

## **Part 2A of Form ADV: BOSC, Inc. Brochure**

**This brochure provides information about the qualifications and business practices of BOSC, Inc. If you have questions about the contents of this brochure, please contact us at 1-877-781-6889. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about BOSC, Inc. also is available on the SEC's website at [www.adviserinfo.gov](http://www.adviserinfo.gov).**

### **Item 1. Cover Page**

This Brochure (Brochure) is effective as of March 30, 2011. Please read this Brochure carefully before investing.

BOSC, Inc. is an investment adviser registered with the United States Securities and Exchange Commission (the SEC). SEC registration does not imply a certain level of skill or training. BOSC, Inc. is also a registered municipal securities adviser, registered broker-dealer and member FINRA/SIPC. BOSC, Inc. is an affiliate of BOKF, NA and Cavanal Hill Investment Management, Inc., and is a wholly-owned subsidiary of BOK Financial Corporation.

BOSC, Inc. may be referred to as "BOSC," "us," "we," or "our" throughout this document. In this document we refer to current and prospective clients as "you," "client," or "your."

You may contact us at the following address:

BOSC, Inc,  
One Williams Center, Plaza Level  
Tulsa, OK 74172-0172

You may contact us by phone at: 1-877-781-6889

Please visit our website at [www.boscinc.com](http://www.boscinc.com) for more information about BOSC, Inc.

## **Item 2. Material Changes**

On July 28, 2010, the United States Securities and Exchange Commission published “Amendments to Form ADV,” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 30, 2011, is a new document prepared according to the SEC’s new requirements and rules. As such, this document is materially different in structure than prior versions and requires certain new information that our previous brochure did not require.

In the future, this Item 2 will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to the new SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may also provide disclosure information about material changes as necessary.

We will provide you with a new Brochure as necessary based on changes, new information or at your request, at any time, without charge.

Our Brochure may be requested by contacting your BOSC representative or calling 1-877-781-6889.

Additional information about BOSC is available on the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s website also provides information about persons affiliated with BOSC who are registered as investment adviser representatives of BOSC.

### **Item 3. Table of Contents**

Item 1.	Cover Page .....	1
Item 2.	Material Changes .....	2
Item 3.	Table of Contents .....	3
Item 4.	Advisory Business .....	4
	Wrap Program .....	5
	Assets Under Management.....	5
	Lockwood Accounts.....	5
Item 5.	Fees and Compensation .....	5
	BOSC Advisory Program.....	5
	Termination .....	6
	Lockwood Accounts.....	6
	Other Fees and Expenses.....	7
	Custody and Account Fees .....	7
	Compensation.....	7
	Affiliated Mutual Funds .....	8
Item 6.	Performance-Based Fees and Side-by-Side Management .....	8
Item 7.	Types of Clients .....	9
Item 8.	Methods of Analysis, Investment Strategies and Risk of Loss.....	9
	Investment Strategies & Methods of Analysis.....	9
	Investment Risks & Risk of Loss.....	11
Item 9.	Disciplinary Information.....	13
Item 10.	Other Financial Industry Activities and Affiliations .....	14
	Recommendation of Other Advisers .....	16
Item 11.	Code of Ethics, Participation of Interest in Client Transactions and Personal Trading .....	16
Item 12.	Brokerage Practices .....	17
Item 13.	Review of Accounts.....	17
Item 14.	Client Referrals and Other Compensation .....	18
Item 15.	Custody .....	19
Item 16.	Investment Discretion .....	19
Item 17.	Voting Client Securities.....	19
Item 18.	Financial Information.....	19
Item 19.	Requirements for State-Registered Advisers .....	19

## **Item 4. Advisory Business**

BOSC was founded in 1985. BOSC is an SEC registered investment adviser, registered municipal adviser, and is also a registered broker-dealer and member FINRA and SIPC. SEC registration does not imply a certain level of skill or training. BOSC is a wholly-owned subsidiary of BOK Financial Corporation, a regional financial services company. BOSC is affiliated with BOKF, NA, a national banking association that provides investment advisory services, and Cavanal Hill Investment Management, Inc. (Cavanal Hill), an SEC registered investment adviser.

BOSC is the brokerage affiliate of BOK Financial Corporation and operates investment centers associated with each of BOKF, NA's operating units: Bank of Albuquerque, Bank of Arizona, Bank of Arkansas, Colorado State Bank and Trust, Bank of Kansas City, Bank of Oklahoma, and Bank of Texas. As an institutional and public finance firm, BOSC serves the financial needs of individuals, corporations, government agencies, foundations, municipalities and institutional clients nationwide. It has a strong history in providing institutional investments, investment banking, public finance and tax exempt leasing services.

BOSC offers clients all the capabilities needed to create and execute personal investment strategies based on each client's goals and risk tolerance. As one of the Southwest's largest brokerage firms, BOSC serves the needs of retail investors nationwide. BOSC's experienced professional brokers are also able to provide appropriate transaction services to its clients.

BOSC offers fee-based, non-discretionary investment advisory services to brokerage clients including individuals and high net worth individuals typically by providing investment advice with respect to the selection of a third party investment manager, as well as investment advice regarding security selection.

BOSC provides investment advisory services on a non-discretionary basis. Investment advice may include security analysis, research, and recommendations, which may be utilized by the client in making investment decisions for their account. BOSC will not hold client funds or securities in its custody. Client assets in advisory accounts are custodied with Pershing, LLC (Pershing).

BOSC representatives may make investment recommendations to clients with respect to types of securities, portfolio mixes, and appropriate maturities. BOSC monitors customer portfolios from time to time and discusses the portfolio with customers in person or by phone. BOSC's review process is discussed in more detail in Item 13.

BOSC's advisory services are tailored to the individual needs of clients. Clients may impose restrictions in investing in certain securities or security types, and are ultimately responsible for selecting their own investments. When an advisory account is established, the client and BOSC representative discuss the client's risk tolerance,

financial condition, and investment restrictions, if any, and the BOSC representative recommends an appropriate investment strategy based on these factors. BOSC representatives will discuss the factors with clients annually. The client is responsible for providing BOSC with thorough and accurate information. Changes in a Client's circumstances may necessitate a change in the investment strategy.

BOSC may provide investment advice regarding security selection. Such advice is provided on a non-discretionary basis and the client is responsible for making his or her own investment decisions. The client may invest in accordance with their own investment policy statement or other investment restrictions.

### ***Wrap Program***

BOSC does not participate in a wrap program.

### ***Assets Under Management***

BOSC does not manage advisory assets on a discretionary basis. As of March 10, 2011, the amount of advisory client assets managed on a non-discretionary basis was \$75,200,000.

### ***Lockwood Accounts***

BOSC may provide investment advice in the selection of a third party investment adviser who will invest the client's assets on a discretionary basis. Such discretionary advisory services may be provided through the Lockwood Managed Account Advisor (Lockwood) program. Lockwood is an advisory service offered by Pershing, a BNY Securities Group Company.

## **Item 5. Fees and Compensation**

### ***BOSC Advisory Program***

BOSC Advisory Program Services (the Program) provided to clients are described in the BOSC, Inc. Advisory Services Agreement (the BAS Agreement). Clients will compensate BOSC for the Transaction Services provided under the BAS Agreement by paying an annual asset-based fee (the Program Fee), according to the schedule below:

<b><u>Eligible Assets</u></b>	<b><u>Annual Fee Rates</u></b>	<b><u>Customized Annual Fee</u></b>
<b><u>Rates</u></b>		
<i>Breakpoint</i>	<i>All Asset Categories</i>	<i>All Asset Categories</i>
\$1-999,999	1.50% Per Annum	
\$1,000,000-1,999,999	1.00% Per Annum	
\$2,000,000+	0.75% Per Annum	

The Program Fee charged to each non-discretionary investment advisory account is based on the value of *eligible assets* held in the program and may be negotiable. *Eligible assets*

consist of the following: cash, listed and unrestricted stocks, fixed income instruments, options, Unit Investment Trusts, and certain mutual funds (no-load and front-end load waived). Any security or other asset that does not come within the definition of *eligible assets* as described above is an *ineligible asset* subject to normal and customary commissions, on a per-transaction basis. *Ineligible assets* include, but are not limited to, fixed and variable annuities and any other securities where a commission is normally charged.

There is a minimum annual Program Fee of \$1,000. Accordingly, the client may pay an effective rate that is greater than the rate specified in the annual Program Fee schedule above. The initial Program Fee (Inception Fee) will be prorated according to the number of days remaining in the calendar quarter and will be due one business day after the account meets the qualifying minimum value. Thereafter, the Program Fee will be paid every calendar quarter in advance.

Clients authorize their custodian to pay the Program Fee and any other fees due under the BAS Agreement by debiting the client's account directly. Payment of the advisory program fee will be reflected on client's statement(s). The advisory program fee will be paid every calendar quarter in advance, based on the value of *eligible assets*, as defined in the BSA, in the advisory account, or account group, on the last business day of the prior month.

### **Termination**

The client may terminate the BAS Agreement by providing BOSC with written notification of termination no less than 5 business days prior to the effective date of such termination. BOSC reserves the right to terminate or convert the account to a commission-based brokerage account at any time and for any reason. Program Fees will be refunded on a pro rata basis upon termination of the client's advisory account.

