

PICI Home Office Policy & Procedures Manual

This manual is incorporated in our WSP as a separate section titled "Home office P&P Manual" and applies to all firms associates regardless if a registered, licensed person or not. The information contained here may be general and not all inclusive of all procedures. This manual can be shared with associates of the firm that have a need to know the firm's procedures. At no time should this be shared with clients. The information below is considered accurate as of date of publishing but may not be the most current. If you have any questions about any activity, contact the Home Office.

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Date First Use: March 2013

Date Current Use: June 2018

Table of Contents

Chapter	Page(s)
Account Openings	1
Account Closings	2
Death of a Client	2
Non-Clearing Firm Accounts	2
Address/Account Changes	3
Fund Disbursements	4
Trading	4-5
Firm Compliance – CE Program	5-6
Fine List	6-7
Communications with Clearing Firm	7
Monthly Reporting Activities	7
Email	7
Due Diligence	7-8
Cyber Security	8

Account Openings

<ul style="list-style-type: none"> Opening Accounts at Clearing firm 	All accounts opened with the clearing firm must be opened through the clearing firm system. All account openings are routed to a HO Principal for final approval via electronic system. Final papers must have account number before sending to HTS for imaging.
<ul style="list-style-type: none"> Must use account opening approval form and have either an OSJ manager or a HO principal approve 	Complete the form found on the Compliance website. If you are an OSJ manager and opening an account, send to the HO for approval. If you are a branch office that reports to an OSJ manager, send to that OSJ manager for approval.
<ul style="list-style-type: none"> Send all new account opening documents for review and approval 	When requesting approval, using the New Acct Approval form, you need to send all HTS and PICI new account forms, copy of driver's license, copy of OFAC search and any other account opening documents that are pertaining to the type of account you are opening.
<ul style="list-style-type: none"> Send all new account documents to HTS for imaging to CSS 	All new account documents, include drivers licenses, OFAC searches, trust documents, corporate resolutions, etc. must be imaged into the HTS system. These documents are used for audit purposes and AML testing. It is the HO's responsibility to forward documents to HTS for imaging, unless otherwise instructed.

Account Closings

PICI Home Office Policy & Procedures Manual

<ul style="list-style-type: none"> Abandoned accounts (bad address, no assets, worthless assets, etc.) 	<p>If you receive no contact from a client regarding a bad address, writing off worthless securities, taking care of debits, etc. HTS will send out a no response letter and based upon that, escheatment will begin and no further charges against account or rep will be incurred. Account will be marked as "abandoned" and moved to the firm's closed account Rep ID.</p>
<ul style="list-style-type: none"> Outgoing ACATs 	<p>This is when the client completes new paperwork at another BD and they submit to HTS for the clients assets. HTS will log in the ACAT and will send a series of emails with instructions (liquidations or redemptions) that rep must follow. Note that HTS charges the client a termination fee per account.</p>
<ul style="list-style-type: none"> Client requests account to be closed 	<p>You receive an email or phone call (ask client to put in writing via email or letter of instruction) that the client wants to take their money and close their account. Funds can be sent via wire or check. Checks to address of record only, wires to same name-same name account (except in the case of a home purchase and funds are going to an escrow account).</p>
Death of a Client	
<ul style="list-style-type: none"> Immediately notify the HO of the death of a client. The HO will immediately have HTS freeze the account until such time that proper documentation and instruction is received 	<p>Do not do anything regarding the transfer, liquidation, or anything concerning the account until proper documentation has been received.</p>
<ul style="list-style-type: none"> Documentation required to process the death of a client 	<ul style="list-style-type: none"> ✓ Copy of death certificate (will accept a copy) ✓ Letter of Testamentary (appoints executor-representative) ✓ Affidavit of Domicile (HTS Learning Exchange) ✓ Letter of Instruction (from executor with instructions as to how account is to be disbursed/handled)
<ul style="list-style-type: none"> Retirement accounts with beneficiaries – set up beneficiary account to transfer their share of the account. 	<p>The beneficiaries of a retirement account must first set up a "bene IRA account" at HTS or at their respective bank. IMPORTANT – must be a "bene IRA account" at the other bank or broker-dealer. If not, the assets will not be transferred. Once all documents are received, IRA Dept will process according to instructions.</p>
Non-Clearing Firm Accounts (NCFA)	
<ul style="list-style-type: none"> Any outside account (away from HTS) must be approved by HO prior to establishing 	<p>Call HO to discuss the type of account, the reasons why it needs to be held outside and any other factors to consider.</p>
<ul style="list-style-type: none"> All activity must be kept track of and reviewed in Excel blotter workbooks unless another form of reporting is available. 	<p>A separate blotter must be kept for all outside accounts that show initial set up, monthly or quarterly activity and values (depending on the type of product) and annually reported to the client in a combined account review (if client has more than one account held away in addition to a HTS account).</p>
<ul style="list-style-type: none"> Annual privacy policy notification must be sent to the client. 	<p>In June, annually, all NCFA clients must receive our privacy policy statement. It is your responsibility to send this and record the activity in your blotter.</p>

