

(FFIEC)
**Federal Financial
Institution Examination Council
Supervisory Policy**

Revised April, 2022



Dear Client:

To assist you in meeting the supervisory policy requirements of the five national regulatory bodies comprising the Federal Financial Institution Examination Council regarding the selection of securities dealers, we have provided the following information in accordance with the supervisory agencies' specifications:

- Background Summary – Duties and Responsibilities
- Compliance – Qualifications and Requirements of a Broker/Dealer
- Annual Statement of Financial Condition
- References
- Regulatory and Clearing Agencies
- Regulatory Disciplinary Action Disclosure
- Biographies of The Baker Groups' Managing Directors
- Officers, Account Executives and Traders

Please do not hesitate to call our toll-free number 1-800-937-2257 if you have any questions or require further information.

Sincerely,

The Baker Group LP

Background Summary

Duties and Responsibilities

The Baker Group LP is a successor firm to James Baker & Company founded in 1979. The Baker Group LP is registered with the Securities & Exchange Commission as a general securities broker/dealer and is a member of the Financial Industry Regulatory Authority, the Securities Investment Protection Corporation, the Municipal Securities Rulemaking Board, and the Securities Information Center.

The Baker Group LP has been providing quality investment services to community banks nationwide since 1979. The firm is a leader in the development of innovative software and management reporting services for community banks. As an independently owned investment firm, The Baker Group specializes in products and programs to address emerging needs in the areas of:

- Portfolio Management
 - Broker / Dealer Services
- Software Solutions*
 - BBA: Baker Bond Accounting
 - APM[®]: Advanced Portfolio Monitor[®]
 - IRRM[®]: Interest Rate Risk Monitor
 - BSM[®]: Balance Sheet Monitor[®]
- Financial Strategies Group
 - Strategic Planning
 - Regulatory Compliance and Policy Education
 - Investment Seminars
 - Quarterly Investment Strategies
 - Updated Investment and Asset/Liability Policies
 - Regular Online Educational Sessions

Since the early 1980's, The Baker Group LP has taken a leadership position in presenting investment management seminars. Regularly scheduled seminars are conducted to keep bank clients abreast of current market conditions, changing bank regulations, prudent security analysis and the introduction of new investment vehicles. Our staff has addressed numerous national and state banking associations and served on the faculty of various community banking schools.

The Baker Group LP

1. Executes, clears, and settles securities transactions for clients;
2. Prepares and transmits confirmations of executed transactions to clients;
3. Prepares and sends monthly security and position statements to clients, as required;
4. Maintains the financial books and records required by law and by sound business practice

* The Baker Group LP is the sole authorized distributor for the products and services developed and provided by The Baker Group Software Solutions, Inc.

Compliance

Qualifications and Requirements of a Broker/Dealer

Membership & Registration

Financial Industry Regulatory Authority (“FINRA”) The Securities and Exchange Commission (“SEC”)

The Baker Group LP is a broker/dealer and member of the Financial Industry Regulatory Authority, otherwise known as FINRA. FINRA regulates trading in equities, corporate bonds, securities futures, and options markets. All firms dealing in securities are required to be a FINRA member firm. FINRA by-laws dictate that each member, in the conduct of its business, must observe high standards of commercial conduct and just and equitable principles of trades. All FINRA members are obligated to subscribe to the same standards of ethical conduct by demonstrating compliance with these by-laws.

Additionally, as a FINRA member, the firm is required to both maintain registration with and adhere to the applicable rules and regulations of the Securities and Exchange Commission (“SEC”).

Securities Investor Protection Corporation (“SIPC”)

Certain broker/dealers are also subject to federal statutory provisions requiring them to become members of the Securities Investor Protection Corporation (“SIPC”). All non-bank broker/dealers registered with the SEC whose principal business is conducted within the United States or its territories must become members of the SIPC. All firms that are required to become members of SIPC must carry a blanket fidelity bond that meets the requirements as to form, amount and type of coverage specified.