### ***Lockwood Accounts***

BOSC may provide investment advice in the selection of a third party investment adviser who will invest the client's assets on a discretionary basis. Discretionary advisory services may be provided through the Lockwood program.

Lockwood compensation is payable quarterly, is not negotiable, and is not payable before service is provided. The client submits written instructions regarding assets held in its account. The contract may be terminated immediately at any time by either party upon receipt of written notice. For accounts terminated within the first year, Lockwood charges a fee of \$300.

Annual Fee Schedule: (In Basis Points<sup>†</sup>)

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<sup>†</sup> A basis point is a unit of measure equal to 1/100 of 1% or 0.01%. Therefore, 65 bps is equal to 0.65%.

Household	SMA Equity/Balanced	SMA Fixed Income	Mutual Funds
First \$500,000	65	35	25
Next \$500,000	45	28	25
Next \$4,000,000	35	20	25
Next \$5,000,000	28	15	25
Over \$10,000,000	25	15	25

### ***Other Fees and Expenses***

The Program Fee applies to all *eligible assets* that are held in the account. Transaction or brokerage fees will not be charged for transactions in *eligible assets* in the Program. Please see the Item 12, Brokerage Practices, for more information on brokerage.

The Program Fee does not include any fees for products or services relating to the Account that are not part of the Program. To the extent that the client utilizes such products and services, additional compensation may be due. The Program Fee also does not cover other miscellaneous fees, including fees imposed by the SEC, transfer taxes, exchange and conversion fees, redemption fees, odd-lot differentials, auction fees, handling charges, electronic fund and wire transfer fees, and any other charges imposed by law or otherwise agreed to with regard to the client's account. As a shareholder in a mutual fund, the client will also pay its prorated share of the fund's advisory, administrative, and distribution (12b-1) and shareholder servicing fees, if any.

### **Custody and Account Fees**

The Program Fee includes fees for custody that are provided by Pershing. However, the Program Fee is exclusive of other account-related costs and expenses, which shall be incurred by the client. Clients may incur certain charges including but not limited to, deferred sales charges, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes. Mutual fund and exchange traded funds (ETFs) also charge internal management fees, which are disclosed in a fund's prospectus. Such charges and fees are exclusive of and in addition to the Program Fee. More information is provided below in the "Affiliated Mutual Funds" section of this Item 5 regarding mutual funds that are affiliated with BOSC.

### ***Compensation***

In addition to the Program Fee and the fees described in the "Other Fees and Expenses" section above, BOSC and its representatives may also earn compensation for the sale of securities or other investment products, including asset-based sales charges or fees from the sale of mutual funds, such as 12b-1 fees. This practice presents a conflict of interest and gives BOSC and its representatives an incentive to recommend investment products based on the compensation received, rather than on a client's needs. BOSC has account review procedures designed and implemented to ensure that all clients are treated fairly

and equitably, and to prevent this conflict from influencing investment selection. These reviews are more fully described in Item 13.

From time to time, BOSC recommends “no-load” funds to clients.

Clients have the option to purchase investment products recommended by BOSC through other brokers or agents that are not affiliated with BOSC.

BOSC will not charge commissions or markups for *eligible assets*, as these securities are included in the asset-based Program Fee. Commissions or markups are only payable on *ineligible assets*, which are not covered by the Program Fee.

### **Affiliated Mutual Funds**

From time to time, clients may invest in Cavanal Hill Funds (the Funds). BOSC serves as the primary underwriter and distributor for the Cavanal Hill Funds and earns fees for these services as set forth in each Fund’s prospectus. BOSC earns those fees in addition to the advisory Program Fee. BOSC may use the fees from the Funds for distribution assistance and to pay financial institutions and intermediaries for distribution and shareholder services.

BOSC may periodically voluntarily waive all or a portion of its fees with respect to any Fund. A BOSC affiliate, BOKF, NA, serves as the custodian to the Cavanal Hill Funds and earns fees for these services as set forth in each Fund’s prospectus. BOKF, NA and BOSC have also entered into agreements that entitle them to receive Shareholder Servicing Fees (SSF) and Distribution (12b-1) Fees from certain of the Funds as set forth in each Fund’s prospectus. BOKF, NA or BOSC may periodically voluntarily waive all or a portion of its fees with respect to any Fund.

Another BOSC affiliate, Cavanal Hill, serves as investment adviser and administrator to the Funds and receives fees for these services as set forth in each Fund's prospectus. Cavanal Hill and the Funds have entered into contractual fee waiver agreements and may periodically voluntarily waive all or a portion of its fees with respect to any Fund.

