

FINRA Rule 2111 -Suitability

The suitability obligation in FINRA Rule 2111 is based on prior NASD Rule 2310. Similar to the NASD rule, the new FINRA rule requires a broker-dealer or associated person to have "a reasonable basis to believe that a recommended transaction or investment strategy involving a security or securities is suitable for the customer.

FINRA Rule 2111 (b) – Institutional Customer Exemption

Rule 2111(b) provides an institutional customer exemption for customer suitability, by focusing on whether there is a reasonable basis to believe that the institutional customer is capable of evaluating investment risks independently and is exercising independent judgment in evaluating recommendations. The rule requires institutional customers to affirmatively indicate they are exercising independent judgment of all potential transactions for its account.

By signing below the entity affirms that it will exercise independent judgment in evaluating any recommendations made by LCM.

Company Name:

Customer signature:

Title:

Date: