

**In this issue:**

- [CEO Update](#)
- [Administrative Reminders](#)
  - Affiliating New Personnel*
  - Securing Personally Identifiable Information*
- [Operations Update:](#)
  - Docupace Enhancements and Resources*
  - Mutual Fund LOI Reminder*
- [Registration & Licensing Guidance](#)
  - Investment Advisor Registration in New York State*
- [Docupace Guidance](#)
  - Compliance and Supervision Disclosure Common Errors*
- [New PCS Staff](#)
- [Business Development Update](#)
- [Retail Communication Reminders](#)
  - Online Presentations / Video Conferencing / Webinars*
- [ERISA Plan Guidance](#)
  - New ERISA Plan Services Agreements*
- [Compliance Update](#)
  - New SEC Marketing Rule - Advisory Business*
  - UpdateU4 Reminders*
  - Best Interest Supplement vs. PCS Purchase Form*
  - Reporting Customer Correspondence - **UPDATED POLICY***

**From The Desk Of The CEO:**

Dear Stakeholders:

Call me old fashioned, but I think technology is maybe going to be around for a while. It appears that clients kind of like it, or more accurately they really expect it. By the time they get home from their doctor's office visit, they expect their blood test results, office visit notes, follow-up recommendations and new prescriptions to be in their on-line medical portal.

Like many of our colleagues, I have been trying to learn the use of a very sophisticated tool recently introduced by Private Client Services called Docupace. I never knew how extensive it would be, but am learning as I began to discover what all I can do with it.

I started with the simplest feature, which for me is to use the solution to document Reg BI evidence for the day when a regulator examines my files for my client's "Best Interest" evidence. I mastered that in the first few minutes of use and then went on to the "cool" stuff. I can now send to clients service forms to sign and applications to open new accounts.

In my spare time, I learned how I can open new accounts for clients using their existing client data that has been added to the system by PCS from my previous applications. I can also update client existing information to include new e-mail addresses, notes to the file on conversations and information I have of theirs, etc. I can upload copies of their will, trusts, insurance and annuity statements and the list goes on and on.

What is really great is that it meets the rigid rules of the SEC record retention and storage requirements of 17a-3. We no longer need to store paper documents. Since the system is internet based, we have access to all our records from anywhere we work and need to be on any given day. No files to take home or with us when we travel. It is safe, secure and reduces risk and liability.

I was so impressed with my new technology skills, I just had to open an account for myself, which I have been meaning to do for several years. I began to think that this new technology might extend the life expectancy of an older practitioner, now that most clients are into social media the way they are.

I have started to hear; we can use Docupace with other solutions like E-Money and a CRM like even Sales-force. Then I decided if I could do it for myself, and I was getting use to using Docupace, maybe I need to send a few forms to clients to sign... bingo, my clients had been expecting just that as they have been doing it with all kinds of industries, including their P&C Insurance company, mortgage company, personal companies and even their bank.

I encourage each of you to take some time to log into Docupace and become familiar with the new system, access the instructional material on the Advisor Resource Center, and join us in utilizing this great new technology.

Ernest Sampson, ChFC, CLU, AEP, CFP™

Direct (502) 992-3540

Email: [esampson@pcsbd.net](mailto:esampson@pcsbd.net)



## ADMINISTRATIVE REMINDERS:

### Affiliating a New Person with PCS

When the time is right to add new personnel to your team, PCS is pleased to announce that the guidance for doing so is readily available at your fingertips in the Advisor Resource Center.

Simply click on the Registration button in the left navigation column and select the type of individual you are onboarding. Registration packets and processing instructions are available for a dually-registered rep, a registered rep, a registered sales assistant, or a non-registered access person. Please note that prior to your hiring for any of these positions, Private Client Services will need to review and approve various documentation.



Mary Wescott,  
Chief Administration Officer

### Pre-Approval is Required

- To request the review of either a new dually-registered rep or registered rep, the DRR or RR candidate should complete the PCS Prospective Advisor Questionnaire – Existing Group and the Book of Business Spreadsheet and email the completed documentation and required attachments to [Registration@pcsb.net](mailto:Registration@pcsb.net). ***Please do not proceed to the next step of the registration process until you receive approval from PCS.***
- Candidates for positions of registered sales assistant or non-registered access person should complete the registration packet available on the ARC and email the completed packet to [Registration@pcsb.net](mailto:Registration@pcsb.net). ***Please do not proceed to the next step of the registration process until you receive approval from PCS.***

If you are planning to onboard a new person and have any questions about the affiliation process, please contact either Kim Nelson or Lindsey Ebben for assistance

### Securing Personally Identifiable Information (PII)

All Registered Representatives and affiliated staff personnel are reminded of the importance of safeguarding Personally Identifiable Information (PII) in paper and electronic form during everyday work activities, particularly in email communications.

