American Investors Company

Continuing Education Needs Analysis

and

2024 Training Plan

(prepared October 2024)

Part One - Needs Analysis

I. Overview

American Investors Company is a general securities broker/dealer with the home office located in San Ramon, California and has been in business since 1966. The 56 registered representatives conduct business as independent contractors. The following is an analysis of our training needs and corresponding 2024 Firm Element Training Program as mandated by Schedule C of NASD By-Laws, Part XII in regards to continuing education.

II. Covered Persons

A. **Locations**

For the purpose of determining which methods of training will best suit AIC's registered representatives, we initially evaluated their locations as set forth below:

Geographic Area	# of registered persons
Northern California	48
Southern California	3
Oregon	2
Illinois	1
Minnesota	1
Colorado	1

B. **Employees/Officers of American Investors Company**

The home office contains 6 FINRA registered personnel consisting of the president, vice president, the firm's operations manager, an assistant operations manager, compliance specialist and one sales representative. The firm's majority shareholder is completely inactive in the business.

All of the 6 active, home-office FINRA-registered personnel are required to participate in the firm element training program in a fashion similar to all other registered individuals.

In addition to the registered personnel, the firm employs 6 full-time persons. Because of the nature of their duties and responsibilities, these personnel are not required to participate in any part of the company's firm element training program but may be directed to do so on an as-needed basis.

C. **FINRA licenses held**

82% of AIC's registered representatives are Series 7 licensed. 12% are Series 6 licensed only, 2% are Series 6 and 22 licensed and 4% are Series 6, 22 & 62 licensed.

AIC's representatives deliver financial services to their clients primarily through the sale of mutual funds, insurance-based packaged products, direct participation programs and the solicitation of third-party fee-based asset management programs and RIA-based "active" management of client assets. General securities (stocks, bonds, government and municipal securities) comprise a very small part of AIC's overall business mix and is generally conducted on an unsolicited or "accommodation" basis.

AIC is a Registered Investment Adviser and provides an umbrella mechanism whereby registered representatives may register under the firm's RIA as an advisory affiliate. Business done through the auspices of AIC's RIA includes the solicitation/referral of third party, fee-based asset management programs/products and the "active" management of client assets pursuant to fee-based arrangements.

There are presently 29 registered representatives associated with AIC's RIA in the capacity of advisory affiliate.

All non-home office registered individuals are registered as non-branch OSJ offices or are deemed to be satellites of the home office and report to and are supervised by the home office.

42 of AIC's registered representatives simultaneously maintain an insurance license.

III. Survey of product importance

The firm's executive management makes a determination based upon its intimate knowledge and familiarity with products and services available through the firm and the specific nature of their representatives' business as to which products and services should be emphasized in each year's training program.

In prior years, AIC occasionally utilized surveys to assist AIC's management in determining the proper mix of "ingredients" to be used in developing the firm element of its annual training plan. In view of the company's small size, stable rep base, exceedingly low turnover, management's intimate knowledge of its representatives' businesses and the frequency of contact with its associated persons, such surveys have not been used nor deemed necessary for a number of years. Absent dramatic changes in market conditions accompanied by a pressing need to expand product offerings/sponsors or the emergence of presently unforeseen circumstances, reintroducing a survey is a very low priority and thus, no survey will be conducted in 2024.

Furthermore, the nature and mix of products offered through AIC has remained very stable for the last several years. No new product types have been introduced nor has the firm onboarded any new sponsors/purveyors of investment product since before the pandemic. For these reasons as well as those previously cited, the firm's management is quite comfortable continuing to operate in the fashion that it has been operating in for many years.