PICI Home Office Policy & Procedures Manual

Address/Account Changes	
There are two types of address changes; client initiated and clearing firm initiated	
Client Initiated <ul style="list-style-type: none"> HO processes all account changes – HTS has been given instructions not to process any changes that come from a client, a rep or any other firm associate other than a HO principal. 	Client completes an account information change form. Clients sign and rep signs (OSJ manager does not need to sign nor see this form). Form can be sent via email or faxed. Original in branch office file.
<ul style="list-style-type: none"> Updated new account documents are not required for address changes, but for every other type of account change. 	Complete HTS and PICI forms, run an OFAC search prior to Rep signing forms, check driver's license to be sure one on file is still valid and current, if not, obtain a new copy. Marriage or divorce requires a copy of court documents. OSJ manager or HO are responsible for sending papers to HTS for imaging (after principal signatures).
<ul style="list-style-type: none"> Follow-up for new account documents 	The HO will follow-up with the rep for updated new account documents after an account change (excluding address changes). It is the reps responsibility to obtain the updated forms and forward for approval.
USPS Return Mail / Clearing Firm Initiated <ul style="list-style-type: none"> HTS processes addresses changes that come to them via an USPS forwarding notice. We aren't notified until the change is completed. 	Rules changes require that all mail sent by a clearing firm must have the clearing firm's return address in the event of mail not being delivered. There are two types of notices; "unknown/unable to forward" and "forwarding notices" which contains a new address
<ul style="list-style-type: none"> Unknown/Unable to Forward 	<p>Unknown/Unable to Forward – means that the address used is not good. In some instances, this may not be the real case and it is more of the USPS electronic readers cannot figure out the person or address. With account titles and multiple line addresses, the system kicks out the piece of mail as "bad" and returns it to the clearing firm. The clearing firm upon receipt sends the piece out again, to the same address and emails us the same. Upon second return, they close the account, start escheatment process and notify us via email. We will in turn notify the rep to attempt to contact the client. If no success after several attempts, we will leave the account marked as "bad address" and continue escheatment.</p> <p>Upon successful contact with client, verify if address is good or bad. If good, notify HTS. If not, then execute the proper address change documents.</p>
	<p>Forwarding Notice – means the client filed a change of address with the USPS and did not let our rep or the HO know. The USPS notice will contain a new address. Upon receipt of returned mail, HTS will send out a letter to the client at that new address to verify. Client signs the letter, returns to HTS and they process the change. We are then notified by HTS, via email, that they made this change. Sometimes we don't receive a notification and therefore all offices are required to review the "Accounts Changed" report for such activity.</p>

PICI Home Office Policy & Procedures Manual

Fund Disbursements	
<ul style="list-style-type: none"> Fed Wires 	<p>All requests must come from the Compliance website using the electronic form and each wire request must have an authorization form signed by the client and the rep. An email is sent to Sherry Abbott who then reviews and enters the request in the clearing firm's disbursement system along with the authorization form for processing. The rep is copied on the completed request. Wires above \$25,000 are verbally verified with the HO. Cut-off time is 1:00pm to send a request for processing same day. No third party disbursements are allowed except in certain circumstances, i.e.; escrow account, family member, business relationship. All funds must be available at time of request.</p>
<ul style="list-style-type: none"> Check Requests 	<p>Checks will only be sent to address of record. All requests must come from the Compliance website using the electronic form and checks will only be sent to the account address of record and in the name on the account. Checks are entered into the clearing firm's disbursement system and final processing is done by HTS. All funds must be available at time of request.</p>
<ul style="list-style-type: none"> Asset Transfers 	<p>All asset transfers are to be requested via the firm's Asset Transfer form from the Compliance website. Clients must sign this form as well as the rep. Email or fax completed form to the HO for processing. All funds must be available at time of request.</p>
<ul style="list-style-type: none"> Retirement Account Disbursements 	<p>All retirement account disbursements are processed by entry into the clearing firm's disbursement system with final processing done by HTS. Proper documentation must be on file to be uploaded each time a request is made. ACH instructions must be set up at least 3 days prior to any request. All funds must be available at time of request.</p>
Trading	
<ul style="list-style-type: none"> Low Priced Securities (when prior approval is given by HO principal) 	<p>Obtain a non-solicitation transaction form for each purchase of a low-priced security trade (unless previous exception was given by HO principal).</p> <p>Current low-priced securities documents must be on file imaged in HTS system (if not within last 6 years, obtain a new set).</p> <p>Any special trading policies that were placed on account at time of opening or thereafter are to be followed.</p>
<ul style="list-style-type: none"> Private Placements 	<p>Due diligence must be done (if none on file) using the firm's due diligence form and procedures. All information must be sent to the HO for review and final approval. If selling agreement is required, provide contact information and the HO will obtain the agreement.</p>

