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**From The Desk Of The CEO:**

Dear Stakeholders:

Private Client Services, LLC (PCS) like many firms is experiencing the headwinds of the current economic, political, and socially adjusted effects of the Covid-19 pandemic. In the third quarter, despite these challenges PCS continued to execute our business plan and advance our strategic projects which will make the company more efficient and easier for investment professionals to conduct business with.

The results for the quarter led the company to new highs for total assets and number of affiliated advisors with PCS. Looking ahead the company plans to introduce new technology solutions which PCS began working on nearly two years ago. These technology investments by PCS will enhance advisors experience saving valuable time for them, attract new advisors and cause increased efficiencies for every department within each home office location in Louisville and Appleton.

PCS continues to focus on the dually registered investment advisor professional and is a leading company in this specialized space within the independent broker dealer community. PCS continues to work closely with the variety of leading custodians who also operate to support the independent professional practices and the fastest growing business sector within our industry.

A review of the regulatory environment causes PCS and our affiliated advisors to recognize the impact of the Covid-19 pandemic and greater need than ever to operate with efficiencies and at all time high industry standards. PCS believes our newest technology solutions along with improved errors & omissions and cyber security coverage will provide advisors additional security. These enhancements will add confidence for advisors to operate in an evolving Reg Best Interest and Fiduciary Standard world post pandemic.

PCS wants to recognize the efforts of the home office professionals throughout the country many of which have worked from their homes as part of our emergency preparedness planning and business continuity plan. Like most of our affiliated investment professionals and their dedicated support staff, we have all experienced and unprecedented disruption of our business and personal lives. PCS is thankful and appreciative of the sacrifices everyone has made, understanding and commitment to one another during this very difficult time within our lives.

2021 is approaching and offers new opportunities as we emerge from having met the challenges of 2020 and complete our unfinished business with our clients during the 4<sup>th</sup> quarter. The final quarter of most years generally proves to be the best quarter for new business, this is possible even in 2020 with the right effort on all of our parts. Thank you for being with us!

**Ernest Sampson, ChFC, CLU, AEP, CFP™**

**Direct (502) 992-3540**

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## ADMINISTRATIVE UPDATE:

### Errors & Omissions Insurance Renewal Information

The 2020-2021 Errors & Omissions insurance renewal is currently underway. After thorough review and vetting of multiple options and carriers, PCS elected to secure coverage through Evanston Insurance Company, owned by The Markel Corporation.

Markel Corporation is a holding company for insurance, reinsurance, and investment operations around the world. Founded in 1930, Markel's core business is specialty insurance, and in May 2020, the company was rated #335 on the Fortune 500.

New E&O certificates will be provided to all covered persons around December 9th, as soon as they become available. Contact Mary Wescott, Kim Hill, or Joe Cutsinger with any questions or concerns.



Mary Wescott,  
Chief Administration Officer

### Understanding Your E&O Insurance Policy

Errors & Omissions insurance protects both the Firm and its Registered Representatives against losses due to an actual or alleged negligent act or an error or omission committed in the scope of their responsibilities as representatives/investment advisors (for those registered with PCS' RIA).

PCS has selected Evanston Insurance Company as our 2018-19 E&O coverage provider. Some important aspects of policy coverage to be aware of include:

- The policy period is from 12/9/2020 through 12/9/2021.
- The Limits of Liability for each claim is \$1,250,000 and \$3,000,000 in aggregate.
- The Deductible per Registered Representative or covered Investment Advisor is \$5,000.
- Through the policy, PCS can assist in representative in preparing a response to a subpoena. (Please call John Taylor-Jones or Seth Owen for assistance.)
- No claim will ever be settled without permission of the Firm and covered representative/advisor.
- Products covered by the policy are limited to those approved by PCS. Any claim against a registered person based upon, arising from, or in any way connected to investment products or services not approved or authorized by the Firm are excluded from coverage.
- Insurance products must have an A- or higher A.M. Best ratings to avoid falling into an insolvency exclusion.
- Products sold via an approved Outside Business Activity (such as fixed annuities or insurance) but through an insurance marketing organization that PCS has not approved are NOT covered by PCS' E&O coverage.
- New this year and included with the 2020-21 coverage is expanded cyber-security coverage for business placed through Private Client Services.

Any representative who finds themselves facing a situation that could lead to an E&O claim should contact both their Managing Principal / OSJ manager and the Compliance Department as soon as possible. There is no penalization for notifying either PCS or the E&O policy issues of the potential liability of a claim. Failure to do so can cause greater complications down the road.