IV. Revenue and sales volume

A. The following table displays AIC's comparative product mix and percentage of total revenue for each defined product category for the last fifteen years:

Product category	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23
Mutual funds	29%	27%	25%	26%	28%	28%	28%	28%	30%	30%	26%	25%	23%	26%	26%
Insurance-based	14%	17%	15%	14%	13%	12%	13%	10%	9%	9%	10%	9%	9%	7%	7%
Direct participation	10%	8%	11%	8%	11%	10%	6%	8%	6%	5%	4%	3%	4%	2%	2%
3rd party managers	18%	18%	18%	19%	19%	20%	20%	20%	21%	23%	23%	21%	22%	25%	25%
General securities	1%	1%	1%	2%	2%	2%	2%	3%	2%	2%	2%	3%	4%	3%	3%
RIA advisory fees	28%	29%	30%	31%	27%	28%	31%	31%	32%	31%	35%	39%	38%	37%	37%

V. Compliance

We used the following compliance information to assist in determining where training will be necessary for 2024. For a more complete picture of the firm's prior compliance matters that were considered previous to 2020 and that may play a continuing role in this year's analysis, refer to the firm's earlier needs analyses and training plans which are readily available.

In the wake of a three-year hiatus from convening annual meetings due to the COVID pandemic and the necessary decision to move compliance and firm element training to on-line delivery through Quest CE, this section of the firm's annual needs analysis will hereafter commence with the firm's 2020 compliance/firm element program and move forward from that point on.

Key takeaways and important compliance issues referenced below that are determined to be of timely importance and relevance by management will be incorporated into this year's compliance meeting.

A. **Regulatory mandates/advisories**

The italicized paragraphs below pertaining to recent FINRA and SEC examinations were directly lifted from 2023's needs analysis. They are repeated in this year's analysis because of their timely relevance and management's determination that these important issues should be covered again as part of this year's compliance program.

FINRA commenced a routine examination of AIC's broker-dealer business in January 2023. FINRA's areas of emphasis included review of the following areas of risk:

- *Disclosures in connection transactions*
- *Financial account controls*
- *Form CRS filing and delivery review*
- *Regulation Best Interest (Reg BI) – care obligation*
- *Statement and confirmations*

FINRA's letter of caution highlighted the following deficiencies:

- *The firm's WSP inadequately describe the manner in which RRs identify the scope of alternative investments to consider when making recommendations to customers and the firm's supervisory mechanism for evaluating and documenting whether that process is reasonable; the firm's WSP also do not have a well-articulated process for determining whether risky or complex products are in a customer's best interest and how that determination is made by the RR and supervised by the firm. The firm's WSP have been updated to address these issues. This item will be reviewed at the firm's 2023 compliance meeting.*
- *FINRA maintains that the firm's Form CRS did not comply with the SEC's instructions thereto regarding two VERY minor items. In its response to FINRA's examination result letter, the firm maintained that its position regarding these two minor disclosure items was defensible. Nonetheless, the firm agreed to make these two minor revisions and refile the updated Form CRS with FINRA. Inasmuch as this particular matter has no direct impact on our representatives, other than to make a passing comment as to the above, no further training on this matter is deemed necessary.*
- *The firm's WSP inadequately address the manner in which the firm provides for the issuance of custom consolidated account statements and its supervision thereof. The firm has appropriately amended its WSP and while this exception affects a fairly small number of the firm's RRs (very few RRs issue consolidated*

account statements, custom or otherwise), the subject will be reviewed at the firm's 2023 compliance meeting given the subject's general level of interest regardless of whether or not RRs currently provide consolidated account statements to their clients.

- *The firm's WSP involving certain municipal securities were deemed inadequate in two specific instances: the purchase of discounted municipal bonds subject to the IRS de minimis rule; and possible tax implications of purchases of 529 plans offered through a state other than a customer's state of residence; and/or the use of 529 plan proceeds for K-12 education. Those inadequacies have formally been remedied and these two items will be covered at the firm's 2023 compliance meeting.*

The SEC commenced a routine examination of AIC's investment advisory business in December 2022. Their areas of emphasis included fiduciary duty and accompanying obligations, and associated compliance and internal controls.

