



FREQUENTLY ASKED QUESTIONS

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Your transactions. Our back office.

Growth Capital Services
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Welcome to Growth Capital Services!

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1: ABOUT GCS

What does Growth Capital Services do?

Growth Capital Services (“GCS”) provides broker dealer supervision to professionals who specialize in privately held securities. GCS performs supervisory services for capital raises, M&A opportunities and secondary sales of private stock. Registered with FINRA and all 50 states, GCS offers:

1. **Licensing:** We register experienced professionals with FINRA Series 7, 22, 24, 63, 65, 66, 79 and 82 so they may conduct securities business and receive commissions on the sale of private securities.
2. **Supervision:** Our compliance team supervises your activities and transactions as required by regulators and our platform supports your business so you can focus on closing deals.
3. **Membership package:** Our premium package includes proprietary technology, compliance expertise, member services, and special benefits (e.g. E&O insurance, Pitchbook research service, etc).

Why do I need a broker dealer?

You must be registered with FINRA via a broker dealer firm if you are selling securities or advising on the sale of securities. Investment bankers, placement agents and finders are likely to be required to register with a broker-dealer.



By obtaining appropriate registrations, you may:

- raise capital for issuers, including individual companies or funds
- sell private offerings to institutional and accredited investors
- offer investment banking services, either for the sell side or the buy side
- structure private deals
- arrange trades of secondary stock
- make referrals to or split commissions with registered broker-dealers, investment companies (including mutual funds and hedge funds) or other securities intermediaries

How does GCS differ from other broker dealers?

We differentiate ourselves by catering specifically to independent entrepreneurial bankers and small teams with solid experience in private placements or investment banking. 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 deals you want to do in a compliant manner, thus fostering the growth of your brand, your client network, and your business.

- **Experience:** Since 2003, our team has supervised over 1000 successful transactions in private deals ranging from \$10 million to over \$100 million. We understand the complexities of balancing regulatory requirements with real world business situations.
- **Technology:** Our proprietary software platform (OLIVIA) was developed specifically for private placements. OLIVIA includes all the information you need to support a smooth progression from engagement letter to closed transactions.
- **Membership package:** Our [premium package](#) includes proprietary technology, easy access to compliance expertise and dedicated member services, and other special benefits (e.g. E&O insurance, Pitchbook research service, etc). For many, the E&O insurance alone is worth the price of admission as it is typically cost prohibitive for individuals to purchase on their own.
- **Support for your business:** Our services don't stop once we have signed off on your deal. After all, your success is our success! GCS Reps receive individualized support from our Member Services and Compliance teams, ready access to legal templates and manuals, and the support of our network. We value transparency, integrity, and creating the win-win partnerships that have kept our best producers loyal to our platform for many years.

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2: APPLICATION AND ONBOARDING

Application:

The GCS application process typically takes about 7 – 10 business days and includes the following steps:

1. **Application:** Contact [Bruce Potterton](#) for an OLIVIA login, then sign in to get started with your application and provide credit card information for the application fee (\$500 domestic, \$1000 non-U.S.). The application fee is non-refundable; however, if you are accepted for GCS membership, the fee will be credited in full toward your membership fees, resulting in no net cost to you.
2. **Background check:** GCS will use the information provided on your application to conduct a background check via a third-party vendor. The report will include verification of your identity along with criminal, civil, credit and reference checks.
3. **Call with CEO:** You will be scheduled for an interview with our CEO to discuss your business activities, experience, past transactions, investor network and deal pipeline.
4. **Sign agreement:** If you are approved for membership, you and GCS will sign an agreement detailing your independent contractor relationship with the firm. Membership fees will be pro-rated as of the date of this agreement.

Onboarding:

Next, a Member Services team member will walk you through the onboarding steps in detail. The average timeline for completion is 2 – 3 weeks, but is largely dependent on the promptness of your responses. As an overview, the major steps are as follows:

1. Introductory call with your assigned Compliance Supervisor to discuss your activities and corresponding registrations (including exams if needed) and required filings
2. Introductory call with GCS's IT Manager to set up your email and social media archiving per regulatory requirements
3. Sign attestation of receipt of GCS's written supervisory procedures
4. Form U-4 review and filing with FINRA
5. Exam scheduling (if applicable)
6. Fingerprinting – electronically in your local area
7. File brokerage account disclosures
8. File public communications (website, social medial profiles, business cards, advertising materials, etc.). Templates will be provided for required language.
9. Other compliance filings as necessary



3: DEALS, COMMISSIONS & SUPERVISION

How will my deals and transactions be supervised?

When you become a Rep 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.

GCS has simplified the deal documentation process with our proprietary software into five simple steps:

1. Engagement Letter Review: obtain approval before signing with your client.
2. Deal Memo Review: obtain approval of all deal materials prior to investor solicitation.
3. Customer Identification: submit an identification/suitability form for each seller and buyer prior to the close of a transaction.
4. Transaction Review: submit a form to report the closing of each transaction.
5. Commission Payout: invoice your customer with instructions for your commission to be sent to GCS; GCS will notify you when the funds have been received. Get paid and celebrate your success!

