. The record shall state the title and amount of the security involved; the date and nature of the transaction (i.e. purchase, sale or other acquisition of disposition); the price at which it was effected; and the name of the broker-dealer or bank with or through whom the transaction was effected. The record may also contain a statement declaring that the reporting or recording of any transaction shall not be construed as an admission that the investment adviser or advisory representative has any direct or indirect beneficial ownership in the security. A transaction shall be recorded not later than ten (10) days after the end of the calendar quarter in which the transaction was effected.

(b) For purposes of Subsection A (12) above, the following definitions will apply:

(i) "advisory representative" shall mean any partner, officer or director of the investment investment adviser; any employee who participates or participated in any way in the determination of which recommendations shall or should be made; any employee who, in connection with his duties, obtains any information concerning which securities are being recommended prior to the effective dissemination of the recommendations; and any of the following persons who obtain

information concerning securities recommendations being made by the investment adviser prior to the effective dissemination of the recommendations:

(A) any person in a control relationship to the investment adviser;

(B) any affiliated person of a controlling person; and

(C) any affiliated person of an affiliated person;

(ii) "control" shall mean the power to exercise a controlling influence over the management or policies of a company, unless such power is solely the result of an official position with such company. Any person who owns beneficially, either directly or through one or more controlled companies, more than twenty-five percent (25%) of the voting securities of a company shall be presumed to control such company.

(c) An investment adviser shall not be deemed to have violated the provisions of Subsection A (12) above because of the failure to record securities transactions of any advisory representative if the investment adviser establishes that it instituted adequate procedures and used reasonable diligence to promptly obtain reports of all transactions required to be recorded;

(13) Records of Beneficial ownership (other)

(a) Notwithstanding the provisions of Subsection A (12) above, where the investment adviser is primarily engaged in a business or businesses other than advising investment advisory clients, a record must be maintained of every transaction in a security in which the investment adviser or any advisory representative (as hereinafter defined) of the investment adviser has, or by reason of any transaction acquires, any direct or indirect beneficial ownership, except:

(i) transactions effected in any account over which neither the investment adviser nor any advisory representative of the investment adviser has any direct or indirect influence or control; and

(ii) transactions in securities which are direct obligations of the United States. The record shall state the title and amount of the security involved; the date and nature of the transaction (i.e. purchase, sale, or other acquisition or disposition); the price at which it was effected; and the name of the broker-dealer or bank with or through whom the transaction was effected. The record may also contain a statement declaring that the reporting or recording of any transaction shall not be construed as an admission that the investment adviser or advisory representative has any direct or indirect beneficial ownership in the security. A transaction shall be recorded not later than 10 days after the end of the calendar quarter in which the transaction was effected.

(b) An investment adviser is "primarily engaged in a business or businesses other than advising investment advisory clients" when, for each of its most recent three (3) fiscal years or for the period of time since organization, whichever is lesser, the investment adviser derived from such other business or businesses, on an unconsolidated basis, more than fifty percent (50%) of:

(i) its total sales and revenues; and

(ii) its income (or loss) before income taxes and extraordinary items.

(c) For purposes of Subsection A (13) above, the following definitions will apply:

(i) "advisory representative", when used in connection with a company primarily engaged in a business or businesses other than advising investment advisory clients, shall mean any partner, officer, director, or employee of the investment adviser who participates in any way in the determination of which recommendation shall be made, or whose functions or duties relate to the determination of which securities are being recommended prior to the effective dissemination of the recommendations; and any of the following persons, who obtain information concerning securities recommendations being made by the investment adviser prior to the effective dissemination of such recommendations or of the information concerning the recommendations:

(A) any person in a control relationship to the investment adviser;

(B) any affiliated person of a controlling person; and

(C) any affiliated person of an affiliated person;

(ii) "control" shall mean the power to exercise a controlling influence over the management or policies of a company, unless such power is solely the result of an official position with such company. Any person who owns beneficially, either directly or through one or more controlled companies, more than twenty five percent (25%) of the voting securities of a company shall be presumed to control such company.