The Department of Homeland Security identifies Personally Identifiable Information (PII) as any information that permits the identity of an individual to be directly or indirectly inferred, including any information which is linked to a specific individual. *Examples of sensitive PII include Social Security numbers, birth dates, fingerprints, data elements such as driver's license numbers, as well as financial information like annual income and net worth.*

When sending PII in an email communication, the email should be secured. Electronic communications between PCS and affiliated branch offices have been secured by establishing TLS encryption between PCS' server and group servers at the time of affiliation with PCS. If you have any questions about this TLS encryption, please contact Phil Prosser at [pprosser@pcsb.net](mailto:pprosser@pcsb.net).

When sending PII in an email communication not to PCS, please note that the information should be contained either in a password-protected document or encrypted with a secure email system.

Do not leave sensitive PII unattended on desks, printers, fax machines, or copies. Secure Personally Identifiable Information in a locked desk drawer, file cabinet or similar locked enclosure when not in use.

If you have any questions on the handling of PII, please contact the Compliance Department or your Managing Principal for assistance.

## OPERATIONS UPDATE:

### Docupace Enhancements and Resources

As more and more of our partners begin using Docupace, we incorporate the feedback we receive into our processes, training materials and enhancements. We are pleased to announce some additional training resources we are making available under the Docupace tab in The Advisor Resource Center at pcsbd.net. We have added several step-by-step reference guides for various tasks and processes throughout the system including, Searching for Advisor Office Documents, Adding a Client Folder and Using Wet Sign. We will continue to add more guides as needed so please check back often.



Ryan Armock,  
Chief Operations Officer

In addition, we are pleased to announce some additional targeted training opportunities. During the first two training sessions, join for an hour long, start to finish look at how to establish a new account using the eSign and wet sign process. The third training session will be an in depth one hour look at the Not in Good Order process and how to respond to Work Items returned for various reasons.

1. **New Accounts and the eSign Process** April 21<sup>st</sup> 2:00 PM ET
2. **New Accounts and the Wet Sign Process** April 28<sup>th</sup> 2:00 PM ET
3. **NIGO Process** May 5<sup>th</sup> 2:00 PM ET

Please sign up for any or all of these opportunities via the link below. Note, you will need to register separately for each session you want to attend by clicking the link again.

<https://attendee.gotowebinar.com/rt/1329063681518262541>

### **Using jCore Data Enhancement**

To provide additional data when completing client documents, PCS has worked with jacommo and Docupace to allow you to retrieve client data that is stored in jacommo. This new functionality can import data for clients not currently stored in Docupace but they are an existing client of PCS. By using the Get jCore Data button in a Work Item, Docupace will look for the client in jacommo based on name and social security number. If a match is found, you have the option to apply that data to the forms in the Docupace Work Item.

Additional fields that may be available in jacommo include government ID data fields, employment information, and financials such as net worth, income, and expenses. The import will only provide data that is contained in the jacommo system so not all fields may import. As we continue to refine the existing client data, more information will become available.

Please refer to the attached reference guide on using this new functionality. You may also access the guide under the Docupace section of the Advisor Resource Center.

Please contact Operations at [operations@pcsbd.net](mailto:operations@pcsbd.net) with any questions.

### **Mutual Fund LOI Reminder**

The Compliance Department has recently been made aware of several instances where a mutual fund provider has missed elections for Letters of Intent on product applications, resulting in clients being charged higher front-end sales charges for mutual fund purchases. These instances have been identified by the representative and corrected. Please make sure you are following up on your applications and verifying they are set up the way you intended for your client. The process to correct errors becomes very time consuming, and can create a negative impression if not caught quickly. Remember, you are your client's advocate and you have a responsibility to ensure the investments sold to a client are processed correctly.