Their examination results highlighted the following deficiencies:

- *Inaccurate fee calculations. On two fee invoices resulting from an internal Morningstar system error, two clients were inadvertently overbilled – the systems error has since been discovered and fixed, and the two clients affected have been properly reimbursed via credits to their most recent bills (total amount involved was less than $350). Since this issue had nothing to do with AIC's advisory affiliates, this matter will not be addressed, other than in passing, at this year's RIA compliance meeting.*
- *Change to AIC's billing legend. AIC for many, many years routinely included a legend on its client invoices stating that it was ultimately the client's responsibility to ensure proper calculation of the amount of fees billed – that it was not their account custodian's responsibility. This legend was put in place based upon an SEC no-action letter issued in 1999. The SEC no longer feels that this legend is appropriate and has asked AIC to remove it operating under the theory that, since we are fiduciaries, it is our responsibility to ensure an accurate fee calculation. AIC indicated that it would comply with their request and will inform our advisory affiliates about the change.*
- *Mutual fund share class selection. The SEC's review of the firm's policies and procedures surrounding an advisory affiliate's process for selecting appropriate share classes for use in an advisory account and the firm's methodology for reviewing and ensuring appropriate share class selections determined that the firm's policies and procedures needed revision. The firm has undertaken such a revision and will share those results and enhanced affiliate practice management requirements at the firm's 2023 RIA compliance meeting.*
- *Inactively traded accounts. As a fiduciary and consistent with the firm's Regulation Best Interest (Reg BI) obligations, the firm is required to periodically review its advisory accounts to ensure that stagnant, inactive accounts might not be better off, from a fee perspective, if such accounts were converted to BD accounts. The firm has amended its policies and procedures to include a section addressing concerns surrounding inactive accounts and establishing an internal review frequency to identify circumstances in which a client's interest may be better served in a different type of account. This topic will be incorporated in this year's RIA compliance meeting.*

On a quarterly basis (previously on a semi-annual basis the Securities Industry/Regulatory Continuing Education Council (CEC) releases a firm element needs analysis setting forth a guide containing a list of relevant training topics for consideration by firms in connection with the development of their annual firm element requirement. Additionally, FINRA publishes an annual report on their examination and risk monitoring program that highlights areas of concern and focus for their member firms.

The most recent CEC advisory, issued in June 2024, and FINRA's 2024 Annual Regulatory Oversight Report have been reviewed and the suggested training topics contained therein have been assigned to one of three categories set forth below or simply marked "N/A" if the suggested training topic is inapplicable to AIC and its representatives.

1. Topic/subject will be incorporated into this year's training plan
2. Topic/subject was incorporated into prior years' training plans and because of very limited activity during the last year it was not deemed necessary to review the topic/subject again this year
3. Topic/subject is of limited applicability to AIC's registered representative base because it pertains exclusively to home office operations only

Financial Crimes

- Cybersecurity (1)
- AML (1)
- Manipulative trading N/A

Crypto Assets N/A

Firm operations

- OBA and PST (1)
- Books and records (1)
- Regulatory events reporting (1)
- Trusted contact persons (1)
- Crowdfunding N/A

Communications and Sales

- Communications with the public (1)
- Reg BI and Form CRS (1)
- Private placements (1)
- Variable annuities (1)

Market integrity N/A

Financial Management N/A

B. **Customer Complaints**

The firm received one written customer complaint in 2023 and two in 2024.

The 2023 complaint was administrative in nature and involved an ostensible delay in an account transfer involving AIC's clearing firm. This matter was handled internally and resolved to the client's satisfaction.

The first 2024 complaint pertained to an allegation regarding an RR not following instructions to liquidate an alternative investment product purchased by a client in 2015. Because of the alleged failure to liquidate the investment, the client further alleged that the original purchase had therefore been unsuitable. The security in question, in fact, had been sold upon receipt of the client's original instructions a year earlier and the proceeds were subsequently distributed to the investor by the custodian. The investment custodian, however, did not remove the security from the client's statements on a timely basis giving rise to the client's erroneous belief that she still owned the security in question thereby giving rise to the aforementioned complaint. While investment suitability is always an issue of paramount concern at each and every compliance meeting, this particular complaint, although containing a derivative suitability complaint, was entirely without foundation and need not be reviewed as a suitability showcase.