When I earn a commission, how does the flow of funds work?

Only a FINRA member firm may be paid on a commission basis. Therefore, the commissions you generate will first go from your client to GCS, and are then promptly paid to you.

Please note that we do not hold customer funds, nor do we custody funds that are actually being invested: all investments are sent directly to the issuer / target / seller, and the only cash that comes into our firm is your commission.

How frequently does GCS pay out commissions?

Commissions are paid on Tuesdays and Fridays for all approved transactions for which funds have been received by noon Pacific Time of the prior business day.



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. The 1099 may only be issued to the Rep as a person or to a single-member LLC that has elected not to be treated as a corporation.

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

Growth Capital Services is registered in all 50 states. In addition, you must be registered in a state prior to conducting business in that state. Please check with us regarding the state registrations you will need and the associated fees.

Am I permitted to work with a Rep at another broker dealer?

Yes. GCS has a process for you to request approval for a Co-Marketing Agreement between GCS and another firm, which details your arrangements with the other firm.

Can I continue to conduct other business activities?

Yes. While all securities business must be conducted via our platform and all commissions must be sent to GCS directly, many of our clients also consult to clients on a retainer or project fee basis or have business activities that do not involve securities. Any outside business activity ("OBA") that is actively done away from GCS, compensated or not, must be approved in writing by GCS prior to your engagement in the activity. GCS is obligated to review OBAs for any conflicts of interest or other potential regulatory issues. We will address this with you in detail during our onboarding process and periodically throughout your association with GCS.

As long as you receive advance approval, the compensation earned for those activities need not be processed through GCS; it can be sent to you directly. However, please note that if such payments are sent to our firm, our normal processing fees will apply.

How will I be supervised?

FINRA rules require broker dealer firms to supervise the activities of its representatives to achieve compliance with the applicable securities laws and regulations and FINRA rules. Among other things, you'll have ongoing conversations and periodic office inspections with your Supervisor about your activities, deals and transactions and related forms you may need to submit. Please refer to the firm's Written Supervisory Procedures manual for further details.



How will my correspondence be monitored?

You are not obligated to use a GCS email, and can continue to work with the email of your choice. However, all securities-related email correspondence and communications with the public must be monitored per regulatory requirements. As part of your onboarding process, we provide you with IT support to determine which compliance-enabled communications package will best meet your business needs. Upon implementing the system that you choose, 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. In respect for your privacy, we ask that you use a personal email account for your private, non-securities related correspondence.

Are there continuing education requirements?

There are two mandatory continuing education programs for all registered individuals: a Regulatory Element and a Firm Element. The Regulatory Element requires you to complete an online training program on the second anniversary of your initial registration, and every three years thereafter. The program is administered by FINRA and focuses on compliance, regulatory, ethical and sales practice standards. The Firm Element is a formal training program designed by GCS and administered annually in November or December via a mandatory webinar.

4: EXAMS

GCS sponsors experienced professionals for the FINRA exams that pertain to our business including exams for general securities principals and supervisors, investment banking, private placements, state licensing exams and exams for registered investment advisers.

What exams does GCS sponsor?

Series 7, 22, 24, 63, 66, 79 and 82.

What exams do I need to take?

Generally, exam requirements are as follows:

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 or Series 66 for registration in 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.
6. If you are selling shares of a Direct Participation Program (a pass-through entity for tax purposes), and you do NOT have the Series 7, then you will need the Series 22.

Please note that your specific situation may require exams not mentioned here. If you have any additional questions, please contact us so we can learn more about your activities and help determine which exams are appropriate for you.

Where can I obtain study materials?

There are several vendors from whom you can purchase study materials. Many GCS Reps have had success with Solomon Exam Prep and we have negotiated a 20% discount for our Reps.

When can I take the exams?

Aside from the Series 63, you can only sign up for exams once you have registered with a broker dealer firm. Once registered, GCS can sign you up for any exams you may wish to take, then you will have 120 days to complete the exam(s). If you have the requisite licenses, you may begin operations upon registration and completion of GCS onboarding requirements. Otherwise, you may not solicit or sell securities prior to obtaining your license(s).

Can I cancel or reschedule my exams?

You may cancel or reschedule any exam, but you must do so in accordance with FINRA's policies. Individuals who reschedule or cancel a FINRA qualification examination or Regulatory Element Continuing Education (Regulatory Element) session three to 10 business days prior to their scheduled appointment will be subject to a new cancellation and reschedule policy. To avoid cancellation or reschedule fees, candidates seeking to alter their scheduled appointment must do so a minimum of 10 business days in advance. Appointments cancelled or rescheduled within 10 business days will result in a fee that differs for each exam.

GET STARTED!

We are delighted by your interest and appreciate this opportunity to familiarize you with our unique firm. To get started, contact [Bruce Potterton](#). We look forward to a long and fruitful collaboration!

