

OPERATIONAL INSTRUCTION ISSUED BY THE STATE BOARD OF FINANCIAL  
INSTITUTIONS OCTOBER 6, 1999

Investment And Insurance Products

State chartered banks, savings and loan associations, and credit unions are authorized to offer the brokerage of stocks, bonds, mutual funds and the sale of annuities, life, health, property, and casualty insurance, as agent, directly or through a subsidiary corporation subject to the following conditions:

1. That the purchasers of annuities and mutual funds sign a disclosure statement acknowledging that such accounts are not an obligation of the financial institution or subsidiary and are not insured by the Federal Deposit Insurance Corporation or National Credit Union Administration. The form should include a statement that all such investments involve risks, including the possible loss of principal.
2. That a form be completed indicating suitability of an investment for a customer based upon information disclosed by the customer regarding investment objectives, tolerance for risk, and other personal and financial situations.
3. That any insurance company for which the financial institution or subsidiary sells annuities or insurance be rated "A" or better by A.M. Best, an insurance rating company.
4. That any necessary approvals of the South Carolina Department of Insurance are obtained prior to the sale of annuities or insurance.
5. That the offices used for sale of these products be distinct from those of the financial institution and so noted by appropriate signs.