

PICI Home Office Broker 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 and regardless if securities or futures or both. **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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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
Communications with Clearing Firm	6-7
Monthly Reporting Activities	7
Email	7
Due Diligence	7-8
Cyber Security	8-9
Reg BI – Form CRS	9-10
Outside Business Activities	10

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 by the HO. All account openings are routed to a HO Principal for final approval via electronic system. The HO will establish the account via the clearing firm system and return completed documents for distribution. 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, approval and the HO will establish the account with clearing firm. 	When requesting approval to open a new account, 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 to be opening. Form CRS delivery is documented on account approval form.
<ul style="list-style-type: none"> Send all new account documents to HTS for imaging to system. 	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.

PICI Home Office Broker Policy & Procedures Manual

Account Closings	
<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 set up the ACAT in their system with any 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 – no needed for qualified accounts) ✓ 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 Broker Policy & Procedures Manual

Address/Account Changes	
There are two types of address changes; client initiated and clearing firm initiated	
<p>Client Initiated</p> <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. 	<p>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.</p>
<ul style="list-style-type: none"> Updated new account documents are not required for address changes, but for every other type of account change. 	<p>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).</p>
<ul style="list-style-type: none"> Follow-up for new account documents 	<p>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.</p>
<p>USPS Return Mail / Clearing Firm Initiated</p> <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. 	<p>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</p>
<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 Broker 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 \$199,999 are verbally verified with the HO. Cut off times vary depending on many factors so to send a request for processing same day, may not always take place. Allow time for this. No third-party disbursements are allowed except in certain circumstances, i.e.; escrow account, family member, business relationship.</p> <p>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"> • Internal Journals (Asset Transfers) 	<p>All internal journals are to be requested via the firm's Internal Journal form and fund disbursement link on 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 need to 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"> • Firm Prohibited Transactions <ul style="list-style-type: none"> ○ Low Priced Securities ○ Cannabis Stocks ○ Crypto Currencies (when prior approval is given by HO principal) 	<p>Obtain a non-solicitation transaction form for each purchase of a firm prohibited trade (unless previous exception was given by HO principal).</p> <p>Current firm prohibited transactions 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 Broker 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 NCFB 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>
<p>Firm Compliance – CE Program</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.)</p> <p>The program consists of the following elements:</p> <ul style="list-style-type: none"> ○ Reading of all Compliance Manuals ○ Annual Compliance Certification ○ Annual Compliance Meeting <p>Completion of program is required by the end of the calendar year unless otherwise specified at time of presenting.</p>

PICI Home Office Broker Policy & Procedures Manual

<ul style="list-style-type: none"> Annual Compliance Certification 	<p>Online certification that all firm associates are to complete. Various questions concerning trading issues, ethical issues, compliance issues, regulatory issues, etc. are asked. 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 reminder to review FinPRO info and review 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 	<p>The firm conducts its annual compliance meeting via an electronic 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 completion of 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"> 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>
<p>Fine List</p>	
<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 2nd violation: fined 3rd violation: fine is doubled 4th violation: fine is tripled & possible heightened supervision</p>
<p>Communication with Clearing Firm</p>	
<ul style="list-style-type: none"> HTS Service Center 	<p>HTS has provided an alternative to email for corresponding. A module titled HTS Service Center which opens in a separate browser via a one click logon allows us to enter requests for processing. Emails are discouraged and sometimes rejected by advising you to create a service</p>

PICI Home Office Broker Policy & Procedures Manual

	<p>case. Drop down menus offer departments and various activities that each department performs. Not all instances are categorized. HTS has asked that only a HO personnel be allowed to use the service center so 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 such as delivery and implementation of Form CRS and recommendations per Reg BI. 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 not be asked for, so use the form liberally.</p>
<ul style="list-style-type: none"> Gather research information 	<p>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.</p>
<ul style="list-style-type: none"> Send to HO for review and approval 	<p>Send due diligence form and all research information to the HO for final review and approval. We prefer to receive</p>

PICI Home Office Broker Policy & Procedures Manual

	<p>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.</p>
<ul style="list-style-type: none"> • Use in retirement account at HTS 	<p>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.</p>
<p>Cyber Security</p>	
<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>
<ul style="list-style-type: none"> • Policy & Procedures 	<ol style="list-style-type: none"> 1. List of computers - maintained in Internal HO P&P 2. List of software/antivirus - maintained in Internal HO P&P 3. RISK ASSESSMENT List internal potential threats: employee theft of customer information, etc List external potential threats: stealing things, computer hackings, intrusions, etc. 4. THREAT TO ELECTRONIC INFRASTRUCURE Little to none; next to no risk - no infrastructure used 5. THREATS BY THIRD PARTY SERVICE NO concerns; clearing firm systems used - SOC report reviewed. 6. List of devices connected to network - maintained in Internal P&P again noting that firm does not maintain a company network. Each is individually operated and owned. 7. SAFEGUARDS TO AVOID SOMETHING HAPPENING Antivirus software with live updates, locked doors, firearms, security systems, stand computer safeguards as needed or appropriate for each individual situation. 8. HOW TO DETECT POTENTIAL THREATS Detection of potential threats could be via people, software, security updates, etc.

