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Polar Investment Counsel Inc.

Member: FINRA, NFA, MSRB, SIPC
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Member NYSE, FINRA, SIPC

PICI DUE DILIGENCE INSTRUCTIONS

Due diligence (due dil-i-gence)

1. appropriate carefulness: the degree of care that a prudent person would exercise, which is a legally relevant standard for establishing liability
2. standard of proper disclosure: the disclosure to potential buyers of all relevant information that applies to a security issue

In this environment (both regulatory and economically) it is essential that anyone involved in the making of investment recommendations to the investing public have the ability to substantiate that they have performed and continue to perform adequate due diligence concerning any recommendation of any security (or strategy) to even a single client.

Different types of investments require different types of due diligence. You may obtain printed material from the company; i.e. a prospectus or offering document. You may obtain financial press articles, published analytical opinions, or information found on the internet, to name a few.

Keep in mind, that even if you perform the due diligence, the product may not be approved. The Home Office reserves the right to reject any product that we feel is not a good thing. It should be noted that the firm prohibits the recommendation (solicitation) of any equity security which is considered a penny stock under SEC rules. We also generally prohibit the recommendation (solicitation) of any security trading under \$5 (or which has traded under \$5 within the last 30 days) which is not a "penny stock" unless the client has indicated in writing that at least one of the investment objectives of the account is speculation.

When completing the due diligence, please pay specific attention to suitability, liquidity, time performance, individuals who are running or own the company, etc. Certain types of products will require continued due diligence and reporting on at least a quarterly basis, such as equity securities. Such documentation in an equity security may include (but not limited to) an analysis based upon value such as; book value, cash per share, charting value, P/E ratio, divided yield (is the dividend covered by earnings), insider transactions, checking SEC for filings.

The important thing is we do our job in performing due diligence to the best of our ability and provide documentation to back up our findings.

Due Diligence Procedures

When you begin due diligence on a product, please complete the Due Diligence Form which requires your signature. All supporting documentation must be scanned in or available in electronic format (website links, PDF prospectuses, etc.) so that you can email everything to the Home Office for final approval. Please note that only a Home Office Principal can approve a new product.

The Home Office will review the material presented and may or may not contact you via phone for any clarification or discussion. If a selling agreement is required, the Home Office will contact the company to obtain such documents. Until such time that we have notified you that the product is approved, you must refrain from any solicitation or taking of orders.

Keep in mind, that due diligence is an ongoing process and you need to keep up to date on the products you are recommending.