## **REGISTRATION & LICENSING GUIDANCE:**

### **Investment Advisor Registration in New York**

The New York State Department of Law (the "Department") adopted new regulations, which went into effect February 1, 2021, governing registration and examination requirements of natural persons representing investment advisers.

The adopted rule creates (i) an implementation period allowing persons who permissibly operated under the rules in existence prior to this revision to continue to do so until December 2, 2021, but must apply for registration by August 31, 2021, (ii) a new examination special waiver category and new Form NY-IASW, for persons currently serving permissibly as investment adviser representatives and having two (2) years of experience in that capacity prior to rule's effective date, excluding those previously acting solely as solicitors or those with disciplinary history, and (iii) an extended period to comply with the examination requirement for those persons permissibly operating under the rules in existence prior to this revision, but who do not qualify for an examination waiver.

The rule became effective on February 1, 2021, but provides for an implementation period through December 2, 2021 to persons already permissibly engaged in the investment advisory business. Eligible persons may continue to provide investment advisory services during the implementation period without an approved registration in New York, however, eligibility under the implementation period is limited to those applicants who submit their Form U4 to New York on or before August 31, 2021. The implementation period may also be limited for applicants who are notified of certain deficiencies and who fail to correct those deficiencies.

Generally, investment adviser representatives (RAs) must meet examination requirement deadlines or obtain a waiver. In addition to the implementation period, industry participants who currently are permissibly engaged in the investment advisory business who do not qualify for an exam waiver have until December 2, 2021 to pass the required examinations i.e. Series 65 (apply by August 31st). Alternatively, investment adviser representatives who satisfy minimum service and experience qualifications and who have no disciplinary history may apply for a new special waiver exempting them from the examination requirements. Waivers for persons who satisfy prior registration requirements in other jurisdictions, or who possess certain specified certifications also remain available under the new regulations.

The new rule may be found at: [https://ag.ny.gov/sites/default/files/text\\_of\\_revised\\_adopted\\_regulations\\_part\\_11.pdf](https://ag.ny.gov/sites/default/files/text_of_revised_adopted_regulations_part_11.pdf)

All Investment Advisor Representatives registered with PCS on the advisory side in New York have been registered already. If you are an Investment Advisor Representative who is registered with one of our RIA partners, and you have a place of business within New York, and have not sought NY registration (RA) or a waiver from the examination, please contact your RIA Compliance counterpart to assist with the filing process.



Seth Owen  
Director of Compliance



## DOCUPACE GUIDANCE:

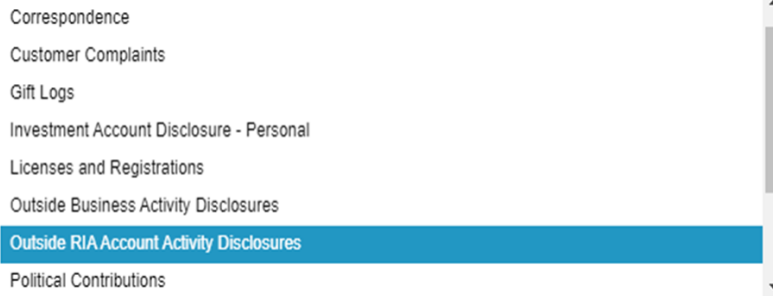
### **Compliance and Supervision Disclosure Common Errors**

As more and more representatives begin to use the Docupace system to report various compliance and supervisory disclosures we are seeing the same errors. Below we have provided some guidance to help avoid these errors and speed up your disclosures:

When submitting forms in Docupace remember to select the proper Folder Name when uploading the form. For example, when submitting Outside RIA Disclosure Forms, select the Outside RIA Activity Disclosure Folder.

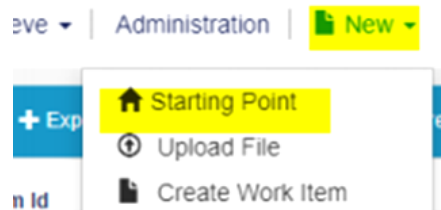
Folder Name	Advisor Office Type	Business Type
SUPERVISORY LOGS	Log	BD/RIA
SOCIAL MEDIA DISCLOSURES	Disclosure	BD/RIA
PRODUCT PROVIDER TRAINING REQUESTS	Training	BD/RIA
PRIVATE SECURITIES TRANSACTIONS	Compliance	BD/RIA
POLITICAL CONTRIBUTIONS	Compliance	BD/RIA
OUTSIDE RIA ACCOUNT ACTIVITY DISCLOSURES	Disclosure	BD/RIA
OUTSIDE BUSINESS ACTIVITY DISCLOSURES	Disclosure	BD/RIA
LICENSES AND REGISTRATIONS		

After the proper Folder Name has been selected, select the correct folder from the dropdown list for Compliance type.