(d) An investment adviser shall not be deemed to have violated the provisions of Subsection A (13) above because of the failure to record securities transactions of any advisory representative if the investment adviser establishes that it instituted adequate procedures and used reasonable due diligence to promptly obtain reports of all transactions required to be recorded;

(14) A copy of each written statement and each amendment or revision, given or sent, to any client or prospective client of the investment adviser, and a record of the dates that each written statement and each amendment or revision, was given, or offered to be given, to any client or prospective client who subsequently became a client;

(15) For each client that was obtained by the adviser by means of a solicitor to whom a cash fee was paid by the adviser:

(a) evidence of a written agreement to which the adviser is a party related to the payment of such fee;

(b) a signed and dated acknowledgment of receipt from the client evidencing the client's receipt of the investment adviser's disclosure statement and a written disclosure statement of the solicitor; and

(c) a copy of the solicitor's written disclosure statement. The written agreement, acknowledgment and solicitor disclosure statement will be considered to be in compliance if such documents are in compliance with Rule 275.206(4)-3 of the Investment Advisers Act of 1940. For purposes of this Rule, the term "solicitor" shall mean any person or entity who, for compensation, acts as an agent of an investment adviser in referring potential clients;

(16) All accounts, books, internal working papers, and any other records or documents that are necessary to form the basis for or demonstrate the calculation of the performance or rate of return of all managed accounts or securities recommendations in

any notice, circular, advertisement, newspaper article, investment letter, bulletin, or other communication including but not limited to electronic media that the investment adviser circulates or distributes, directly, or indirectly, to two (2) or more persons (other than persons connected with the investment adviser); provided, however, that, with respect to the performance of managed accounts, the retention of all account statements, if they reflect all debits, credits, and other transactions in a client's account for the period of the statement, and all worksheets necessary to demonstrate the calculation of the performance or rate of return of all managed accounts shall be deemed to satisfy the requirements of this paragraph;

(17) A file containing a copy of all written communications received or sent regarding any complaints or litigation involving the investment adviser or any investment adviser representative or other employee, and any current or former customer or client;

(18) Written information about each investment advisory client that is the basis for making any recommendation or providing any investment advice to such client;

(19) Written procedures to supervise the activities of employees and investment adviser representatives that are reasonably designed to achieve compliance with applicable securities laws and regulations; and

(20) A file containing a copy of each document (other than any notices of general dissemination) that was filed with or received from any state or federal agency or self regulatory organization and that pertains to the registrant or its investment adviser representatives. The file should contain, but is not limited to, all applications, amendments, renewal filings, and correspondence.

B. If an investment adviser subject to Section A of this Rule has custody or possession of securities or funds of any client, the records required to be made and kept under Section A above shall include:

(1) A journal or other record showing all purchases, sales, receipts and deliveries of securities (including certificate numbers) for all accounts and all other debits and credits to the accounts;

(2) A separate ledger account for each client showing all purchases, sales, receipts and deliveries of securities, the date and price of each purchase and sale, and all debits and credits;

(3) Copies of confirmations of all transactions effected by or for the account of any client; and

(4) A record for each security in which any client has a position, which record shall show the name of each client having an interest in the security, the amount or interest of each client, and the location of each security.

C. Every investment adviser subject to Subsection A of this Rule who renders any investment supervisory or management service to any client shall, with respect to the portfolio being supervised or managed and to the extent that the information is reasonably available to or obtainable by the investment adviser, make and keep true, accurate and current:

(1) Records showing separately for each client the securities purchased and sold, and the date, amount and price of each purchase and sale; and

(2) For each security in which any client has a current position, information from which the investment adviser can promptly furnish the name of each client and the current amount or interest of the client.

D. Any books or records required by this Rule may be maintained by the investment adviser in such manner that the identity of any client to whom the investment adviser renders investment supervisory services is indicated by numerical or alphabetical code or some similar designation.

