



## Regulatory Corner



### FINRA CE Changes

Elimination of Continuing Education Delivery at Testing Centers  
Effective: July 1, 2016

Executive Summary As announced in Regulatory Notice 15-28, as part of the transition to CE Online, FINRA is phasing out test center delivery of the Regulatory Element of Continuing Education (CE). This change will become effective on July 1, 2016. As of that date, the option to complete the Regulatory Element at a Pearson VUE or a Prometric testing center will no longer be available, and participants with an open Regulatory Element window must complete their session using the FINRA CE Online System® with the exception of participants who, pursuant to the Americans with Disabilities Act (ADA), may need accommodations in completing their CE session due to a disability.

### Cyber Security—FINRA Webinar

As we mentioned previously, cyber security is the hot item for FINRA to regulate and they have made it quite the ordeal with testing this and testing that. So you are aware of the necessity of the cyber security program we will be implementing, we require you view the following webinar. You must register to view this, you must enter the firm's CRD number (42847) and you must forward that registration confirmation to Sherry Abbott to receive credit for viewing this webinar.

FINRA: [Cyber Security Considerations for Small Firms](#) (please note this is a little over an hour long so plan accordingly—have coffee on hand!)

### REQUIRED READINGS

#### FINRA Monthly Recaps

(link is to page that all are located on)

[Jan Feb Mar](#)

(PodCasts)

#### Rule 4530 Attestation

- Any customer complaints?
- Any criminal or civil activity?
- Any bankruptcy, liens or judgments?

By responding to the Quarterly Review you acknowledge a negative response to the questions above. IF you have a positive response, contact the Home Office immediately.

### Topics of Importance

- New Acct Opening Documents
- ITPP (Identity theft prevention)
- IRA Death Options
- HTS—Contact Management
- Cyber Security
- HTS—Communicating With

## Did you know this about HTS????

### Hilltop Securities—Changes and Challenges

As you may have realized by now, the changes at Hilltop have been a little challenging. As with all changes, while they may be good in the long run can pose challenges in the mean time. Please be patient as we get used to some of them ~ as outlined below:

- **Retirement Department**—we no longer are to send any retirement forms or distributions or anything like that directly to our coordinator, in fact, we no longer really have a dedicated coordinator. They use the HEAT systems for processing things and all coordinators have gotten their personal voice mail taken away. There is a general voice mailbox for all in Retirement dept. If Becky Harryman is not available when you call her direct line, you can leave a message for her to call you direct and she will get the message and return your call as soon as she is able.
- **Relations Manager**—we have been reassigned to one of the First Southwest RM's and it happens she worked at SWS many years ago. Her name is Terry Kitchens. You can contact her at terry.kitchens@hilltopsecurities.com and her direct line is 214.953.4159
- **Account Debits**—HTS will no longer liquidate funds to cover any debits in accounts. Certain types of accounts cannot carry debits. If the client does not send in the money, you have the option to liquidate to cover and if you don't, then HTS will charge the rep. No exceptions. Please check your accounts (Asset Management report) for any debits in accounts and get after those clients. Unless you want to pay their fees....the firm does not.
- **New Acct Openings—For OSJ's**: When submitting new account opening documents to HTS, please scan and email. Faxing is no longer preferred. Email will show a record of what is sent. CC Sherry Abbott

### New Forms or Revised Forms

WSP Manual \*\*

HO P&P Manual\*\*

CIB—Cyber Security Added

\*\*new manuals will be published the end of Summer 2016



### Techie Talk

[Protect Your Computer](#)

Last quarter we published the above article. Upon completion of reading this Quarterly Review, send an email with proof (printscreen or forward email with subscription information) that you have such anti-virus/security installed on your computer.



## NEW ACCOUNT OPENING DOCUMENTS

When completing new account documents, clients are to receive certain publications prior to their signing account documents. Be sure to enter all dates in the signature page areas where such items exist, such as; Option disclosure delivery, privacy policy delivery and copies of documents sent to client. In regard to the copies of documents to clients, a copy of that letter must be in the client file in your office. We will look for these during an audit. Additionally, as clients are initialing that they received the firm's CIB, it is important that they fully understand what is contained in that document.

## ITPP (Identity Theft Prevention Program) - PICI ITPP 1-2016

Under the FTC FACT Act Red Flags Rule, we must implement a program regarding customers and their accounts to protect them from identity theft and comply with this rule. Please review our program (found on Compliance website) as we have updated information. If you have any questions, please call the Home Office. *NOTE: this was not published with prior Q-Review. It is now available.*

## IRA ACCTS – Beneficiaries in event of a death

A time of death is never easy for the families of clients and for us. We want to process their instructions as quickly as we can, but we have specific procedures that must be followed. Many times we get questions about what a surviving spouses options are. There are several options based upon their age and circumstances. Heirs may be required to open a beneficiary IRA account, so additional paperwork would be required. Heirs may have an existing retirement account at HTS and can transfer their inheritance to there.

If the client maintains a retirement account, chances are their deceased spouse was the beneficiary. They may not think to change that, but you should. Provide the clients with the necessary forms to take care of that.

If unsure what to do, it is best to contact Becky Harryman in the Retirements Department. They are the ones who know exactly what options are available in each type of account and can get things done most expeditiously. Nothing more frustrating than to go back to grieving loved one and ask them for more forms or have problems arise.

## HTS SYSTEM: CONTACT MANAGEMENT

Contact Management module is very useful, if you haven't realized that yet! Within this module, we can see some of the activity that has taken place, we can view documents that have been imaged. This is important when making sure HTS has received account documents. Our annual AML audit will begin soon and that is a critical element of the process. You can see if an address change has been processed, if a distribution has been processed or not and much more. The Activities & Documents tab will be the most useful and your new best friend! Please check this area before calling us or HTS about something. Generally, documents are imaged within 48 hrs of receipt. Email is the best way to send documents. Please use the general email address: [newaccounts@hilltopsecurities.com](mailto:newaccounts@hilltopsecurities.com).

## CYBER SECURITY

We continue with creating and implementing our cyber security program. Due to the nature of this, it will be an ongoing activity and changes will be reported as they occur. Much of the security of client data, your personal data and firm data depends on your part in protecting your devices. If you use a Smart phone to read and send company email, we require that you add that device to your computer software. Most companies offer "seats" for more than one device now. Testing of our cyber security program is critical and while difficult due to the independent status of our organization, we feel confident, with the cooperation of our reps, we are doing all we can against the war on cyber security. We test all third party applications as well as our clearing firm. Please aware of any strange email you may get—it could be a regulator "testing you"....they do it!!

## COMMUNICATING WITH HILLTOP DEPARTMENTS

When you send forms or requests to process something (On Demand distributions for example) you must be very specific in your request. We no longer have dedicated people so we need to be aware that not all know our little innuendoes. Do not take anything for granted when sending requests and be sure to include a relevant subject line—name, acct number, office number and what the action is to aid the departments in distributing your request.



## Alternative Investing

**Lightstone**—New Website to look at these REITS [www.lightstonecapitalmarkets.com](http://www.lightstonecapitalmarkets.com)

**Carter Validus REITS**—view their latest REITS that contain data driven centers and medical facilities



**FINRA REQUIRED CE NOW CAN BE DONE AT YOUR DESK - ONLINE - NO TIMED SESSIONS**



## Upcoming Events

**3Q 2016—WSP & Manual Updates**

**4Q 2016—Form Updates**

## 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 recruiting bonus once referral is contracted.

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