Uploading documents without creating a work item: A work item must be initiated by using **New / Starting Point** in order for it to move through multiple required reviews.

It is possible to upload a document and get a work item number without having actually created a work item. In that case, the disclosure will not move through any of the required reviews.



When a work item has been created, it will display in the “Pending Advisor Review” queue on the advisor dashboard, allowing the creator to take additional action such as adding documents, obtaining signatures and sending on to the next step in the workflow queue.



Ann Wilson  
Director Field Supervision



Cassandra Dunning  
Field Examiner

## NEW PCS HOME OFFICE STAFF:

PCS is happy to welcome the following new Home Office Staff:

- **Jeremy Burton**, Compliance Surveillance Officer.

Jeremy joins PCS after working for over 17 years in the surveillance group at SII. He has over 20 years in the financial services industry in roles encompassing Advertising Review, AML, Surveillance, general Compliance, and Compliance leadership. He graduated from the University of Wisconsin-Steven Point with a Bachelor of Science. Jeremy currently holds the Series 6, 7, 24, 63 and 66 registrations. Jeremy is located in our Appleton office.

- **Bill Reuther**, Managing Principal.

Bill joined PCS in February coming from Securities Service Network where he was AVP/Manager of Home Office Supervision. When not working he enjoys golfing and spending time with his fiancé Anna and their two dogs Libby and Bear. They like to travel as much as possible both domestically and internationally although that has been put on hold for obvious reasons. Bill is located in Knoxville, TN

- **Shayne Daniels**, Managing Principal

Shayne joined PCS on March 22<sup>nd</sup>. Shayne spent the previous 4 years at a Securities Service Network (SSN). During his time there he was able to gain experience in several areas, including Trade Review, Operations and Compliance. In his free time, he likes to spend time with his wife, Felicia, and two children – 15-year-old daughter, Reagan and 3-year-old son, Colton. They all enjoy cheering on the University of Tennessee (Go Vols!). Shayne is located in Knoxville, TN

- **Rhonda Spence**, Business Development Officer

Based out of Southern California, Rhonda Spence joins PCS with over twenty years of experience in the financial industry including working with firms such as LPL and Charles Schwab. Rhonda has a genuine passion for true independence which quickly shows through with anyone she has opportunity to work with. She attended Minnesota State University and holds her series 7 and 63 licenses. When not working, Rhonda enjoys working out, relaxing at the beach, cooking, spending as much time as possible with her twin 17-year-old son and daughter, and friends.

## BUSINESS DEVELOPMENT UPDATE:

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

- The Horizon Group, West Henrietta, NY - 01/04/2021
- Muchler Financial Services, Dansville, NY - 01/04/2021
- Rockport Wealth Advisors, Fairview Park, OH - 01/28/2021

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

- RJ Drury and Sarah Hehmeyer who joined Genex Financial
- Kelly Smith joined UWharrie Investment Advisors
- The Billings Group and Lemzar Capital who joined RFG Advisory
- Robert Gilmore who joined Trutina Financial
- Grover Musser who joined Adams Brown
- Chris McDonald who is now a Registered Representative with US Advisory Group



Steve Higdon,  
Chief Development Officer

## RETAIL COMMUNICATION REMINDERS

### Online Presentations / Video Conferencing / Webinars

Due to the increased use of video-conferencing solutions (Zoom, Go-To-Meeting, etc) including webinars and a shift away from in-person meetings and live seminars with clients and prospects, PCS Compliance feels it important to remind everyone that while some vendors' solutions may offer chat features within its' platforms, chat features are strictly prohibited.

Both Industry regulations and firm policy require all written communications to be archived including electronic messages. While email communications are automatically captured and monitored within our email surveillance platform (Global Relay), if you were to communicate through a direct messaging chat feature while participating in a webinar or video conference with a client or prospect those messages would not be captured and thus you would be in direct violation of industry regulations and firm policy.

