



## Frequently Asked Questions:

### Getting Started as a Registered Representative

#### ABOUT FINRA REGISTRATION

##### **Why do I need to register with a Broker Dealer Firm?**

If you are selling securities or advising on the sale of securities, you are required to register with FINRA (Financial Industry Regulatory Authority). This includes individuals or entities that engage in the following activities:

- Finding investors or customers for, making referrals to, or splitting commissions with registered broker-dealers, investment companies (including mutual funds and hedge funds) or other securities intermediaries;
- Finding investment banking clients for registered broker-dealers;
- Finding investors for "issuers" (entities issuing securities), even in a "consultant" capacity;
- Finding investors for venture capital or "angel" financings, including private placements;
- Finding buyers and sellers of businesses (i.e., activities relating to mergers and acquisitions where securities are involved).

A broker dealer such as Growth Capital Services serves the function of registering you and supervising your activity

appropriately. A variety of registrations may be needed, depending on your situation.

##### **Can I continue to conduct other business activities?**

Yes. While all commissions go through us, many of our clients also consult to clients on a retainer fee basis. As long as you receive advance approval, the compensation earned for those activities need not be processed through us; it can be sent to you directly.

Any outside business activity (OBA), which is activity away from the firm, compensated or not, must first be approved in writing by the firm prior to your engagement in the activity. The firm must review your activities for conflicts of interest, as well as for other potential regulatory issues.

#### ABOUT GROWTH CAPITAL SERVICES

##### **How are you different from other BD firms?**

We differentiate ourselves by catering specifically to independent investment professionals who focus on private securities. We provide you increased business flexibility, operational leverage, and the ability to lead or participate in a wide range of transactions that you choose. We help you do the business you want to do, within regulatory and firm requirements. In other words, we foster the growth of your brand, your deals, and your clients.

##### **What exams do you sponsor?**

Series 7, 24, 63, 66, 79 and 82.

##### **Who is OLIVIA?**

OLIVIA is our proprietary compliance software -- she supports and enhances your daily business experience with us, including modules for task tracking, deal submission and approval, compliance documentation, and final transaction reporting.

##### **How does OLIVIA work?**

OLIVIA combines a workflow function with a template form-builder function to create a largely automated

interface for independent registered reps. She presents you with the information and forms that help you to run a compliant business.

##### **How do I know my information is secure?**

OLIVIA secures information using industry-standard and FINRA-compliant methods. She encrypts the transmission of information you enter and securely backs up all data in order to prevent loss. Finally, she runs on a secured system in a remote facility.

#### LOGISTICS

##### **How am I paid -- as an individual or through my corporate entity?**

Registered representative status can only be offered to an individual, not a corporation. As an independent contractor, you will be issued a 1099 tax form reflecting your activity at the end of the year. This form will name the independent contractor as a person, not as a corporate entity.

##### **What disclosures do I have to make about my affiliation with GCS?**

In all of your written communications with the public concerning securities matters, you are obligated to make it clear that the investments you are representing are offered through Growth Capital Services. This notification consists of the following line on your business cards, letterhead, email signature and website: "Securities offered through Growth Capital Services, Inc. (Member FINRA, SIPC)". This not only allows any interested parties to easily find the BD of record on a particular transaction, but it also signals to the world that you are doing your commission-based business in a compliant manner.

## SUPERVISION

### How will I be supervised?

When you become a client with our firm, we become responsible for monitoring the deals you are working on, the buyers and sellers you bring to the table, and the manner in which you conduct your business. Every time you submit a deal for inclusion on our platform, we determine whether adequate due diligence has been performed, review it for investor suitability, and attempt to discover any potential red flags. Every time you close a transaction, we conduct another review, which includes anti-money laundering procedures and other mandated assessments. In the meantime, your direct supervisor will have ongoing conversations with you about your activities, your email will be reviewed (see below), and you will receive notice of occasional training modules that you are required to complete. Please refer to the firm's Written Supervisory Procedures manual for further instruction.

### How will my correspondence be monitored?

All public communication, electronic or otherwise, must be monitored. As part of your membership fee, we provide you with an IT package that includes compliance-enabled email, website hosting, communications and technical support. You must use this package to conduct your email business related to GCS. All of your emails will be automatically directed into our compliance archive. We conduct regular spot-checks of all emails, and will alert you if we decide that one of your emails needs further discussion. All written correspondence, including texts, instant messages, messages sent through social networks, etc., must be discoverable by the regulatory authorities. In respect for your privacy, we ask that you use a personal email account for your private, non-securities related correspondence.

### When do I have to be registered in a particular state to do business there?

Both GCS and you as an individual have to be registered in a state prior to you becoming active in that state. Please check with us regarding the state registrations you will need. Upon request, we can register both the firm and you in additional states, with the costs of registration shared by you and by our firm.

### May I work in other countries?

Yes, with prior approval. As you would expect, we do not work with nationals from countries listed on the US Office of Foreign Affairs Control's (OFAC) Specially Designated Nationals (SDN) List.

## EXAMS

### What exams do I need to take?

1. If you advise on investment banking or finance-related matters, but do not sell securities for a commission, you need the Series 79;
2. If you sell private securities for a commission, but do not advise on investment banking or finance-related matters, you need the Series 7 (more general) or the Series 82 (more limited);
3. If you do both, you need both the 79 and the 7 or 82;
4. In all cases, you need a series 63, which registers you with the states;
5. If you manage people who do either 1 or 2 above, you need a series 24 or its equivalent, in addition to the other registrations.

Please note that your specific situation may require exams not mentioned here. If you have any additional questions, we are more than happy to help.

## GETTING STARTED

### How do I get started?

The first step is to complete an application – we will send you one on request. Following a review of your application, we will invite you join a phone call with a Senior Compliance Officer. Once we establish an interest in moving forward together, we will ask you for permission to conduct criminal, civil, and credit checks on you; several references who can vouch for your personal and professional conduct; a professional biography or resume; and other identifying information which will enable us to register you with the regulatory authorities. With your permission, we will run a range of background checks on you using both in-house and external resources. This process usually takes from 7-10 days.

### Once we decide to work together, what else do I have to do?

There are a number of requirements that must be completed to formally register you. These include:

- Independent contractor agreement
  - U-4
  - Fingerprints
  - Errors and Omissions policy declaration
  - URL transfer
  - Professional photo and brief biography for our website.
- In addition, there are a variety of supervisory practices that we will be informing you of as they arise. Please refer to the firm's written supervisory procedures manual for further instruction.

## CONTACT US ABOUT BECOMING A REGISTERED REPRESENTATIVE

### Growth Capital Services

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