The second 2024 complaint involved a bogus client address change resulting in two checks issued by AIC's clearing firm not being sent to the client's correct address and subsequently being intercepted and fraudulently cashed by an unidentified perpetrator. The bank that errantly cashed the misappropriated checks quickly made complete restitution to the client. None of the client's vital personally identifiable information was compromised. The client's correct address has been restored and AIC has agreed to pay for a one-year LifeLock subscription to further ease the client's security concerns. As a result of this unfortunate incident, AIC has instituted an additional verification requirement for all address changes to ensure against something of this nature happening in the future. This important matter will be a topic of review at this year's compliance meeting.

C. **Regulatory inquiries**

No regulatory inquiries have been received by the firm since 2019.

D. **Field Audits**

During the last year, internal examination of our OSJ offices (1-year cycle), non-OSJ branch offices (3-year cycle), our "active" RIA advisory affiliates (2-year cycle), selected satellite offices with gross commissions in excess of $50,000 (3-year cycle) and satellite offices with gross commissions of less than $50,000 (5-year cycle) revealed several deficiencies in need of remediation:

- Trade Blotter - All broker-dealer trades should be recorded separately from RIA transactions. Each section of the trade blotter should be completed in its entirety.

- Complaint Log - The notation that no complaints were received should be made on a quarterly basis on the standard AIC Branch Office Complaint Log.

- Account Information Form – The account information form should be timely updated, i.e., if such form is more than 3 years old OR even before its 3rd year if there is a significant change in client's suitability, financial information and/or investment allocation.

- Explanation of Your Investments – Mutual Fund/529 Purchase/s Form – This form should be obtained for all initial mutual fund purchases. For all subsequent mutual fund purchases, the form on file should be less than three years old.

These deficiencies will be addressed as part of the compliance portion of this year's training program.

E. **Compliance diagnostic questionnaires and outside business activity reports**

Each year, as part of the administration of its overall compliance effort, AIC distributes a compliance diagnostic questionnaire (CDQ) that must be completed in conjunction with outside business activity reports.

A review of these reports did disclose certain recurring problems or occasional deficiencies that need to be emphasized in connection with our 2023 training plan:

- Outside Brokerage Accounts – to ensure that AIC is receiving compliance copies of RR's brokerage account statements, all personal and/or family accounts should be listed accurately.

- Reminders when completing and submitting the annual CDQ
    - Answer each question and do not leave any questions unanswered. Indicate N/A if non-applicable
    - All supplemental forms must be completed, signed and dated
    - Attach a copy of business cards, letterhead and yellow page advertising, if applicable
    - Include proof of any professional designations used (e.g. CFP, CPA, EA, etc.), if applicable

These areas, in particular, will be emphasized during the compliance portion of this year's training program.

Additionally, AIC's 2024 training plan will continue to cover those areas that are of most concern to an independent contractor B/D, namely the pre-notification and approval requirement for engaging in outside business activities and private securities transactions.

F. **Arbitration/litigation**

The firm has been involved in one arbitration since 2019. This was an action initiated by an individual customer (husband and wife) alleging lack of suitability and claiming damages in the amount of $375,000. The products involved were direct participation programs, the sales of which occurred in the 2014-to-2019-time frame. This matter was settled in 2022 in the amount of $55,000.

Suitability is a vitally important compliance consideration. It has been, and will continue to be, addressed at every firm compliance meeting.

G. **Terminations for cause**

Since 2019, there have been no terminations for cause.

VI. Regulatory Element Aggregate Results

Beginning in 2023, FINRA moved to an annual regulatory element education requirement for all registered personnel so the need to parse triennial individual results for firmwide applicability is no longer applicable.