Municipal Securities Rulemaking Board (“MSRB”)

All broker/dealers engaging in the offer and/or sale of municipal securities are obliged to comply with the rules and regulations of the Municipal Securities Rulemaking Board (“MSRB”).

State Regulatory Authorities

All broker/dealer firms are generally subject to the requirements of the securities laws and registration requirements of each state in which it conducts securities related business activities.

Securities Information Center (“SIC”)

FINRA member firms, with few exceptions, are required to register as direct or indirect inquirers in the Securities Information Center’s Lost & Stolen Securities Program.

Regulatory Examinations

FINRA and SEC representatives have the statutory authority to conduct, at any time or from time to time, both periodic and special examinations of the activities and books and records of the broker/dealer registrant. The examination staff will seek to determine whether the broker/dealer is conducting its activities in accordance with the federal securities laws, and the rules adopted under those laws, as well as implementing supervisory systems and/or compliance policies and procedures that are reasonably designed to ensure that the broker/dealer's operations are in compliance with the applicable legal requirements.

Net Capital Requirements

The broker/dealer is subject to the SEC's Uniform Capital Rule (Rule 15c3-1) which requires that it maintain a minimum amount of net capital to continue operation.

Written Supervisory Procedures

Article III, Section 27 of the FINRA Rules of Fair Practice requires a firm to establish, maintain, and enforce written procedures that will enable it to properly supervise its employees' activities and to assure compliance with all applicable securities law, rules, and regulations, and the FINRA rules to which it is subject.

Personnel Requirements

FINRA prescribes two levels of qualifications and registration for broker/dealer personnel:

1. Registered representatives, generally sales personnel.
2. Principals, generally officers of the firm and other management personnel involved in the day-to-day operations of the broker/dealer's public finance or securities business. FINRA prescribes certain qualification requirements for members' senior management personnel.

Various personnel must demonstrate the competency to certain functions of the broker/dealer's business operations by passing certain qualifications tests. FINRA does not require registration of personnel performing certain support functions. The firm must comply with the continuing education program prescribed by for securities dealers by FINRA.

Financial Reporting

Broker/dealer firms are required to properly prepare and maintain certain books and records pursuant to SEC Rule 17a-3 and 17a-4 for the type of securities business conducted.

Broker/dealer firms are required to have their books and records examined annually by a Public Company Accounting Oversight Board ("PCAOB") accounting firm. Each broker/dealer is required to file the annual audited financial statements, as well as monthly and /or quarterly financial information, with the regulatory authorities on a timely basis.

The Baker Group LP

STATEMENT OF FINANCIAL CONDITION

December 31, 2021

ASSETS

Cash in banks	\$ 41,440,967
Cash and securities segregated under federal and other regulations	654,074
Securities owned, at fair value	15,641,259
Furniture and equipment, at cost, net of accumulated depreciation of \$1,311,331	75,751
Cash surrender value of life insurance policies	1,887,941
Receivables for placement agency services	1,060,573
Receivables from related parties	97,152
Other assets	1,907,177
Total Assets	\$ 62,764,894

LIABILITIES AND PARTNERS' CAPITAL

Distributions payable to partners	\$ 2,326,995
Payables to broker and dealers	7,715,606
Accrued liabilities	4,902,499
Total Liabilities	14,945,100
Partners' Capital	
General Partner	20,054,031
Limited Partners	27,765,763
Total Partners' Capital	47,819,794
Total Liabilities and Partners' Capital	\$ 62,764,894

REFERENCES

References are available upon request.