PICI Home Office Broker Policy & Procedures Manual

	<p>9. INCIDENT RESPONSE PLAN In the event of a cyber event, we would do whatever is necessary to take care of whatever is affected, some responses could be; contact brokers, update website, contact clearing firm - for more see the firms BCP.</p> <p>10. RESTORATION OF DATA &/OR COMPUTERS In the event of a cyber event, one would possibly take their computer to a place to repair it, or contact their computer guy, or reinstall OS and programs themselves etc - for more see the firms BCP.</p> <p>11. TRAINING AND EDUCATION The firm provides training and education on cyber security through the following areas (not limited to - not used at all times): annual compliance certification, annual compliance meeting, reviews, publications, branch audits, etc.</p>
<p>Reg BI – Form CRS</p>	
<ul style="list-style-type: none"> • Reg BI 	<p>Regulation Best Interest establishes a standard of conduct for broker-dealers and associated persons when they make a recommendation to a retail customer of any securities transaction or investment strategy involving securities.</p> <p>Upon first association with the firm, you must provide client with a copy of Reg BI Form CRS, PICI CIB and HTS CB. This explains the disclosure obligations of the firm.</p> <p>Documentation of this is done via the following methods:</p> <ul style="list-style-type: none"> • NA Approval Form – enter method & date • Monthly Blotter – enter method & date • New Acct apps – both PICI and HTS enter method & date, PICI client initials acknowledgement of receipt
<ul style="list-style-type: none"> • Form CRS 	<p>Form CRS is an industry standard form that is used by all broker-dealers that explains the type of firm we are, the type of trading we do, the type of compensation we receive and other information required by the SEC.</p> <p>Form CRS must be given to a client in the following instances:</p> <ul style="list-style-type: none"> • Anytime a new account is opened • When RR recommends that the client roll over assets from a retirement account, including a 40(k) plan, into a new or existing account or investment • When the RR recommends or provides a new brokerage service or investment that does not necessarily involve the opening of a new account and would not be held in an existing account • Within 30 days of a clients request to receive Form CRS • Within 60 days of the firm making a material change to Form CRS <p>Methods of acceptable delivery:</p> <ul style="list-style-type: none"> • In person (physically hand to client)

PICI Home Office Broker Policy & Procedures Manual

	<ul style="list-style-type: none"> • US Postal Service (mailed to client) • Email (must be first item attached along with all disclosures) • Viewed on firm website www.polarinvest1.com – this is not for initial delivery but as a reference for clients should they desire
<ul style="list-style-type: none"> • Recommendations & Rollovers 	<p>All recommendations are to be documented on the Monthly Blotter which is transmitted to the HO monthly for review.</p> <p>All retirement rollover accounts that the broker recommends require the firm’s Rollover Form to be completed and submitted with the new account documents.</p> <p>All roll over openings are to be documented on the Monthly Blotter which is transmitted to the HO monthly for review.</p>
<p>Outside Business Activities – Review & Approval Procedures</p>	
<ul style="list-style-type: none"> • Outside Business Activity Procedures 	<ol style="list-style-type: none"> 1. If you wish to have an outside business activity, contact the Home Office via phone or email to discuss PRIOR to participating. 2. If approved, complete the firm’s Outside Business Activity form and submit to the Home Office for approval and updating in FINRA. 3. Discussions take place with Mike Jordan – processing of OBA form takes place with Sherry Abbott.
<ul style="list-style-type: none"> • Outside Business Activity Determinations <p>NOTE: Charitable organizations, civic groups, non-profit volunteer events, (not limited to just theses) are not reportable on OBA.</p>	<p>Information to include in email or discussion (not all this may apply to the situation or more might apply)</p> <ul style="list-style-type: none"> • Name of business or company • Name of officers – controlling person • Employee or self-employed or commission • Type of business activity – if investment related more information may be needed • Hours spent on this activity <p>Based upon discussions the firm will determine whether the activity is approved or not. If approved, submission of firm’s OBA form is completed.</p>
<ul style="list-style-type: none"> • Outside Business Activity Review 	<p>Annually all firm associates are required to review their U4 information in FinPRO. OBA is one of those items.</p> <p>Attestation to current CRD records and outside business is completed annually with this process.</p>