PICI Home Office Policy & Procedures Manual

	<p>Prior to any sales, the firm must file the PP in FINRA's CRD system. Proper forms for the PP must be completed and forwarded to the HO along with a prospectus or private placement memorandum.</p> <p>All subscriptions must be sent to the HO for review and approval using the Alternative Transaction form found on the Compliance website. Additionally, clients must sign a private placement disclosure document prior to the purchase as well HTS documents are required.</p> <p>If PP is outside of a HTS retirement account, the subscription must be entered on the NCFA blotter and routine review information must be maintained.</p>
<ul style="list-style-type: none"> Muni Trades 	<p>When you have a muni trade, several steps need to be taken;</p> <ul style="list-style-type: none"> client must be given access to/notification of EMMA (time and price dissemination) information and client must be emailed the Diver report from BondPro. This needs to be documented. Bond ticket must be completed – indicate percentage of markup (commission) on ticket Muni Bond Order Ticket Supplement must be completed once you have checked EMMA and obtain Diver report. We do not need to keep or print the EMMA information or Diver report. <p>Forward all of the above to the HO for review and approval. You will receive back an approved ticket, approved ticket supplement and a copy of the affirmation from MSRB. All of these are to be kept in your files.</p> <p>Remember that MSRB activity generates additional administrative fees levied by MSRB that are then passed on to the reps.</p>
Firm Compliance – CE Program	
<ul style="list-style-type: none"> Quarterly Review 	<p>An electronic publication created by the firm's CCO that covers many things. All firm associates – registered or not – are required to read all information and material presented in the publication and perform any outside activity as a result of the publication (webinars, podcasts. Etc.)</p> <p>Associates are sent an email containing the publication and are to respond that they have read the contents to that email notification. If not completed within the specified time, additional CE requirements may be imposed.</p>
<ul style="list-style-type: none"> Annual Compliance Certification – Posted in first quarter of year – due by end of second quarter. 	<p>Online certification that all firm associates are to complete. Various questions concerning trading issues, ethical issues, compliance issues, regulatory issues, etc. are asked.</p>

PICI Home Office Policy & Procedures Manual

	<p>Certain questions may require additional information, in which case you would complete at CRP – compliance reporting page. All is electronically submitted via the Compliance website.</p> <p>Notice is sent via email along with a snapshot of CRD information for review and an annual review of any outside business activity.</p> <p>Certification of completion is done via a signed attestation form. All reps/associates sign, their supervisor signs and then the Home Office compliance department reviews and signs. Failure to participate by deadline may cause a fine to be issued.</p>
<ul style="list-style-type: none"> Annual Compliance Meeting – Posted in first quarter of year – due by end of second quarter. 	<p>The firm conducts its annual compliance meeting via a narrated power-point presentation created by the firm's compliance department that covers a variety of issues including but not limited to; regulatory changes, AML training, ethics training, etc. Upon viewing, several questions are required to be answered on the Compliance Meeting page by the link for the presentation. All associates participate on their own and attest by providing a signed attestation form (original to the HO).</p>
<ul style="list-style-type: none"> Firm Element CE 	<p>The firm's CE program is created and maintained in house. This allows us to custom direct our training as it pertains to the various activities our associates are involved with as well as the regulatory topics we must cover (AML, ethics, etc.) The program consists of the following elements:</p> <ul style="list-style-type: none"> Reading of Quarterly Review Annual Compliance Certification Annual Compliance Meeting <p>Completion of program is required by the end of the second quarter and HO reviewed subsequently but by end of third quarter.</p>
<ul style="list-style-type: none"> Letter of Operational Supervisory & Understanding (LOSU) 	<p>Upon association with the firm, each registered rep is given a LOSU which outlines what is expected of their office. These letters are kept on file and unless circumstances change, are effective throughout the life of the association with the firm. Attestation annually that you acknowledge those letters is performed in the annual compliance certification process.</p>
Fine List	
<ul style="list-style-type: none"> Published on Compliance website 	<p>The firm uses a monetary form of supervision by way of a fine list. Some fines are not only levied by us, but by our clearing firm (i.e. extensions) and regulatory agencies (i.e. late reporting). The fine is deducted directly from your commission statement in the month in which it occurred or when the HO was notified.</p>
<ul style="list-style-type: none"> Violation sequence for repeated issues 	<p>1st violation: may forgive fine depending on violation</p>