Please call: 1.800.937.2257

Regulatory Agencies

Ms. Danielle Dan
Principal Regulatory Coordinator
Financial Industry Regulatory Authority, Risk Oversight & Operational Regulations
200 Liberty Street, 9th Floor
New York, NY 10281

For Inquiries call:
(646) 315-8523

Clearing Agencies

John Vinci
Managing Director
The Bank of New York Mellon
One Wall Street 41st Floor
New York, New York 10286

Mr. Dean Schneider
Legal Compliance
Pershing LLC – Director Brokerage Services
One Pershing Place, Ninth Floor
Jersey City, New Jersey 07399

Regulatory Disciplinary Action Disclosure

FINRA Member Firm:
The Baker Group LP
Broker/Dealer Number: 007888

Disciplinary Actions

The Baker Group LP – Broker/Dealer

Details available at

<http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/>

The Baker Group LP – Investment Advisor

None

Biographies

JEFFREY F. CAUGHRON is Chairman of the Board of Directors for The Baker Group LP. He has worked in financial markets and the securities industry since 1985, always with an emphasis on banking, investments and interest-rate risk management. He has served as a broker, trader, market analyst, and portfolio manager.

Before joining The Baker Group LP, Jeff had several years of trading experience on the Treasury desk for an international bank on Wall Street, and subsequent positions trading Mortgage-Backed Securities and other Taxable Fixed Income products for regional broker/dealers. Jeff has expertise in broad Asset/Liability Management issues, working with institutional accounts on controlling interest rate risk exposures and maximizing returns. Jeff has published numerous articles on various risk management topics through the years and is frequently quoted in the financial press. Jeff also serves on the faculty of various banking schools.

Jeff holds a Bachelor in Business Administration in economics from the University of Oklahoma. He is a registered representative and general securities principal with the Financial Industry Regulatory Authority (FINRA).

RICHARD L. HANSING is a Managing Director and serves on the Board of Directors for The Baker Group LP. He works with banks in the areas of investments and asset/liability management. He also assists clients in a broad range of other areas including education, portfolio management, interest rate risk management, strategic planning, liability and loan pricing, and regulatory and accounting issues.

Rick received his Bachelor of Business Administration Degree from the University of Oklahoma. He is a registered representative investment advisor and a General Securities Principal with the FINRA.

RYAN W. HAYHURST is a President and serves on the Board of Directors of The Baker Group LP. Ryan joined the firm in 1991, serving as Manager of the Financial Strategies Group and oversees the design and implementation of investment and asset/liability strategies for financial institutions. He is integrally involved in the continued development of the firm's proprietary software designed to assist clients in the management of their investment portfolio (APM) and their overall interest rate risk profile (IRRM).

Ryan regularly develops and presents educational seminars nationwide with a focus on investment and interest rate risk management. He is a frequent speaker at banking conventions and investment conferences and has served as a faculty member of several national and regional banking schools.

Ryan holds a Bachelor of Business Administration Degree from the University of Oklahoma. He is a registered representative and general securities principal with the Financial Industry Regulatory Authority (FINRA).

RONALD HILL is Managing Director and serves on the Board of Directors for The Baker Group LP. He works exclusively with community financial institutions on the design and implementation of investment and asset/liability strategies. He also assists clients in a broad range of other areas including education, portfolio management evaluation, interest rate risk management, strategic planning, and regulatory issues.

Before joining The Baker Group, Ronald worked as a manager for a Fortune 500 financial company that provided real-time financial/industry news and analysis to investment banks and corporations.

Ronald earned a Bachelor of Business Administration degree from the University of Oklahoma. He is registered as a general securities representative and general securities principal with FINRA.

CARL W. HUXLEY is Chief Executive Officer and serves on the Board of Directors for The Baker Group LP. He works exclusively with community financial institutions on the design and implementation of investment and asset/liability strategies. He also assists clients in a broad range of other areas including education, portfolio management evaluation, interest rate risk management, strategic planning, and regulatory issues.

Before joining The Baker Group, Carl served for 16 years in the United States Air Force. Carl earned a Bachelor of Business Administration degree from Louisiana Tech University. He earned his Master degree in Business Administration from the University of Maryland, University College. He is registered as a general representative and general securities principal with FINRA.