## **Item 6. Performance-Based Fees and Side-by-Side Management**

BOSC does not charge performance-based fees.

BOSC offers two types of client accounts, including advisory accounts and brokerage accounts. Advisory accounts are charged an asset-based fee for all *eligible assets* that are held in the account. *Ineligible assets* in the account will not be included in the asset-



based fee calculation. Please see Item 12 Brokerage Practices for more information regarding charges related to *ineligible assets*.

Depending upon account activity, an asset-based fee or commission/markup fee structure may be more costly to the client. Offering multiple account types and fee options presents BOSC with a potential conflict of interest and an incentive to direct clients toward account types that would be most lucrative for the company.

BOSC has procedures designed and implemented to ensure that all clients are treated fairly and equitably, and to prevent this conflict from influencing investment selection. The procedures include an annual review of all accounts to determine which account type would be most appropriate for the client based on the comparative expense of each account type. These reviews are more fully described in Item 13. Annually, BOSC representatives meet with clients to discuss these account options and the cost factors, and the client determines what account type he or she would like to maintain going forward.

## **Item 7. Types of Clients**

BOSC manages assets for a broad and diverse client base that includes individuals, corporations, government agencies, trusts, foundations, municipalities and institutional clients nationwide. Program clients are typically individuals, high net worth individuals, and certain retirement plans. The Program is designed for clients who plan to hold and trade a portfolio of securities within the Program. The Program is not designed for clients who experience unusually high turnover of their portfolio holdings or substantial options trading and trading in mutual funds based on market timing.

The minimum Program investment amount is \$100,000.

## **Item 8. Methods of Analysis, Investment Strategies and Risk of Loss**

**INVESTING IN SECURITIES INVOLVES THE RISK OF LOSS THAT CLIENTS SHOULD BE PREPARED TO BEAR AS DESCRIBED BELOW AND IN THE “INVESTMENT RISKS & RISK OF LOSS” SECTION THAT FOLLOWS.**

### ***Investment Strategies & Methods of Analysis***

BOSC’s strategy and security recommendations are based on a client’s personal financial and investment objectives. Recommendations are further determined by the results of a Risk Tolerance Assessment that is completed by the client. BOSC’s methods of

investment analysis used in formulating investment advice include charting, fundamental, and technical analyses.

BOSC recommends five different Investment Strategies to its clients, including:

- *Aggressive.* This strategy emphasizes growth, through equities, over income. It is intended for a long-term investment of 10 years or more.
  - Recommended portfolio allocation. 100% equities.
  - Typical investment recommendations include small, mid, and large capitalization stocks, international stocks, and equity mutual funds and ETFs.
  - This strategy is for clients with a very high tolerance for risk.
  - Principal risks include: foreign investment risk, limited number of holdings risk, market risk, regulatory risk, and small company risk.
- *Moderate/Aggressive.* This strategy emphasizes growth, but, unlike the aggressive strategy, takes client income needs into consideration. It is intended for investors with a 10-year time horizon.
  - Recommended portfolio allocation. 75% equities and 25% income bearing securities.
  - Typical investment recommendations include small, mid, and large capitalization stocks, international stocks, and equity mutual funds and ETFs. In addition, we recommend investments in corporate bonds.
  - This strategy is for clients with a high tolerance for risk.
  - Principal risks include: credit risk, foreign investment risk, income risk, interest rate risk, limited number of holdings risk, liquidity risk, market risk, prepayment/call risk, regulatory risk, small company risk, and zero coupon risk.
- *Balanced.* This strategy focuses more on a balance between growth and income. It is intended for investors with a 5 to 10-year time horizon.
  - Recommended portfolio allocation. 60% equities and 40% income bearing securities.
  - Typical investment recommendations include small, mid, and large capitalization stocks, international stocks, and equity mutual funds and ETFs. In addition, we recommend investments in government and corporate bonds.
  - This strategy is for clients with a moderate tolerance for risk.
  - Principal risks include: credit risk, foreign investment risk, income risk, interest rate risk, limited number of holdings risk, liquidity risk, market risk, prepayment/call risk, regulatory risk, small company risk, and zero coupon risk.
- *Moderate/Conservative.* This strategy balances equities and income to protect accumulated income while maintaining growth. It is intended for an investment of at least 5 years.
  - Recommended portfolio allocation. 45% equities and 55% income bearing securities.

