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Sample Manual Language

TRADING

An advisor's trading practices must be fair to clients and must include a fair and reasonable allocation system. As a fiduciary, *(Firm Name)* has a responsibility to make only suitable investment recommendations to its clients. *(Firm Name)* must obtain sufficient information from each client to determine the nature of the client's investment objectives and policies.

TRADING ERRORS

(Firm Name) will take care when handling client orders in order to avoid errors. *(Firm Name)* makes all attempts to implement client trades correctly. If a trade error does occur where *(Firm Name)* is responsible for the error and a trade correction is needed, *(Firm Name)* will not pass the costs (including any losses) on to the client; will not use soft dollars to pay for correcting the error; and will not use another client's account to correct the error. *(Firm Name)* will bear all costs of correcting trade errors for which it was responsible. If the investment adviser representative is responsible for the error, *(Firm Name)* will pass all costs on to the representative.

(Firm Name) will maintain a report/file of all trade errors. The following will be documented for each trade error:

1. The client that was affected
2. A description of the error
3. The broker/dealer that was involved (if applicable)
4. The name of the security
5. The transaction date
6. A description of how the error was resolved

(Firm Name) will be responsible for periodically reviewing the trade error report/file to determine that trade corrections are being appropriately handled and to determine if additional policies and procedures need to be implemented or changes need to be made to lessen the frequency or number of trades that are occurring.