MICHAEL W. MACKKEY is a Managing Director and serves on the Board of Directors of The Baker Group LP. He works primarily with banks in areas of investments and asset/liability management. He also assists clients in a broad range of other areas including education, portfolio management evaluation, interest rate risk, strategic planning, and regulatory issues.

Mike focuses on identifying the specific objectives of clients and tailoring investment portfolios to achieve their goals. In that process, he evaluates the relative values of a broad range of investment products and helps clients select those that complement their investment portfolios.

Mike received his Bachelor's Degree in Oral Communications from the University of Central Oklahoma. He is registered as an investment advisor, principal and representative with FINRA and assists in the management of the Austin, Texas office.

TORRENCE P. McELWEE is a Managing Director and serves on the Board of Directors for The Baker Group LP. He works exclusively with community banks in the design and implementation of investment and asset/liability strategies. He also assists clients in a broad range of other areas including education, portfolio management evaluation, interest rate risk, strategic planning, and regulatory issues.

Terry focuses on identifying the objectives of clients and then tailoring a long-term strategic investment/asset liability plan. In that process, he evaluates the relative value of a broad range of investment products and helps clients select those that complement their investment portfolios and overall balance sheet. Terry has presented investment and asset/liability seminars to many banking organizations including Community Bankers Association of Illinois.

Terry earned a Bachelor of Arts Degree in Political Science from The University of Illinois at Springfield. He is registered as a general securities representative and general securities principal with FINRA and assists in the management of the Springfield, Illinois office.

PHILIP C. STENSETH, CFA is a Managing Director of The Baker Group LP. He is responsible for directing the firm's fixed income trading operation. He is instrumental in the firm's development of bank investment portfolio and interest rate risk management strategies, researching new investment products, monitoring bank regulatory and compliance issues. Additionally, Phil has revised and continues to enhance the firm's proprietary software programs designed to assist clients in the management of their investment portfolio (APM) and the overall interest rate risk of the bank (IRRM).

Phil regularly conducts educational seminars for banking groups and associations nationwide. He has addressed various bank trade associations and serves as a faculty member of several national and regional banking schools. Phil has been frequently published in many banking journals and periodicals.

Phil holds a Bachelor of Science degree in Finance from the University of Arizona and is a Chartered Financial Analyst (CFA). He is a current member of the CFA Institute and the Oklahoma City Financial Analysts Society (FAS). Additionally, Phil is registered Municipal Securities Principal with the Municipal Securities Regulation Board (MSRB) as well as an Options and General Securities Principal with the Financial Regulatory Authority (FINRA).