- Typical investment recommendations include small, mid, and large capitalization stocks, international stocks, and equity mutual funds and ETFs. In addition, we recommend investments in government and corporate bonds.
  - This strategy is for clients with a low tolerance for risk.
  - Principal risks include: credit risk, foreign investment risk, income risk, interest rate risk, limited number of holdings risk, liquidity risk, market risk, prepayment/call risk, regulatory risk, small company risk, and zero coupon risk.
- *Conservative.* This strategy emphasizes income and protection while retaining an equity component to help outpace inflation. It is intended for an investment of at least 5 years.
    - Recommended portfolio allocation. 20% equities and 75% income bearing securities.
    - Typical investment recommendations include large capitalization and international stocks, mutual funds, and ETFs. In addition, we recommend investments in government and corporate bonds.
    - This strategy is for clients with a very low tolerance for risk.
    - Principal risks include: credit risk, foreign investment risk, income risk, interest rate risk, limited number of holdings risk, liquidity risk, market risk, prepayment/call risk, regulatory risk, and zero coupon risk.

## ***Investment Risks & Risk of Loss***

Investing in securities involves the risk of loss, including the principal amount invested, and clients should be prepared to bear this loss. Below is a more complete discussion of the types of risks inherent in the securities and investment strategies listed above. Because of these risks, the value of the securities held in portfolios may fluctuate. Certain investments and strategies are more susceptible to these risks than others.

**Credit Risk.** The risk that the issuer of a debt security, or the counterparty to a contract, will default or otherwise become unable to honor a financial obligation. Credit risk is generally higher for non-investment grade securities. The price of a security can be adversely affected prior to actual default as its credit status deteriorates and the probability of default rises. Credit risk includes the risk that performance may be affected by political and economic factors at the state, regional or national level, including budgetary problems and declining tax bases. With respect to government sponsored entities such as FHLB, TVA, Fannie Mae, FFCB and Freddie Mac, although the issuer may be chartered or sponsored by Acts of Congress, their securities are neither insured nor guaranteed by the U.S. Treasury and therefore have more issuer default risk than any direct obligations of the U.S. Treasury. In the event that those government sponsored entities cannot meet their obligations, there can be no assurance that the U.S. government would provide support, and the portfolio's performance could be adversely affected. Direct obligations of the U.S. Treasury generally present minimal credit risks.

**Foreign Investment Risk.** The risk associated with higher transaction costs, delayed settlements, currency controls and adverse economic and political developments. This also includes the risk that fluctuations in the exchange rates between the U.S. dollar and foreign currencies may negatively affect an investment. Exchange rate volatility may affect the ability of an issuer to repay U.S. dollar denominated debt, thereby increasing credit risk. Foreign securities may also be affected by incomplete or inaccurate financial information on companies. There is a risk of loss attributable to social upheavals, unfavorable governmental or political actions, seizure of foreign deposits, changes in tax or trade statutes, and governmental collapse and war. These risks are more significant in emerging markets.

**Income Risk.** Income risk involves the possibility that the portfolio's yield will decrease due to a decline in interest rates.

**Interest Rate Risk.** The risk that debt prices overall will decline over short or even long periods due to rising interest rates. A rise in rates typically causes a fall in values, while a fall in rates typically causes a rise in values. In general, bonds with longer maturities have more interest rate risk than shorter term bonds. In addition, certain securities such as mortgage-backed obligations are subject to optional and mandatory redemption and therefore subject to risk regarding the interest rates at which redemption proceeds may be reinvested.

**Limited Number of Holdings Risk.** As a large percentage of assets may be invested in a limited number of securities, each investment has a greater effect on a portfolio's overall performance and any change in the value of those securities could significantly affect the value of your investment.

**Liquidity Risk.** The risk that certain securities may be difficult or impossible to sell at the time and the price that would normally prevail in the market. You may have to accept a lower price in order to sell your security, sell other securities instead or forego an investment opportunity, any of which could have a negative effect on your account's performance. This includes the risk of missing out on an investment opportunity because the assets necessary to take advantage of it are tied up in less advantageous investments.

**Market Risk.** The risk that the market value of a security may move up and down, sometimes rapidly and unpredictably. These fluctuations may cause a security to be worth less than the price originally paid for it, or less than it was worth at an earlier time. Market risk may affect a single issuer, industrial sector of the economy or the market as a whole. Finally, key information about a security or market may be inaccurate or unavailable. This is particularly relevant to investments in foreign securities.