VII. Industry Trends and New Product Offerings

The typical profile of our registered representatives is an individual who primarily sells mutual funds, insurance-based products and fee-based asset management programs in a client-driven, financial planning approach.

New products, per se, are not as much a concern as are variations in traditional products.

With reference to the revenue table above (item IV A), in most instances revenue patterns have not been subject to dramatic year-over-year swings but rather, have tended to move along longer-term trend lines. Based partially on the above as well as general industry observations and market considerations, there are several points worth making:

1. <u>Mutual fund volume, long the bread-and-butter product line of the firm, has been fairly stable during the last fifteen years</u>. Although still quite significant, mutual funds now represent approximately one-quarter of our overall volume based on product mix, down from the 50% share this category enjoyed more than several decades ago. Two significant factors have emerged to change this dynamic: the increasing popularity of fee-based products/programs and the continued growth of fee-based RIA activities which, when combined, have enjoyed steady growth, and now account for more than 60% of the firm's overall product volume. Future growth in the mutual fund sector, however, is likely to be quite muted due to continued growing interest in fee-based products/programs and the RIA advisory fee business.

2. Since the 1990s, when insurance-based products constituted more than 30% of AIC's annual revenue and sales volume, there has been a significant trend-line decline in insurance-based product volume although during the last decade, the percentage volume of sales in this product category has been somewhat more stable. In large part, this is more than likely a result of the passage of capital gains legislation in 2001 making tax deferred products considerably less attractive on an after-tax basis. Additionally, the higher internal cost structure of insurance-based products and the adverse publicity related thereto have probably served to make these vehicles less attractive in the eyes of the investing public. Absent tax law changes making investments in these vehicles more attractive, I do not expect this product line to experience significant growth in the years ahead, although with the emergence of *new and improved* variable products offering various guaranteed living benefits, this product may, nonetheless, enjoy a resurgence in popularity, particularly in the wake of the extremely difficult market period in late 2008/early 2009. This appears to have been the case based on the volume increases experienced in 2010 compared to 2009, although volume percentages have trended back toward the prior longer-term average since then.

3. There has been a noticeable long-term, trend-line reversal in the volume of direct participation programs since the years immediately preceding the "great financial recession" of 2008-2009. Prior to the GFR, direct participation programs' annual volume comfortably ranged from 20% to 30% of aggregate firm revenue. In the aftermath of the 2008-2009 financial disaster, this product area, long dominated by real estate, literally "fell off a cliff" and has continued in a downward trend ever since. For a variety of reasons, including high product expense, historically poor performance, and serious liquidity constraints, it is not likely these products will ever regain the traction they once enjoyed. Nonetheless, given the distinctly different nature of these investment products from most everything else we sell (particularly in the arena of 1031 exchanges), emphasis will be placed on due diligence related matters and customer suitability issues with particular focus on the applicability of Reg BI as regards recommendations of these complex and risky products.

   It is important to point out that in this area of complex and risky products, the firm employs rigorous due diligence and product training requirements for RRs interested in selling products of this nature. The firm has relied heavily on the services provided by AI Insight, a purveyor of product-specific, educational modules involving alternative investment products. AIC has a policy of NOT entering into a selling agreement with any alternative product sponsor who does not submit its product for inclusion on the AI Insight platform. Any RR interested in selling a product of this nature must provide evidence of satisfactory completion of AI Insight's associated educational module.

   Additionally, the firm has a policy of NOT entering into a selling agreement with any alternative investment product sponsor who has not had its product thoroughly reviewed and vetted through one of the several third-party due diligence services used by the firm. The firm views this as an essential step in being able to offer these sorts of products to its customers while endeavoring to ensure the best possible investment result for them.

4. Fee-based products/programs and RIA advisory fees continue to enjoy steady growth. The overall emergence of fee-based asset management products/programs

and the RIA advisory fee business are reflective of a general industry trend toward asset-based compensation and a desire to expose clients' assets to a higher degree of risk management. Fifteen years ago, this combined product line constituted 25% of AIC's sales volume; now it represents more than 50% of our overall product volume.

