

Compliance Alert (2021-01)

To: All PCS Registered Representatives, Support Staff, Home Office Personnel
Date: June 2, 2021
Re: **Policy Changes for Mutual Fund Class C Shares**

1. The April 17, 2021 PCS Newsletter announced the availability of a new disclosure packet for all broker dealer clients on the pcsbd.net website. The PCS Customer Account Form has also been updated to reflect the availability of the disclosure packet.

The new disclosure packet includes mutual fund share class disclosure language and therefore eliminates the need for a transaction-based disclosure when a client purchases class C-share mutual funds in a retail account, including a Section 529 plan account. (**NOTE:** The 529 beneficiary age / share class guidelines have not changed.)

2. **Effective June 1, 2021**, PCS is establishing limits for purchases in class C-share mutual funds as shown in the table below. Current holdings that exceed these limits as of the effective date will not need to be liquidated. However, no additional C-share assets may be added. Purchases causing the individual, household or fund family to exceed the limit are subject to cancellation, and any loss may be charged to the Registered Representative*.

Limit Type:	Limit Amount:
Individual	\$500,000
Household	\$750,000
Product Provider	\$500,000

NOTE:

- C shares that do not charge a CDSC fee will still apply towards the aggregate value.
- Switching from a current fund family into another family is treated as a new purchase.
- A trust account is treated as one individual and linked as an individual for householding, regardless of the number of trustees or beneficiaries.

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Purchase Limits Apply:

- Regardless of account type (IRA, Individual, Joint, Custodial, etc);
- When investing in a fund, fund family or fund families;
- For individual transactions or aggregate amounts; and
- Based on current value.

Household includes individuals that share a residence.

* Account holdings and purchase transactions will be reviewed by the Compliance Surveillance Department monthly. Transactions resulting in violations of the C-Share policy may be cancelled on a post review basis and result in additional market risk to the Representative if cancelled.

Questions related to this policy may be directed to your assigned Managing Principal or the Compliance Department (compliance@pcsbd.net).

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