E. Every investment adviser subject to Section A of this rule shall preserve the following records in the manner prescribed:

(1) All books and records required to be made under the provisions of Subsections A to C (1), inclusive, of this Rule (except for books and records required to be made under the provisions of Subsections A (11) and A (16) of this Rule), shall be maintained and 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 the record, the first two (2) years in the principal office of the investment adviser;

(2) Partnership articles and any amendments, articles of incorporation, charters, minute books, and stock certificate books of the investment adviser and of any predecessor, shall be maintained in the principal office of the investment adviser and preserved for at least three (3) years after termination of the enterprise;

(3) Books and records required to be made under the provisions of Subsections A (11) and A (16) of this Rule shall be maintained and preserved in an easily accessible place for a period of not less than five (5) years, the first two (2) years in the principal office of the investment adviser, from the end of the fiscal year during which the investment adviser last published or otherwise disseminated, directly or indirectly, the notice, circular, advertisement, newspaper article, investment letter, bulletin, or other communication, including communications made by electronic media;

(4) Books and records required to be made under the provisions of Subsections A (11) and A (16) of this Rule shall be maintained and preserved in an easily accessible place for a period of not less than five (5) years, the first two (2) years in the principal office of the investment adviser, from the end of the fiscal year during which the investment adviser last published or otherwise disseminated, directly or indirectly, the

notice, circular, advertisement, newspaper article, investment letter, bulletin, or other communication, including communications made by electronic media; and

(5) Notwithstanding other record preservation requirements of this Rule, the following records or copies shall be required to be maintained at the business location of the investment adviser from which the customer or client is being provided or has been provided with investment advisory services: (a) records required to be preserved under Subsections A (3), A (7)-(10), A (14)-(15), A (17)-(19), B and C inclusive, of this Rule, and (b) the records or copies required under the provision of Subsections A (11) and A (16) of this Rule, which records or related records identify the name of the investment adviser representative providing investment advice from that business location, or which identify the business locations physical address, mailing address, electronic mailing address, or telephone number. The records will be maintained for the period described in Subsection E (1) of this Rule.

F. An investment adviser subject to Section A of this Rule, before ceasing to conduct or discontinuing business as an investment adviser shall arrange for and be responsible for the preservation of the books and records required to be maintained and preserved under this Rule for the remainder of the period specified in this Rule, and shall notify the Securities Commissioner in writing of the exact address where the books and records will be maintained during the period.

G. Preservation and reproduction of records

(1) The records required to be maintained and preserved pursuant to this Rule may be immediately produced or reproduced by photographic film or, as provided in Subsection G (2) below, on magnetic disk, tape or other computer storage medium, and be maintained and preserved for the required time in that form. If records are produced or reproduced by photographic film or computer storage medium, the investment adviser shall:

(a) arrange the records and index the films or computer storage medium so as to permit the immediate location of any particular record;

(b) be ready at all times to promptly provide a facsimile, enlargement of film or computer printout or copy of the computer storage medium which the Securities Commissioner, by his examiners or other representative may request;

(c) store separately from the original one other copy of the film or computer storage medium for the time required;

(d) with respect to records stored on computer storage medium, maintain procedures for maintenance and preservation of, and access to, records so as to reasonably safeguard records from loss, alteration, or destruction; and

(e) with respect to records stored on photographic film, at all times have available for the Securities Commissioner's examination of the records facilities for immediate, easily readable projection of the film and for producing easily readable facsimile enlargements.

(2) Pursuant to Subsection G (1) above an adviser may maintain and preserve on computer tape or disk or other computer storage medium, records which, in the

ordinary course of the adviser's business, are created by the adviser on electronic media or are received by the adviser solely on electronic media or by electronic data transmission.

H. For purposes of this Rule, "investment supervisory services" means the giving of continuous advice as to the investment of funds on the basis of the individual needs of each client; and "discretionary power" shall not include discretion as to the price at which or the time when a transaction is to be effected, if, before the order is given by the investment adviser, the client has directed or approved the purchase or sale of a definite amount of the particular security.

I. Any book or other record made, kept, maintained and preserved in compliance with Rules 17a-3 [17 C.F.R. 240.17a-3] and 17a-4 [17 C.F.R. 240.17a-4] under the Securities Exchange Act of 1934, which is substantially the same as a book or other record required to be made, kept, maintained and preserved under this Rule, shall be deemed to be made, kept, maintained and preserved in compliance with this Rule.

J. Every investment adviser registered or required to be registered in this State that has its principal place of business in a state other than this State shall be exempt from the requirements of this Rule, provided the investment adviser is licensed in such state and is in compliance with such state's recordkeeping requirements.