VIII. Conclusion

In view of the above, as was the case in prior years, our training emphasis will continue to focus on specific product-related education and general compliance.

Product training will be tailored to focus on the four primary product or business lines sold by the firm's representatives: mutual funds, insurance-based product, direct participation programs and fee-based asset management programs and products. Product education emphasis in these four areas captures more than 95% of the aggregate revenue source of the firm and its representatives.

Compliance training will be undertaken through a combination of FINRA's new annual regulatory element program and the firm's self-designed, custom program derived and developed from the results of the firm's needs analysis as articulated above.

Part Two - Training plan for 2024

Refer to attached "Statement of corporate objective and Continuing education program for 2024".

American Investors Company

Statement of corporate objective
and
Continuing education program
for
2024

The architecture and implementation of American Investors Company's 2024 continuing education program is designed to enhance registered representative training in those securities products, services and investment strategies offered by AIC through its registered representatives to its customers.

The company's historic approach has been to convene a firm-wide meeting of associated persons for the dual purpose of satisfying both firm element continuing education and the firm's annual compliance meeting requirement.

Since the advent of the mandated CE program in 1995, the firm has opted to consistently take this approach achieving very satisfactory results. The lone exception to this methodology occurred during the three-year, pandemic-induced hiatus - a time period during which convening a firmwide meeting was either impossible or inadvisable (refer to the firm's CE programs for 2020, 2021 and 2022 for further information on how the firm fulfilled its annual compliance and CE obligations during those years).

A more traditional CE plan has been reinstituted this year and is not dissimilar to the firm's CE programs implemented prior to the pandemic.

AIC has identified four primary lines of business which constitute the general universe of products, services and strategies offered by AIC. These four lines of business are:

- mutual funds
- insurance-based product (both fixed and variable)
- direct participation programs
- fee-based managed assets

Each year, AIC intends to organize and sponsor a sales/compliance conference to which all registered representatives will be invited to attend. The dates selected for AIC's 2024 conference is October 30, 2024. Key product/service sponsors providing broad product representation within each of the lines of business set forth above will be invited to participate in the conference and will play key roles in the overall delivery of our desired educational training program.

As an important adjunct to providing relevant sales information regarding the general investment features and associated risk factors germane to their respective products/services, this year's training program will tie in two presentations designed to enhance non-product-specific knowledge in selected areas as follows:

- Product differentiation and suitability; risk management; lawsuit prevention
- Capital markets review

These presentations will provide valuable information that will augment the sales-related product information received by the representatives during the course of the specific product presentations. Taken together, these components will address one of the three key objectives of AIC's overall continuing education plan, i.e., delivery of education in the area of:

- general investment features and associated risk factors

As a backdrop to the above, in developing earlier continuing education plans, we reviewed each registered representative's sales production activity and compensation history to determine which specific business line area(s) the representative had meaningful client exposure. Our determination as to which business line areas a representative would be required to satisfy as part of his/her individual training plan was based solely upon this "look back" review.

In preparing our continuing education plan for years subsequent to 1996, we concluded that this "look-back" approach was inadequate by virtue of the fact that this approach did nothing to prepare a representative <u>prospectively</u> for the sale of securities in a new business line not previously sold by that particular representative. In other words, based upon a representative's securities license status (i.e., series 6, series 7, etc.), we determined that it was more appropriate for a representative to be sufficiently educated in all product line areas which he/she was licensed to sell rather than just those product lines sold in the past. Expanding our training requirements in this fashion helps to address the obvious concern that would arise in the event that a representative begins selling products in a particular business line for which he/she has had no previous training.

Beginning in 2006, AIC elected to take an even more expansive approach to product training. Since there is much more product "crossover" today than ever before and because consumers are much more aware of the multitude of investment options available to them, largely by virtue of the internet and the mainstreaming of business programming and news services, representatives can ill afford to remain ignorant of product and investment opportunities that may be of interest to their clients, even if they are not currently licensed to sell particular lines of products.

