



# Polar Investment Counsel Inc Quarterly Review

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Apr-May-Jun 2015 \* 2Q15

## Regulatory Corner

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

The audit is concluded, we await their final "exit" letter with issues they feel need to be reviewed. As a result of this exam several items have already been changed:



- Blotters were changed to include specific language FINRA felt was missing. Checks received must now include a date that the check was mailed/sent to SWS or other entity. Mutual Fund blotters must now record the purchase or redemption in dollar amounts and not number of shares. If your blotter is not updated, please send to Sherry with a request to update it.
- Incoming correspondence must now be reviewed by the Home Office on a regular basis. Unfortunately, it requires you to scan in all incoming correspondence from customers and send them as an attachment with the monthly blotters. Do not fax it to us. You must scan and email it to fulfill the retention requirements we must follow. If you have no incoming client correspondence, then please state so in your monthly submission email. We remind you that blotters are to be sent by the 10th of each month.
- More changes may be coming as a result of our exam and we will advise as they are implemented.

## REQUIRED READINGS

FINRA—[Apr](#) \* [May](#) \* [Jun](#) 2015

Monthly Recap PodCasts

FINRA Webinar—[CyberSecurity](#)  
**You MUST sign up to  
prove participation**

Registration and participation is NOT optional. Please view this webinar prior to next quarter's publication. We must receive confirmation as proof you participated. Failure to do so will result in you having to Pay for and take extra CE hours.

## Topics of Importance

- WSP—P&P Manual Changes
- SMARSH Encryption
- NCFCA Annual Privacy Policy
- AML Audit
- Cybersecurity Program
- AML Compliance Reports

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

**FINAL NOTICE: If you have an account that is set up to the point of receiving an Account ID and need to obtain an Account Number, below are some tips to help the process flow smoothly:**

To receive an Account Number for a pending IRA on the same day the new account paperwork is received, please

1. Send paperwork to New Accounts at [newaccounts@swst.com](mailto:newaccounts@swst.com) by 4:00 Central Time
2. Add the Account ID to the subject line of email

**FINAL NOTICE: Holding & Reporting Fee Reports available in Report Distribution:**

Report Distribution under the report date of July 9, 2015. Please use this report which can be pulled up at the firm, office or rep level to see which clients are subject to this fee this year due to inactivity. **Should you wish to pick up this fee for any of your clients; we ask that you please have this list back to your Relationship Manager on or before September 4, 2015. See prior Weekly Wire for ways to exempt a client from this fee.**

## New Forms or Revised Forms

None new since 1Q15

[WSP Manual](#)  
[HO P&P Manual](#)  
[CIB—Cyber Security Added](#)



## Techie Talk

### [WINDOWS 10](#)

Should I  
upgrade???  
**YES YES YES**

Windows 10 is officially out. It's the biggest update to Windows in years and represents a number of new directions for Microsoft's premier software product.... [more](#)



### TOPICS OF INTEREST

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

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.

#### SMARSH Encrypted Email

Reminder that we now have encrypted email. Any document with the extension .PDF, .DOC, .XLS will be automatically encrypted and if you type the word "secure" anywhere in the subject line, all attachments will be encrypted. Be aware that if a client sends something direct, it is not being encrypted coming in to our email only if you send out and they reply. A good way to do this is to send your client the documents via email and ask they reply to your email re-attaching said documents. Then everything is encrypted.

#### AML Audit

Our independent AML audit has begun. We look at all new accounts opened during the previous year and determine if AML procedures were followed. This includes legible valid copies of drivers licenses, signature dates as well as OFAC searches. Selection is random and if discrepancies are found, we will let you know to correct them.

#### NCFA Privacy Policy

Annually we must provide all our customers our Privacy Policy which explains what we do with their personal information. Any SWS account that also has a NCFA, does not need to get a separate privacy policy. If you have any client that does NOT have a SWS account, then you will need to send them the NCFA Privacy Policy notification letter and document that you did this on your Activity blotter. This must be completed no later than 9-30-15.

#### Cybersecurity Program

A new element to our many "programs" is cybersecurity. With data breaches and hacking becoming more present in our world, we are charged with the feat of not only having a cybersecurity program but we have to test the components of the various entities we use. This will require more vigilant review of all computers to make sure security programs are up to date and present on computers.

#### AML Compliance

We have access to the following AML reports that provide data that while we might not necessarily take action on, it is a resource for us to monitor this activity. Please review these reports routinely and if anything "jumps out at you" or you have concerns, please contact the HO.

*The following reports are available:*

- AML Acct Report by Entity
- AML Daily Penny Stock Entity Report
- AML Third Party Wire Entity Report
- AML Trend Report by Office

*enjoy the last days of summer*



#### 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.**

#### Upcoming Events

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

#### 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.