PICI Home Office Policy & Procedures Manual

	<p>2nd violation: fined 3rd violation: fine is doubled 4th violation: fine is tripled & possible heightened supervision</p>
Communication with Clearing Firm	
<ul style="list-style-type: none"> HTS Service Center 	<p>HTS has provided an alternative to email for corresponding. With CSS is a module titled HTS Service Center which opens in a separate browser via one click logon. In this module you will find prior Learning Exchange information and the new communication system which is the method to communicate with HTS personnel and departments. Emails are discouraged and sometimes rejected by advising you to create a service case. Drop menus offer all departments and various activities that each department performs. At this time, please contact the HO to determine what is acceptable to enter on your own and what the HO must enter on your behalf.</p> <p>The HO is here to intervene on your behalf if you do not receive the results you require.</p>
Monthly Reporting Activities	
<ul style="list-style-type: none"> Blotter Workbooks – in some instances of outside accounts, separate reports may be available and submitted (i.e., DST reports) 	<p>The HO creates an Excel workbook that contains individual spreadsheets to record various activity and information that pertains to the type of business that you do:</p> <ul style="list-style-type: none"> Enter information as needed/required Use the activity log as a daily journal recording all your activities; review of statements and confirms, accounts opened or closed, calls or situations from clients that are more than routine, etc. We must record our activity to show proof that we are doing the things the regulators require us to do. Transmit blotters to HO by middle of month following month end. Transmit via email.
Email	
<ul style="list-style-type: none"> Firm assigned email address only 	<p>The firm will assign an email address that is hosted through Smarsh Technologies. They archive our email messages as is required by regulation and they provide us with a means to review firm associate email traffic as well. Only use the firm assigned email address for business communications. This is especially important when communicating with clients. All firm email is subject to review by any regulator at any time.</p> <p>The firm employs Smarsh's encryption service that provides secure/encrypted email and attachments.</p> <p>Violations of our email policy could result in a fine.</p>
Due Diligence	
<ul style="list-style-type: none"> Complete due diligence forms 	<p>Complete the firm due diligence form found on the Compliance website. Some of the information may not be applicable and something you have that is pertinent might</p>

PICI Home Office Policy & Procedures Manual

	not be asked for, so use the form liberally.
<ul style="list-style-type: none"> Gather research information 	Gather all information that you used during your due diligence process. Provide complete hyperlinks if your information is from the internet, send large files via email in a condensed file (prospectuses can be very large), provide publication sources if using articles.
<ul style="list-style-type: none"> Send to HO for review and approval 	Send due diligence form and all research information to the HO for final review and approval. We prefer to receive everything via email. The HO will decide based upon their review if the product is suitable to offer or not. If a selling agreement is required, provide contact information and a HO associate will contact the company for agreements.
<ul style="list-style-type: none"> Use in retirement account at HTS 	HTS allows us, after their review, to place certain private placements in a retirement account. After our due diligence is performed, the HO will send all information to Alt Investment Dept at HTS to take to the management committee for review and approval of use in a retirement account. If approved, additional forms are required with the subscription agreements and can be found on the Compliance website and HTS Learning Exchange.
Cyber Security	
<ul style="list-style-type: none"> IT Risks 	<p>The firm does not maintain its own servers and therefore limits its cyber-attacks when it comes to client protection. Our offices are run on individual PCs that are required to have installed and maintain an active subscription to anti-virus software on the computers they use.</p> <p>All trading is done on the clearing firm or third party's platforms (software or secured website) i.e., direct mutual fund accounts, etc. Reps are reminded that any passwords or logons provided are to be kept confidential and access should be limited to only those that need to use.</p> <p>The firm employs a third party technology service to provide secure/encrypted email and attachments.</p>