**Prepayment/Call Risk.** The risk that the principal repayment of a security will occur at an unexpected time. Prepayment risk is the chance that the repayment of certain types of securities (e.g., asset-backed securities, mortgage-backed securities and collateralized mortgage obligations) will occur sooner than expected. Call risk is the possibility that during periods of falling interest rates, a bond issuer will "call," or repay, its high-

yielding bond before the bond's maturity date. Changes in prepayment/call rates can result in greater price and yield volatility. Prepayments/calls generally accelerate when interest rates decline. When mortgage and other obligations are pre-paid, you may have to reinvest in securities with a lower yield. In this event, you would experience a decline in income — and the potential for taxable capital gains. Further, with early prepayment, you may fail to recover any premium paid for the security, resulting in an unexpected capital loss. Prepayment/call risk is generally low for securities with a short-term maturity, moderate for securities with an intermediate-term maturity, and high for securities with a long-term maturity.

**Regulatory Risk.** The risk that a change in laws or regulations will materially impact a security, business, sector or market. A change in laws or regulations made by the government or a regulatory body can increase the costs of operating a business, reduce the attractiveness of investment and/or change the competitive landscape. Regulatory risk also includes the risk associated with federal and state laws which may restrict the remedies that a lender has when a borrower defaults on loans. These laws include restrictions on foreclosures, redemption rights after foreclosure, federal and state bankruptcy and debtor relief laws, restrictions on “due on sale” clauses, and state usury laws.

**Small Company Risk.** Small cap companies may be more vulnerable to adverse business or economic developments than larger companies. They may also be less liquid and/or more volatile than securities of larger companies or the market averages in general. Small and micro cap companies may be adversely affected during periods when investors prefer to hold securities of large capitalization companies.

**Zero Coupon Risk.** The market prices of securities structured as zero coupon or pay-in-kind securities are generally affected to a greater extent by interest rate changes. These securities tend to be more volatile than securities that pay interest periodically.

## **Item 9. Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of BOSC or the integrity of its management. BOSC or its management persons have been found to have been involved in a violation of a self-regulatory organization's (SRO) rules and was fined more than \$2,500. Details of these disciplinary events are provided below:

- On or about September 6, 2005, the National Association of Securities Dealers (NASD) resolved a proceeding against BOSC. The allegations related to this regulatory action involved NASD Rules 2110, 3010, and 6230(A). The NASD alleged that (1) BOSC failed to Report to TRACE transactions in TRACE-eligible securities within 75 minutes after execution, and (2) BOSC's supervisory system did not provide supervision reasonably designed to ensure compliance with respect to applicable securities laws and regulations, and the rules of the NASD with respect to

TRACE trade reporting. Without admitting or denying the allegations, BOSC consented to the sections described below and to the entry of findings. BOSC was censured and fined \$15,000.

- On or about May 25, 2004, the NASD resolved a proceeding against BOSC. The allegations related to this regulatory action involved NASD Conduct Rule 2110 and Rule 15c3-1 of the Securities Exchange Act of 1934 (Rule). The NASD alleged that BOSC engaged in a securities business when BOSC's net capital was below the required minimum as prescribed by the Rule. Without admitting or denying the allegations, BOSC consented to the sections described below and to the entry of findings. BOSC was censured and fined \$7,500.
- On or about May 13, 1996, the NASD resolved a proceeding against BOSC. The allegations related to this regulatory action involved NASD Bylaw Schedule C. The NASD alleged that BOSC allowed eight individuals to maintain their representative registrations with BOSC although they were not actively engaged in the securities activities of BOSC. By letter of acceptance, waiver, and consent, BOSC was censured and fined \$25,000.

## **Item 10. Other Financial Industry Activities and Affiliations**

BOSC engages in a number of financial industry activities and is affiliated with other participants in the financial industry. To follow is a description of material relationships and affiliations that are important to BOSC, its clients and management. In each category, the relationships and affiliations are identified and any material conflicts of interest are also discussed.

### *Broker-Dealer, Municipal Securities Dealer, or Government Securities Dealer*

BOSC is a registered broker/dealer, registered municipal adviser, member FINRA and SIPC. The principal business of BOSC is that of general securities broker-dealer, government securities seller and municipal securities underwriter. Many of BOSC's principal executive officers, members of BOSC's investment committee, and the individuals who determine general investment advice provided to clients are registered broker/dealer representatives. In such capacity, such investment professionals may, from time-to-time, recommend investments and/or insurance products outside of the Program for which they may receive additional compensation. The opportunity to receive additional compensation for effecting securities transactions or selling insurance products outside of the Program or purchasing *eligible assets* in the Program that pay additional compensation to the investment professional (e.g., 12b-1 fees, etc.) represents a conflict of interest.