For example, Series 6 licensed registered representatives need to be knowledgeable in product areas other than mutual funds and insurance-based product, even if they are not currently licensed to sell them, because customers are demanding broader investment knowledge on the part of their financial advisors. Knowledge is the most valuable tool a registered representative can possess and enhancement of each representative's "tool kit" is an important objective of AIC's training program. Furthermore, exposure to product areas beyond the scope of their current license(s) may result in some representatives seeking additional licensing which, in turn, will enhance their professional stature and increase their value to their clientele.

Thus, licensure will no longer be used as criteria for assigning product line specific training on a rep-by-rep basis. As a general rule, all AIC representatives will be required to undertake the full range of product-line training “as-if” he had all the requisite licenses to sell the full complement of products available to AIC representatives.

Exceptions may be granted on a case-by-case basis, however, if there is demonstrable evidence, based on past history, supporting a conclusion as to the likelihood of future inactivity in a specific product area, particularly an area requiring additional licensing in which the representative affirms his/her non-interest in such licensing.

Licensed representatives who are not engaged in sales production and/or who have no product-related sales responsibilities are not required to fulfill AIC’s firm element continuing education requirement until such time as their duties and responsibilities, as they relate to sales and products, change.

As an adjunct to addressing the focal point area referenced above, AIC’s annual compliance meeting will integrate the remaining aspects of our continuing education program. Specifically, AIC’s annual compliance meeting is designed to address relevant issues dealing with:

- investment suitability and determination thereof
- sales practice matters
- applicable regulatory requirements

This is particularly important in the areas of newly-introduced regulations and existing areas where the firm’s principals determine a need for renewed emphasis. Attendance at AIC’s annual compliance meeting is mandatory for all registered personnel.

In some instances a particular representative (or a very small number of representatives) may engage in some aspect of the securities business not covered by the four general business lines described above. In instances where a significant portion of a particular representative’s business activity falls outside of AIC’s major lines of business, his/her individual continuing education program may be addended accordingly. As a practical matter, it should be noted that business activity occurring outside of AIC’s primary business lines is minimal in nature and is restricted to a very few representatives.

Each representative will be notified of his/her specific continuing education requirements and the optional methods of satisfying those requirements.

Representatives not satisfying their requirements during AIC’s annual conference will be given an opportunity to satisfy his/her individual 2024 training plan requirements later in the year by adopting a piecemeal approach through a combination of attending a “make-up” compliance meeting (or satisfying this requirement through another satisfactory method) and satisfying his/her individual firm element training requirements through other prescribed means.

A registered representative not satisfying his/her mandated continuing education requirements through the firm-directed mechanism described above may elect to partially satisfy his/her requirements through the successful completion of third party provided courses/programs which have been pre-approved for content suitability by AIC's home office, a list of which will be published and distributed to all of AIC's affected representatives.

Alternatively, a representative may elect to satisfy his/her annual continuing education requirements through the execution of an individualized, custom continuing ed "contract with AIC" developed by the representative and approved **in advance** by AIC's home office.

For the representative not taking advantage of the firm-directed mechanism available to him/her, regardless of which of the two optional approaches selected (vendor-supplied courses or custom contract), the representative must still attend the firm's "make-up" compliance meeting (or other satisfactory method) in partial fulfillment of his/her overall training plan.

It is anticipated that the vast majority of AIC's registered personnel will satisfy their 2024 continuing education requirements through the firm-directed mechanism which is in keeping with the firm's experience in prior years. Thus, it was not deemed necessary that a formal continuing education "credit" or "unit" system be established to handle the few reps that will opt for either of the last set of options. This can readily be handled on an individualized basis.

It is AIC's express intention that its continuing education program be much more than an "academic" exercise which is characteristic of so many continuing education programs associated with other disciplines. We intend for our continuing education program to be of substantive benefit to each and every participant and that it further the goal of preventing future compliance and litigation-related problems.