## ADMINISTRATIVE UPDATE (CONTINUED):

### 2021 FINRA Registration Renewals

The 2021 FINRA annual renewal calendar has been published, and based on FINRA's timeline, there are several upcoming dates of which all registered persons should be aware:

- November 12<sup>th</sup> – Invoices for registration renewals were distributed to all registered persons.
- November 13<sup>th</sup> – December 7<sup>th</sup> – All registered personnel should review invoices to determine registration needs in 2021.
- **December 10<sup>th</sup> – ALL registration invoices must be paid in full to Private Client Services.**
- December 14<sup>th</sup> – PCS must pay ALL renewal fees to FINRA by end of business day.

PCS again reminds all registered representatives of your responsibility to be registered, and if applicable, insurance licensed in the residential state of your clients. Additionally, registered representatives are required to be registered in the state from which he or she conducts business. **Please note:** All registered reps included on a split code must be appropriately registered as described above to receive compensation on a transaction.

In preparation for a successful FINRA registrations renewal, as well as to facilitate continued expedient commissions processing in the new year, all registered persons are encouraged to review his or her current state registrations and client lists. Instructions for the addition or removal of state registrations was included in the Registration Renewal communication distribution on November 12th.

Please contact Mary Wescott or Seth Owen with questions.

### New Termination Fee for Non-Registered Persons:

Effective January 1, 2020, any non-registered, fingerprinted person who terminates from Private Client Services will be assessed a fee of \$50 to cover the Firm's administrative costs.

The termination fee will be charged either against the commissions of the representative the non-registered person supported during the commission cycle in which the termination occurs or by invoice billed to the appropriate party.

Please contact Mary Wescott or Joe Cutsinger if you have any questions or concerns.

## OPERATIONS UPDATE:

### Transition to Digital Operations with Docupace

In our last newsletter, we announced Docupace and our initiative to implement a digital operations platform for paperless workflows and e-signature. For the last year we have been working on construction, configuration, and testing, and we are now ready live with our rollout. As a reminder, Docupace will provide you and your office digital account opening and servicing with e-signature, access to PCS and vendor forms for online completion, seamless end-to-end workflows for all aspects of your business, and compliant electronic document retention.



Ryan Armock,  
Chief Operations Officer

PCS has begun offering training sessions in November and will continue through the end of the year. The training sessions below consist of three classes for all representatives and an additional class for Field OSJ's. Each class covers different aspects of Docupace and everyone is encourage to attend all classes consecutively. Field OSJ's will need to attend the fourth class in order to review and approve business submitted by their reports. Online webinar information will be sent out shortly. Classes are designed to last one hour each. To prepare for the training, it is highly recommended you review the [Parts of the Docupace System](https://docupace.atlassian.net/wiki/spaces/VG/pages/209223698/Parts+of+the+System) (<https://docupace.atlassian.net/wiki/spaces/VG/pages/209223698/Parts+of+the+System>) video guides and [Docupace Basics](https://docupace.atlassian.net/wiki/spaces/UG/pages/26051594/Docupace+Basics) (<https://docupace.atlassian.net/wiki/spaces/UG/pages/26051594/Docupace+Basics>) user guides to familiarize yourself with the various aspects of Docupace. Prior to training you will receive your login credentials along with instructions on how to set your password. Everyone affiliated with PCS, including support staff, will receive their own user ID according to their role.

#### **Training Session 1 (already presented)**

- Monday November 9<sup>th</sup> – 3PM ET (All Users)
- Tuesday November 10<sup>th</sup> – 11AM ET (All Users)
- Thursday November 12<sup>th</sup> – 11AM ET (All Users)
- Friday November 13<sup>th</sup> – 11AM ET (OSJ's)

#### **Training Session 2 (upcoming sessions)**

- Tuesday December 1<sup>st</sup> – 11AM ET (All Users)
- Wednesday December 2<sup>nd</sup> - 11AM ET (All Users)
- Thursday December 3<sup>rd</sup> – 11AM ET (All Users)
- Friday December 4<sup>th</sup> – 11AM ET (OSJ's)

All costs associated with Docupace are included in your PCS technology fee with the exception of e-signature. Docupace uses seamless integration of DocuSign for electronic signature capability. The cost of \$2.25 per envelope and \$0.50 per required SMS identity authentication will be billed against your commissions on a monthly basis.

