



Polar Investment Counsel Inc Quarterly Review

Home Office:
Thief River Falls MN
218-681-7344

3Q15 & 4Q15

Regulatory Corner

FINRA RULE REVIEW - [R4530](#) (link to manual)

Our recent FINRA audit pointed out some areas that we need to be reviewing more frequently regarding [Rule 4530](#) (link to separate sections).

We will incorporate these items into the Quarterly Review and response to our email will be acknowledgement that you have no new reporting requirements. Please read the following (required) to familiarize yourself with this rule: [FINRA Reg Notice 11-06](#) [FINRA Reg Notice 11-32](#)



The following events are what we need to know quarterly:

1. Have you received any customer complaints, regarding securities business, either verbally or in any written form (email, letter, text, social media, etc.) that you have not reported to the Home Office?
2. Have you been arrested for ANY criminal activity or had any civil action brought against you that you have not reported to the Home Office?
3. Have you filed for bankruptcy? Had a judgement, lien or compromise with a creditor filed against you? that you have not reported to the Home Office.

These questions will be featured in a block on the side panel with each publication for you to review. When you respond to the Quarterly Review, you acknowledge attesting to these questions. Additionally, there are links to the FINRA notices that we ask you read (they require that you read them annually to be reminded). If you have any questions as to whether something is a disclosable event, please call us and we can discuss it.

REQUIRED READINGS

FINRA Monthly Recaps

(link is to page that all are located on)

[Jul](#) [Aug](#) [Sep](#) [Oct](#) [Nov](#) [Dec](#)

Rule 4530 Attestation

Any customer complaints?

Any criminal or civil activity?

Any bankruptcy, liens or judgements?

Topics of Importance

- Annual Compliance Program
- ITPP (Identity theft prevention)
- 401(k) Disclosure
- CE Program Changes
- Customer Complaints
- ACATs
- FINRA Rule 2110
- AML Audit

Did you know this about SWS????

Hilltop Securities Inc (HTS) - formerly known as Southwest Securities Inc

The merger has taken place and they are getting ready to bring First Clearing into the CSS system. First Clearing was using a Beta system so this will be a change for them. During the next month, please be patient with response time for email and phone calls as all HTS staff are working extra hard to bring on the merged folks and still take care of us.

Here is a helpful tip for opening new accounts - tried and true and seems to work the best!

1. Complete new account documents (you can use the CSS module to create and print without establishing an account number.
2. Have client sign all, you sign and send only the HTS new account form to new accounts to establish the account number.
3. Write new account number on all documents and send to Home Office for approval.
4. Home Office will scan in everything with our approval and we will send to new accounts department, copying you, to process the paperwork. You don't have to! Just be sure to send client a copy of all the documents.

Saves a little bit of time and confusion with working with that temporary number on all the forms. Any questions, contact Sherry.

New Forms or Revised Forms

WSP Manual **

HO P&P Manual**

CIB—Cyber Security Added

****new manuals in March 2016**



Techie Talk

[Protect Your Computer](#)

With Cyber security at the forefront of regulatory hot topics, we do require all computers to have, maintain and run anti-virus software on their computers and keep that software up to date with live updates. This is a new requirement for compliance.



TOPICS OF INTEREST

ANNUAL COMPLIANCE PROGRAM (ACP)

Please remember the following elements of the ACP:

- ◇ Read Quarterly Review (Q3 & Q4)
- ◇ Compliance Meeting 2016
- ◇ U4 Snapshot Review
- ◇ Annual Compliance Certification 2016
- ◇ Compliance Certification Signature Page 2016
- ◇ Due date 3-31-2016

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 (link above - found on Compliance website) as we have updated information. If you have any questions, please call the Home Office.

401(k) Roll Over Disclosure

We have updated our CIB (Customer Information Brochure) to include a new section regarding 401(k) roll overs. The regulators feel it necessary we point out the pros and cons of rolling over a 401(k) to an IRA. Please read the CIB dated 1-2016 to familiarize yourself with this.

CE Program Changes

We have made some changes to our compliance program. Please view these changes in the Continuing Education section of the Compliance website. One big change is no more end of year CE exams! We will cover more of that in our compliance meeting presentation. Much of our program depends on a trusting relationship that when we present information, you are truthfully reading it in its entirety.

Customer Complaints

FINRA is getting pretty aggressive with their quest for customer complaints that weren't reported. Email review is their biggest informant (ours too!) If you receive ANY type of communication from a client that you think may be a complaint, CALL US to discuss it. You have 5 days from date of discovery to let us know. We then have 30 days to file and get information to FINRA, but there has to be that first documentation within 5 days of discovery. If we get fined, guess who else gets fined and at a higher amount? They aren't playing with this one.

ACAT (Account Transfers)

For those offices that send their new account opening documents directly to HTS (OSJ's only), be sure to include ACAT department in your email and ask that they process the transfer papers. Sometimes they don't make their way down to ACAT's and this can cause a delay in getting your new clients assets over.

FINRA Rule 2110 - communications with the public

To refresh our memory on what is considered communication with the public and what is not...please read the following: [Reg Notice 12-29](#) [Reg Notice 13-03](#)

AML Audit

Our independent AML audit revealed that we continue to have a common problem from year to year. Out dated drivers licenses and OFAC searches not being imaged into the HTS system. There are two items that are part of our customer identification process and need to be performed. We will start rejecting new account openings going forward if not in compliance.

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

Alternative Investing

For those of you not familiar with these alternative investments, please contact Mike Jordan. Alternatives give your client another vehicle to diversify their portfolio.



Upcoming Events **1Q2016—Annual Compliance Program**
2Q2016—WSP & Manual 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.