### *Investment Company or Other Pooled Investment Vehicle*

As disclosed elsewhere in this brochure, the Cavanal Hill Funds have arrangements in place with BOSC and its affiliates. Cavanal Hill serves as the Funds' investment adviser

and administrator. BOKF, NA serves as custodian for the Funds. BOSC serves as the distributor and principal underwriter to each of the Funds pursuant to a Distribution Agreement. Shares in each Fund are sold on a continuous basis by BOSC, and BOSC has agreed to use appropriate efforts to solicit purchase orders. As compensation for its provision of distribution and shareholder services, BOSC and BOKF, NA receives 12b-1 and shareholder servicing fees from the Funds.

Customers purchasing Shares of the Funds may include officers, directors, or employees of BOSC and of its affiliates.

It is possible that the Funds may be included as Investment Strategy investments and certain Funds may serve as a sweep vehicle for an Investment Strategy. In such case, the Funds, BOSC, and its affiliates, would earn the aforementioned fees in addition to the fees charged to the Client for participation in the Program. A more detailed description of the Funds and all other fees and expenses are available in each Fund's prospectus.

#### *Investment Adviser or Financial Planner*

Cavanal Hill is a registered investment adviser affiliate of BOSC. BOKF, NA is a national banking association affiliate that may also provide advisory and financial planning services to its clients. Some executive officers and employees of BOSC are also executive officers, directors, or employees of Cavanal Hill and BOKF, NA.

BOSC and BOKF, NA may receive compensation where BOSC, BOKF, NA, or one of their representatives introduces a client to Cavanal Hill. Such a fee will be paid in accordance with Rule 206(4)-3 of the 1940 Act and any state or other regulatory requirements. BOSC employees are required to disclose the status of their relationship with Cavanal Hill at the time of the solicitation or referral. For more information referral and solicitation arrangements, see the "Client Referrals and Other Compensation" section of this Brochure.

#### *Banking or Thrift Institution*

BOK Financial Corporation, a financial holding company, owns all of the capital stock of BOSC and BOKF, NA. Customers of BOKF, NA may also be customers of BOSC. BOKF, NA is a wholly-owned subsidiary of BOK Financial Corporation. BOKF, NA does business as Bank of Oklahoma, Bank of Texas, Bank of Albuquerque, Bank of Arizona, Colorado State Bank and Trust, Bank of Kansas City, Bank of Arkansas, and Southwest Trust Company, N.A. Some executive officers, directors, or employees of BOSC are also employees of BOKF, NA.

Investments made through BOSC, are not obligations of, or guaranteed by, BOSC, or any bank affiliate and are not deposits of any bank or insured by the Federal Deposit Insurance Corporation or any other government agency.

#### *Insurance Company or Agency*

Some registered representatives of BOSC are also employees of BOSC Agency, Inc., a subsidiary of BOKF, NA and an affiliated insurance agency. Program clients may be solicited to invest in insurance products.

#### *Sponsor or Syndicator of Limited Partnerships*

BOKF Equity LLC (BOKF Equity) is an affiliate of BOSC. BOKF Equity is the general partner and manager of private equity limited partnerships. BOKF Equity is a general partner in the Private Equity Limited Partnership I (PELP I) and Private Equity Limited Partnership II (PELP II). Clients of Bank of Oklahoma, N.A. were solicited by BOKF Equity to invest in PELP I and PELP II. Clients of BOSC were not solicited to invest in PELP I or PELP II.

No affiliated limited partnerships are included as investment options under the Program, nor are they included in any Investment Strategy offered by any Manager under Program.

#### ***Recommendation of Other Advisers***

BOSC provides investment advice with respect to the selection of a third party investment manager. BOSC does not receive compensation either directly or indirectly from those advisers, except as described in Item 14, with respect to Cavanal Hill.

### **Item 11. Code of Ethics, Participation of Interest in Client Transactions and Personal Trading**

BOSC has adopted a Code of Ethics for all supervised persons describing its standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to a prohibition on insider trading, restrictions on the acceptance of gifts and the reporting of certain gifts and personal securities trading procedures, among other things. All supervised persons at BOSC must acknowledge the terms of the Code of Ethics annually. BOSC will provide a copy of its Code of Ethics to clients and prospective clients upon request, and free of charge.

BOSC anticipates that *eligible assets* may be purchased or sold in accounts invested in the Program in which BOSC, its employees and affiliates, and clients, directly or indirectly, also have a position of interest. BOSC employees are required to follow BOSC's Code of Ethics in conducting their personal securities transactions. Subject to satisfying this policy and applicable laws, officers, directors and employees of BOSC may trade for their own accounts in securities which are recommended to and/or purchased for BOSC's clients.

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of employees of BOSC will not interfere with (i) making decisions



in the best interest of clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own account. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that such securities would not materially interfere with the best interest of BOSC's clients.

Because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is monitored under the Code of Ethics, in an effort to reasonably prevent conflicts of interest between BOSC and its clients.