The Baker Group LP

Office Locations

MAIN OFFICE

1601 Northwest Expressway, Suite 2000
Oklahoma City, Oklahoma 73118
405.415.7200
1.800.937.2257

1700 Rio Grande Street, Suite 120
Austin, Texas 78701
512.320.0301
1.888.480.0301

8365 Keystone Crossing Blvd. Suite 100
Indianapolis, Indiana 46240
317.567.0016
1.800.406.0016

2975 West Executive Parkway, Suite 139
Lehi, Utah 84043
801.990.1701
1.800.288.9411

901 Community Drive
Springfield, Illinois 62703
217.241.0835
1.888.333.7704

1900 The Exchange, Suite 645
Atlanta, GA 30339
1.855.550.4546

375 Deer Park Ave., 1st Floor
Babylon, NY 11702
1.800.937.2224

Officers, Account Executives and Traders

Jeff Caughron	Chairman of the Board
Rick Hansing	Managing Director
Gerry Hart	Managing Director
Ryan Hayhurst	President
Ronald Hill	Managing Director
Carl Huxley	Chief Executive Officer
Mike Mackey	Managing Director
Terry McElwee	Managing Director
Philip C. Stenseth, CFA	Managing Director
Brian Affolder	Associate Partner and Account Executive
Raymond Amereno	Fixed Income Trader
Charles Amis	Associate Partner and Account Executive
Jason Bader	Account Executive
Brian Bates	Associate Partner and Account Executive
Mark Baumann	Associate Partner and Account Executive
Tim Beloit	Associate Partner and Account Executive
John Bloss	Associate Partner Account Executive
J. Paul Clanton	Vice President and Account Executive
Frank Coffey	Account Executive
Logan Cox	Fixed Income Trader
Taylor Currie	Associate Partner and Account Executive
David A. Daugherty	Senior Partner
Kayla Diemer	Vice President
Ellen Donaldson	Vice President
Jeremy Dombek	Account Executive
Matt Dustin	Director of Public Finance
Chris Dykstra	Vice President and Account Executive
Eric Fischer	Vice President and Senior Trader
John Goodman	Associate Partner and Account Executive
Adam Goodrich	Vice President and Senior Trader
Todd Hardberger	Vice President and Account Executive
Matthew Harris	Associate Partner, Director of Asset/Liability Management
Eric Harland	Senior Partner
Buck Held	Vice President and Account Executive
Carl Holliday	Senior Partner
Mike Johnston	Associate Partner and Account Executive
Kenneth W. Judd	Associate Partner and Account Executive
Jantz Kinzer	Associate Partner and Account Executive
Justin Kinzer	Vice President and Account Executive
Josh Lee	Account Executive
Joseph LeMay	Account Executive
Ceth Loomis	Account Executive
Christopher Maloy	Senior Trader
Connor G. McGinnis	Account Executive
Jeffrey McQueen	Associate Partner and Account Executive
Todd Mettenbrink	Vice President and Senior Trader
Roy Moore	Associate Partner and Account Executive
Michael Murphy	Account Executive
Deon Perryman	Vice President and Account Executive
Jeff Oakes	Associate Partner and Account Executive
Andrew Okolski	Director of Credit Union and Municipality Strategies
John Parker II	Associate Partner and Account Executive
Deon Perryman	Vice President and Account Executive
Scott Peters	Associate Partner and Account Executive
Kathryn A. Phillips	Associate Partner, CFO & COO
Dan Pilcher	Vice President and Senior Trader
Dale Sheller	Senior Vice President

Brian Shiels
Gerry Skousen
Kayli Smith
Dana Sparkman
Matthew Stefurak
Wayne Story
Michael Todd Story
Andy Sullivan
Stephen Terrell
Paul Timmons
Daniel R. Tonseth
Mat Turner
Jake Thurman
Gregory Tomaszewicz
Jason Vlcek
Brenda Weaver
Chris Wilson

Kathryn Williams
Dee Wint
Dillon Wiedemann
Tom Woods
Misty Wrinkle

Traders

Raymond Amereno
Logan Cox
Eric Fischer
Adam Goodrich
Christopher Maloy
Todd M. Mettenbrink
Dan Pilcher
Kayli Smith
Philip C. Stenseth
James C. Virgona

Public Finance
Associate Partner and Account Executive
Vice President and Fixed Income Trader
Senior Vice President
Account Executive
Vice President and Account Executive
Vice President and Account Executive
Account Executive
Vice President and Account Executive
Vice President of Accounting
Senior Partner
Vice President
Senior Vice President and IRRM Analyst
Financial Strategist
Associate Partner and Account Executive
Vice President
Associate Partner, Sr Vice President, Director of
Portfolio Systems & Services
Trading Associate
Associate Partner and Account Executive
Account Executive
Associate Partner
Chief Compliance Officer

Education / Marketing / Conventions

Jeff Caughron	Matthew Harris
Ryan Hayhurst	Skoshi Heron
Andrew Okolski	Dale Sheller
Dana Sparkman	Philip C. Stenseth
Gregory Tomaszewicz	Chris Wilson