Secondarily as a reminder, online presentations/webinars done with a wider audience would likely meet the definition of a "retail communication" (communications distributed or made available to more than 25 retail investors within any 30 calendar-day period) and thus would require submission into Marketing Pro.

If you have any questions please contact your Managing Principal or the Compliance Department.

## ERISA PLAN GUIDANCE

### New ERISA Plan Services Agreements

Pursuant to PCS' interpretation of Department of Labor ("DOL") rule 408b-2, Interpretive Bulletin 96-1, and other guidance, PCS will no longer support the opening of ERISA Title I accounts at Pershing LLC on a commission basis, effective immediately. Going forward, 'education only' commission-based plans must be opened directly with an approved plan administrator.

#### Affected account types:

401(k)  
ERISA 403(b)  
Profit Sharing Plans (PSP)  
Money Purchase Plans (MPP)  
Defined Benefit

#### Unaffected account types:

All IRAs  
Non-ERISA 403(b)  
Individual 401(k)  
All non-qualified accounts



Adam Katch  
Director of Advisory Operations

In addition, all newly established ERISA plans will require the completion of the new PCS ERISA Services Agreement. The agreement can be found both under the 'Forms Library' on the Advisor Resource Center and within the DocuPace system, titled 'ERISA Services Agreement-RR-Direct.'

Please reach out to [advisory@pcsb.com](mailto:advisory@pcsb.com) with any questions you may have regarding the new ERISA Services Agreement or implementation of this policy change.

## COMPLIANCE UPDATE:

### The New SEC Marketing Rule

The SEC's new Marketing rule which updates and combines Adviser Act rules 206(4)-1 and 206(4)-3 into one single rule was published in the Federal Register on March 5, 2021. The rule is scheduled to become effective on May 4<sup>th</sup>, 2021 but has a compliance deadline of November 4, 2022.

Rule 204-2 under the Advisers Act is also being revised to reflect new requirements under the new Marketing Rule which will amend Form ADV to require investment advisers make additional disclosures concerning their marketing practices.

Advertisement under the SEC's new definition will include any direct or indirect communications from investment advisers that offer services to prospective clients or offers new services to existing clients.

While you should read the SEC press release summarizing the new rule (link below) for more complete information, generally speaking updates have been made related to general prohibitions. Rather than a checklist of items to consider depending on the specific content in an advertisement that was previously mandated and reinforced by decades old no-action letters, the new rule takes a more principle-based approach which does include requirements for certain types of advertisements. This includes standardizing certain parts of performance presentations in order for investors to more easily compare investment opportunities.

The Marketing Rule replaces the existing prohibitions in the former Advertising Rule that constitute violations of the Advisers Act with seven principles-based provisions. These provisions prohibit advertisements that (1) contain untrue statements of a material fact or omit a material fact, (2) contain material statements of fact that the adviser does not have a reasonable basis for believing it will be able to substantiate upon demand by the SEC, (3) contain information that would reasonably be likely to cause an untrue or misleading implication or inference, (4) discuss potential benefits without disclosing material risks or other limitations, (5) refer to specific investment advice where such investment advice is not presented in a fair and balanced manner, (6) contain performance where such performance is not presented in a fair and balanced manner, and (7) are otherwise materially misleading.

Essentially all Registered Investment Advisers must make an advertising due diligence file to maintain materials that will substantiate its "facts" presented in their advertisement for potential future regulatory inspections

We encourage you to read the SEC press release below which summarizes the changes as well as links to the final rule.  
<https://www.sec.gov/news/press-release/2020-334>



Seth Owen  
Director of Compliance

### **U4 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!



### **Recommendation Documentation Supplement vs. PCS Purchase Form**

This information was provided in the November 2020 newsletter, but we continue to get questions regarding the use of these two documents so we are including the information in this newsletter as well:

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:



John Taylor-Jones  
Chief Compliance Officer

#### **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.

### **Reporting Customer Correspondence - UPDATED POLICY**

PCS Representatives and branch offices have historically been required to report incoming and outgoing customer correspondence on a monthly basis, and this report has included reporting even if there was no activity during the month. This reporting requirement has changed.

Customer correspondence reporting is only required if there was correspondence sent or received during the month. If a Representative or branch has nothing to report there is no longer a requirement to submit the PCS Correspondence Cover Sheet into Docupace. Please update your individual reminders accordingly. This change is effective beginning in the month of April, 2021.

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