

Critical Functions and Tasks of the Registered Representative

- 1) **Seeks business for the broker-dealer through customers and potential customers.**
 - 1-1) Contacts customers and potential customers in person, by telephone, by mail, and/or other means.
 - 1-2) Conducts lectures, seminars, and forums with customers and potential customers.
- 2) **Evaluates customers in terms of financial needs, current holdings, and available investment capital, and helps them identify their investment objectives.**
 - 2-1) Obtains a current financial and investment profile of the customer.
 - 2-2) Assists the customer in determining investment needs and objectives.
- 3) **Provides customers and prospective customers with information on investments and makes suitable recommendations.**
 - 3-1) Describes the characteristics, risks, and rewards of various securities.
 - 3-2) Ensures that the customer is provided with pertinent information describing a particular investment.
 - 3-3) Obtains and updates relevant information about the customer when making any recommendation.
 - 3-4) Investigates alternative investments for the customer.
 - 3-5) Considers the tax implications for a customer of particular investments.
 - 3-6) Makes suitable recommendations on the basis of information disclosed by the customer.
 - 3-7) Explains how the risks and rewards of a particular investment or investment strategy relate to the customer's financial needs and investment objectives.
 - 3-8) Provides the customer with pertinent information on costs and fees associated with particular securities transactions.
- 4) **Opens, transfers, and closes customer accounts and maintains appropriate account records.**
 - 4-1) Informs the customer of the basic types of accounts and, where applicable, indicates the appropriateness of each for the customer.
 - 4-2) Obtains from the customer all documentation required to open the account(s) and informs the customer of the consequences of not providing proper documentation.
 - 4-3) Ensures that accounts and transactions that are prohibited for a customer are not initiated.
 - 4-4) Obtains any approvals required to open an account.
 - 4-5) Informs the customer of the conditions (regulatory and firm) under which the account will be maintained.
 - 4-6) Retains copies of all correspondence with the customer.
 - 4-7) Updates the customer's account records.
 - 4-8) Executes appropriate customer requests, such as withdrawals of funds or securities.
 - 4-9) If there is to be any power of attorney over the account, obtains the necessary documents and approvals.
- 5) **Explains the organization, participants, and functions of various securities markets and the principal factors that affect them.**
 - 5-1) Explains the purpose and workings of the primary marketplace and how new issues of various types of securities are sold.
 - 5-2) Explains the workings of secondary markets.
 - 5-3) Assesses and explains, if required, how global events may affect the markets.
 - 5-4) Obtains economic news and assesses how this may affect the markets.
- 6) **Obtains and verifies the customer's purchase and sale instructions, enters orders, and follows up on completion of transactions.**
 - 6-1) Explains the basic types of orders and how they relate to the customer's objectives.
 - 6-2) Completes the order ticket according to the customer's instructions and verifies the order with the customer prior to order entry.
 - 6-3) Checks open order notices.
 - 6-4) Ensures that the customer understands the settlement procedures for each type of security.
 - 6-5) Enters orders appropriately.
 - 6-6) Promptly reports trade confirmation to the customer and ensures that the transaction is recorded in the customer's account.
- 7) **Monitors the customer's portfolio and makes recommendations consistent with changes in economic and financial conditions as well as the customer's needs and objectives.**
 - 7-1) Routinely reviews the customer's account to ensure that investments continue to be suitable.
 - 7-2) Suggests to the customer which securities to acquire, liquidate, hold, or hedge.
 - 7-3) Explains how news about an issuer's financial outlook may affect the performance of that issuer's securities.
 - 7-4) Determines which sources would best answer a customer's questions concerning investments and uses information from appropriate sources to provide the customer with relevant information.
 - 7-5) Keeps the customer informed about the customer's investments.