



# Polar Investment Counsel Inc Quarterly Review

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Jan-Feb-Mar 2015 \* IQ15

## Regulatory Corner

### FINRA Audit (they call it an "Exam")

If you aren't aware, FINRA is auditing the firm at this time. Production began the middle of April and onsite visit is scheduled for the second week in June. We have been notified that they are selecting one branch office to go and visit but as of this moment, we don't know which one. We have requested that either Michael or myself be allowed to be present at that visit. Please be sure your files are in tip top shape (not that they should be any otherwise) and be prepared to provide information during the next month or two. Good news it is only every 3 years they visit and turn our lives upside down!!



### Comprehensive Compliance Program

As you were aware, the firm combined all its annual compliance requirements into one "mailing" that is posted during the beginning of the first quarter of each year. Just as a review, these are the elements of our program:

- ⇒ ACC—annual compliance certification (where we ask all those questions if you did or didn't do and make sure Form U4 is current)
- ⇒ Firm CE— we changed from a monthly to quarterly publication and the end of year "exam" - which is a series of questions about the monthly/quarterly publications.
- ⇒ Compliance Meeting—powerpoint presentation the firm produces (sorry it gets longer each year!)
- ⇒ Compliance Manual Updates—posted in 2Q and only need to read changed sections

**ATTESTATION IS REQUIRED IN WRITING TO ALL OF THE ABOVE**

### REQUIRED READINGS

FINRA—[Jan \\* Feb \\* Mar 2015](#)

Monthly Recap PodCasts

FINRA Webinar—[CyberSecurity](#)

(you MUST sign up to prove participation)

FINRA Podcast

["5 Things...about Mutual Funds"](#)

### Topics of Importance

- WSP—P&P Manual Changes
- ShareFile—SMARSH Encryption
- Compliance Program Cert
- Address Changes Changes
- CIB Updated

### New Forms or Revised Forms

WSP Manual

HO P&P Manual

CIB—Cyber Security Added

## Did you know this about SWS????

### A few reminders :

**Requirement Report**—when you review this report please make note that DVP accounts are not subject to the repaper rule and if you need any requirements removed, please contact our cashier.

**Merger Update**—we have heard nothing more other than what has been published in the Weekly Wire. Please be sure to read those publications and if you miss one in email, you can access them historically on the Learning Exchange.

**Rule Changes for DPPs & REITS**—recently there were rule changes that now require custodians to show a value on all statements for any DPPs or REITS that they hold. The valuations come from the funds direct themselves and are updated by SWS.

**Address Changes**—there has been a major change due to rule changes, in the way returned mail is being handled. A detail section is included in our compliance manuals as well as in a separate item in the "Topics of Importance" area. This is very important that you make sure you understand your role here.



### Techie Talk

CNet News

[House approves controversial cybersecurity bill](#)

Opponents worry that data-sharing legislation could lead to increased government surveillance...[more](#)

**Firm Note: Cybersecurity is an item with regulators**



### TOPICS OF INTEREST

#### WSP and HO P&P Manual Updates

It is that time of the year when we publish the updates for the compliance manuals. Our complete regulatory WSP manual is maintained via NRS Compliance Guardian services. Please log in and review the sections accordingly. A document is posted with the updated sections underneath the link for the manual on the Compliance site.

We have also updated the Ho Policies and Procedures manual which is located in the same section of the Compliance site. Please read the manual in its entirety, paying special attention to changed sections: Address Change, Firm Compliance and Cybersecurity.

Remember that you have attested to comply with reading these updates via your submission of the ACC.

#### ShareFile—SMARSH Encrypted Email

In a cost effective move and making things much easier, we have moved from using ShareFile to having Smarsh Technologies provide encrypted email for both messages and attachments. We have established “rules” for encryption so there is nothing special you have to do. Call us with any questions.

#### Compliance Program Certification

Thank you everyone for participating in the consolidated compliance program. You will receive a completed certification sometime during the second quarter once we have evaluated all responses. Please remember throughout the year the various compliance tasks that you attest to performing when presented.

#### Alternative Investing

Here’s what’s new in the alternative investment world:

Many programs to diversify your clients portfolio

For those of you not familiar with these programs, please contact Mike Jordan.

#### Address Changes Changes

Briefly, SWS now receives returned mail that is undeliverable. If no response from client they close the account and escheatment processes start. We get notified after that point and we need to try and locate the client. If there’s a forwarding sticker, they send a letter to the client, client says “yep” and SWS changes the address. We might get notified after that point and then we need to get a set of new account documents.

Our procedures for when a client notifies us (or you) has not changed. Our form and documents are required before address will be changed. Copy sent to HO for processing.

Complete and detailed explanations are posted in our WSP manual and HO P&P manual.

#### CIB—Customer Information Brochure Changes

We have updated the CIB—customer information brochure to include language regarding cybersecurity and clients accounts. Please review this document to inform yourself in the event a client may have questions.

Good time of the year to clean out the old files and spruce up the office!!



Remember retention rules when spring cleaning!!

Good time of the year to “renew” those relationships with clients. Reach out to see if any life events are planned for this summer.



#### Upcoming Events

2Q2015—WSP and HO P&P Manual Updates Posted

3Q2015—Annual Privacy Policy Notification (NCFA) / FINRA Audit (Exam)

#### Recruiting Program

You may be able to help us grow, reduce your overall costs and earn cash (without the responsibility of supervision) all at the same time! We have instituted a “recruiting inducement bonus program” (note: this program is not applicable to brokers who are contracted to your OSJ office). Just make the introduction and we’ll take it from there! The program will pay a minimum trail of 2% on the first 24 months of the referred brokers gross commissions earned (after clearing).

Please contact Mike Jordan to further discuss any situation you may be aware of – all we need is an introduction.