

Prohibited Conduct

Certain types of conduct in the securities industry are prohibited, including the following:

- 1) Recommending the purchase or sale of a security that is unsuitable given an investor's age, financial situation, investment objective and investment experience. Investment in a particular type of security may be unsuitable, or the amount or frequency of transactions may be excessive and therefore unsuitable for a given investor.
- 2) Purchasing or selling securities when the investor did not specifically authorize the sale or purchase, unless the broker has received from the investor written discretionary authority to effect transactions in the account or the broker was given discretion as to price and time.
- 3) Switching an investor from one mutual fund to another when there is no legitimate investment purpose underlying the switch.
- 4) Misrepresenting or failing to disclose material facts concerning an investment. Examples of information that may be considered material and that should be accurately presented to investors include the risks of investing in a particular security; the charges or fees involved; company financial information; and technical or analytical information, such as bond ratings.
- 5) Removing funds or securities from an investor's account without the investor's prior authorization.

- 6) Charging excessive markups, markdowns or commissions on the purchase or sale of securities.
- 7) Guaranteeing investors that they will not lose money on a particular securities transaction, making specific price predictions or agreeing to share in any losses in an investor's account.
- 8) Private securities transactions between a broker and an investor, particularly where such transactions are done without the knowledge and permission of the broker's firm.
- 9) Failing to use reasonable diligence to see that an investor's order is executed at the best possible price, given prevailing market conditions.
- 10) Purchasing or selling a security while in possession of material, non-public information regarding an issuer.