We look forward helping you implement this new technology to bring efficiencies to your office in the coming days. In the meantime, please send any questions to Ryan Armock at [rarmock@pcsb.net](mailto:rarmock@pcsb.net) or Lorna Hill at [lhil@pcsb.net](mailto:lhil@pcsb.net).

### **SIMPLE IRA Plan Setup**

With the recent introduction of The American Funds Simple IRA Plus we wanted to review the application requirements to establish a Simple Plan.

Accounts within a Simple Plan are established at the participant level, requiring the participant to complete paperwork as would be required under a single IRA account. The client receives his/her own statement and payments and commissions flow to PCS at the participant level.

While PCS recognizes that product providers are making effort to try and make these plans easier for the employers and representatives to manage, the underlying setup of the accounts has not changed.

For further questions or clarification please contact the Operations team at [operations@pcsbd.net](mailto:operations@pcsbd.net)

## **COMPLIANCE SURVEILLANCE GUIDANCE:**

### **Outside Investment Accounts**

As a reminder, pursuant to FINRA Rule 3210 and firm policy, individuals who are licensed with Private Client Services are required to disclose all accounts in which securities transactions can be effected AND you have a beneficial interest in that account with a few exceptions. To break-it down further please reference these common scenarios:

#### **Do Disclose Accounts where:**

- You OR your spouse/partner is the owner, or You are a joint owner with anyone
- You are custodian on the account
- You are the Trustee on the account
- Your child, who is financially dependent on you, opens an account
- You have trading authority for the account (i.e. Power of Attorney, Executor, etc).

#### **Don't Disclose Accounts where:**

- You are limited to purchasing unit investment trusts, variable contracts and/or redeemable securities of open-end investment companies registered under the Investment Company Act of 1940.
- A family member opens an account and they neither live with you or are financially dependent upon you.
- A family member other than a child or spouse opens an account where you do not have trading authority.

An online form is available on the Advisor Resource Center entitled PCS Investment Account Disclosure where the details required are provided in order to complete the review. The disclosure can also be made currently through PCS Quest Compliance Portal, though effective January 1, 2021 this disclosure as well as all other Compliance related disclosures currently submitted through Quest will transition to submission via the Docupace platform.

Please direct any questions to [compliance@pcsbd.net](mailto:compliance@pcsbd.net) or one of the compliance team members.



Seth Owen  
Director of Compliance

## FINANCE UPDATE:

### 2021 Pay Date Changes

As mentioned in the last newsletter, we are in the process of transitioning from Artisan Software’s Masetro and Repertoire systems to jaccomo’s jCore and jPass. With the rollout of jaccomo in January 2021 we will be implementing a new Registered Rep pay schedule. Commission runs will be processed on the 15<sup>th</sup> and last business day of each month. If either of those days fall on a weekend or holiday the commission run will be processed on the prior business day. EFT files will be uploaded to our bank on the process date and released for payment to your bank the following business day. (Please reference the table below for the 2021 pay schedule.)



Joe Cutsinger  
Executive Director

After the implementation of the new system we will be discontinuing Registered Rep access to Repertoire. We encourage you to download any commission reports or statements that you would like to retain for your records prior to the end of January 2021.

The jPass system, which is the Representative portal, will be a window into your book of business with detailed active and historical commission statements and enhanced reporting tools. You will be receiving an email in the coming weeks with your jPass login information, as well as training materials and opportunities for training sessions.

If you have any questions regarding the transition to the new system or pay schedule changes please direct your questions to Kathy Hank at [khank@pcsbd.net](mailto:khank@pcsbd.net) or Joe Cutsinger at [jcutsinger@pcsbd.net](mailto:jcutsinger@pcsbd.net).

### 2021 Processing and Pay Date Schedule

Period Begin	Period End	Process Date	Pay Date
12/30/2020	1/14/2021	1/15/2021	1/19/2021
1/15/2021	1/28/2021	1/29/2021	2/1/2021
1/29/2021	2/11/2021	2/12/2021	2/16/2021
2/12/2021	2/25/2021	2/26/2021	3/1/2021
2/26/2021	3/12/2021	3/15/2021	3/16/2021
3/13/2021	3/30/2021	3/31/2021	4/1/2021
3/31/2021	4/14/2021	4/15/2021	4/16/2021
4/15/2021	4/29/2021	4/30/2021	5/3/2021
4/30/2021	5/13/2021	5/14/2021	5/17/2021
5/14/2021	5/27/2021	5/28/2021	6/1/2021
5/28/2021	6/14/2021	6/15/2021	6/16/2021
6/15/2021	6/29/2021	6/30/2021	7/1/2021
6/30/2021	7/14/2021	7/15/2021	7/16/2021
7/15/2021	7/29/2021	7/30/2021	8/2/2021
7/30/2021	8/12/2021	8/13/2021	8/16/2021
8/13/2021	8/30/2021	8/31/2021	9/1/2021
8/31/2021	9/14/2021	9/15/2021	9/16/2021
9/15/2021	9/29/2021	9/30/2021	10/1/2021
9/30/2021	10/14/2021	10/15/2021	10/18/2021
10/15/2021	10/28/2021	10/29/2021	11/1/2021
10/29/2021	11/12/2021	11/15/2021	11/16/2021
11/13/2021	11/29/2021	11/30/2021	12/1/2021
11/30/2021	12/14/2021	12/15/2021	12/16/2021
12/15/2021	12/30/2021	12/31/2021	1/4/2022