It is the policy of BOSC to not conduct principal brokerage transactions with advisory clients without having obtained written consent from the customer in accordance with the requirements of Section 206(3) of the 1940 Act. In the event consent is obtained by the customer, BOSC will provide the customer with certain disclosures as required by law. BOSC will not place trades through an affiliated brokerage company on behalf of clients subject to the Employee Retirement Income Security Act or a mutual fund client. Please see the section titled, "Investment Company or Other Pooled Investment Vehicle" for additional information about BOSC's relationship with the Cavanal Hill Funds.

## **Item 12. Brokerage Practices**

BOSC advisory clients are responsible for making their own investment selections. Client orders are initiated by BOSC and are executed and cleared through Pershing. BOSC does not receive research or services (e.g. soft dollar benefits) other than execution in connection with client securities transactions.

BOSC does not direct client transactions to a particular broker-dealer in return for client referrals. BOSC clients are not permitted to direct brokerage through a client-specified broker-dealer. All BOSC client security transactions are executed and cleared through Pershing.

Client transactions in *ineligible assets* are not covered by the Program or Program Fee. *Ineligible assets* will remain part of the client's BOSC brokerage account and fees, and commissions will be charged in accordance with BOSC's brokerage fee schedule.

## **Item 13. Review of Accounts**

The client's BOSC representative conducts account reviews at least once every calendar year. The typical review session will consist of performance review reporting, including an assessment of the allocation, evaluation of any changes in the client's investment philosophy, objectives and risk tolerance, and a security evaluation of the account. This

review may require changes to the current portfolio and investment plan. More frequent account reviews will be conducted at the client's request.

In addition, an evaluation of the fee structure is conducted annually to make sure the advisory account structure is still appropriate for the client. The Assistant Vice President, Securities Compliance Officer, conducts these reviews. The fee structure review includes an evaluation of the number of transactions and fees charged in an advisory account versus an approximation of what the account would have been charged on the same number of transactions in a commission based brokerage account. The fee structure review is done on an annual basis.

Clients will receive written monthly statements from Pershing if there has been activity in the account but will not receive a statement if the account was inactive in a given month. Pershing will provide quarterly statements that include a summary of portfolio activity and an inventory of holdings. In no case will the client receive account statements less frequently than quarterly. Following the end of each calendar year, clients with taxable Accounts will receive a summary of realized gains, dividends, interest and Program Fees.

#### **Item 14. Client Referrals and Other Compensation**

BOSC may pay a cash referral or solicitation fee to employees and representatives for referrals of new clients or new client assets. Additional sales incentives may include sales awards or other prizes. Such fees and incentives will be paid in accordance with Rule 206(4)-3 of the Act, and any state or other regulatory requirements. Receiving a referral fee provides an incentive for the referrer to act in his or her own best interest to make a sale. In order to address this conflict of interest, unaffiliated solicitors are required provide all prospective clients with a separate written disclosure document which fully informs the client regarding the nature of the relationship between the solicitor and BOSC and any fees to be paid. Additionally, affiliated solicitors will disclose the status of their relationship with BOSC at the time of the solicitation or referral.

In addition, BOSC has a cash solicitation or referral agreement in place with its affiliate, Cavanal Hill Investment Management, Inc. When BOSC brings in new accounts or assets to Cavanal Hill, BOSC receives a portion of Cavanal Hill's revenue attributable to that account. In turn, BOSC will reward the referring BOSC representative an amount that is consistent with BOSC's incentive program.

BOSC is solely responsible for paying such solicitation and/or referral fees and the client will not incur any additional charges.

## **Item 15. Custody**

BOSC advisory, and brokerage, accounts are custodied at Pershing. Pershing is a “qualified custodian” as defined under Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended (the 1940 Act). Pershing will provide confirmations of all securities transactions executed through it and regular statements on all accounts. Clients should carefully review these statements.

## **Item 16. Investment Discretion**

BOSC does *not* accept discretionary authority to manage securities accounts on behalf of clients.

## **Item 17. Voting Client Securities**

BOSC does not vote client security proxies nor does it have any obligation to vote client securities. BOSC clients are responsible for voting their own security proxies, should they chose.

Clients will receive proxies or other solicitations directly from their custodian. BOSC will not vote the proxies and cannot provide any advice, recommendations, or answer questions about any particular solicitation.

## **Item 18. Financial Information**

BOSC does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. BOSC has never been the subject of a bankruptcy petition at any time.

BOSC is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. BOSC has no disclosures pursuant to this Item.

## **Item 19. Requirements for State-Registered Advisers**

BOSC is not a state-registered adviser.