## NEW PCS HOME OFFICE STAFF:

PCS is happy to welcome Whitney Bright to the Louisville Office. Whitney joins us as our Branch Administrative Assistant. Whitney has two years experience in the financial services industry working in a UBS branch in Palm Beach, FL and also locally in Louisville with Cardinal Point Financial.

Outside of work Whitney loves spending time with her two beautiful children and also loves to sing, travel, read and enjoy the outdoors.

Please join us in welcoming Whitney to the team.

## U4 UPDATE REMINDER:

### Disclosure Reminder:

The FINRA form U4 must be updated in a timely manner (Usually within 30 days, but sometimes within 10 days) if any registered person has a disclosable event. These disclosable events include, but are not limited to, financial matters such as bankruptcy, compromise with creditors, or liens; legal matters; violations of industry rules; and other items related to outside business activities. Failure to disclose reportable items to the Home Office may result in delayed disclosure and significant late filing fees. Each late disclosure may result in as much as a \$1,575 late filing fee, which is the responsibility of the Representative to pay!

## BUSINESS DEVELOPMENT UPDATE:

We'd like to welcome the following new groups to the PCS family:

- SecureEstate Financial Services, Pendleton, IN - 8/10/2020
- Vitalstone Financial, San Antonio, TX - 10/01/2020

We also welcome the following groups and individuals who have joined our established partners:

- John Lewis who joined Brightline Financial
- Erik Blake, Todd Doobrow and Sommer Morris who all joined RFG Advisory.



Steve Higdon,  
Chief Development Officer

**BEST INTEREST UPDATE:****Recommendation Documentation Supplement vs. PCS Purchase Form**

John Taylor-Jones  
Chief Compliance Officer

The Principal Review Desk and other firm principals have received a number of inquiries related to the Recommendation Document Supplement and PCS Purchase form being redundant, and questions related to why both forms are required.

To address these questions the Regulation Best Interest Frequently Asked Questions (FAQ) have been updated with the following clarifications:

**30. For product recommendations the Recommendation Documentation Supplement and Securities Purchase Form seem redundant. Why do I need to complete both?**

The **Recommendation Documentation Supplement** should be used to document the **thought process and due diligence** of getting from a broad universe of available products to the specific product(s) recommended as being in the client's best interest. This process must involve consideration of multiple factors, including client goals and profile, potential product risks, rewards and cost, along with use of various due diligence tools and reports. Check boxes are provided for convenience. Products which are considered should be listed as part of this process, whether or not they are presented to the client

The **Securities Purchase Form** should be used to document features of the accepted recommendation(s) and how the product(s) best fit the client's goals and objectives. How does **THIS** investment meet the client's goals and objectives? How does **THIS** investment better meet the client's goals and objectives than other products that were presented? Tell this client's story and the specific needs that the recommendation was intended to address with as much detail as possible.

Each client is unique. Adding details to the comment boxes on both forms provides valuable support if necessary to defend the recommendation to someone who does not know you or your client, such as in a regulatory or complaint situation.

The Reg B.I. FAQ can be found within the Advisor Resource Center under Recommendation Guidance.

**Branch Record Keeping changes with Docupace**

With the introduction of Docupace, the need to maintain separate account opening documents in your branch office will no longer be required. Docupace is SEC Rule 17(A)-4 compliant, and provides ongoing access to all documents you submit through the system. OSJ Managers and Home Office Managing Principal's will also have access to submitted records by their assigned representatives.

It is a best practice to continue to maintain your working client files that contain other information not submitted with new account applications and recommendations such as client notes, correspondence, and other client related materials.

Questions may be submitted to [compliance@pcsbd.net](mailto:compliance@pcsbd.net).