



PRIVATE
CLIENT
SERVICES™

MEMBER FINRA, SIPC
A Registered Investment Advisor

Sales Supervisory Procedures

June 2, 2021

For Internal Use Only

Contents:

Introduction and Forms

- Section 1 Introduction
- Section 2 Forms

Onboarding

- Section 3 New Hire Due Diligence
- Section 4 Registrations and Licensing

New Business

- Section 5 Product Review Desk
 - Regulation Best Interest and Suitability
 - Senior Investors and other Specified Adults
 - New Accounts
 - Transaction Reviews
 - Account Reviews
 - Front Running / Insider Trading

Other Branch Activities

- Section 6 Logs (Correspondence, Customer Funds, Securities, Gifts) and Other Compliance Disclosures
- Section 7 Complaints
- Section 8 Disciplinary Actions
- Section 9 Heightened Supervision
- Section 10 Communication with the Public
- Section 11 Cold Calling
- Section 12 Political Contributions
- Section 13 Trade Errors and Corrections
- Section 14 Receipt of Funds and Anti Money Laundering
- Section 15 Representative Changes

Branch Offices

- Section 16 Delegation of Duties
- Section 17 Regulator Communications and Inspections
- Section 18 Facilities and Information Security
- Section 19 Registered Location Inspections (Compliance and OSJ Managing Principals)

Exhibits

- Exhibit 1 New Accounts CAF Review
- Exhibit 2 Jaccomo Trade Alerts
- Exhibit 3 Jaccomo Account Alerts
- Exhibit 4 Jaccomo Home Office Reviewer Guide
- Exhibit 5 Product Reviews
- Exhibit 6 Common Compliance Disclosures and Notes
- Exhibit 7 OSJ Principal Trade Review

SSP Section 1. Introduction

The culture of compliance at Private Client Services LLC (“PCS”) is built on the premise “do the right thing”. Managing Principals are an integral part of that culture. PCS recognizes and relies on your level of industry knowledge, years of experience and relationships with the Registered Representatives (“RR”) and staff that report to you. We are committed to partnering with you to provide open dialogue and meaningful guidance, along with effective and efficient tools, to not just maintain but grow our culture of compliance in the ever evolving securities industry. Best interest of the client has been a guiding principle at PCS since long before the SEC articulated regulations on the subject.

The importance of supervision and compliance with applicable rules and regulations cannot be overstated. Failure to adequately supervise the activities of registered and associated persons may result in fines, censures and other sanctions against the RR, Managing Principal and /or PCS. Additional manuals have been prepared to assist Managing Principals in ensuring compliance with the rules and regulations of the SEC, FINRA, applicable state jurisdictions and PCS policies related to retail brokerage sales activity. This manual should be read in conjunction with **PCS Written Supervisory Procedures (“WSP”)**, **PCS Compliance Manual**, **PCS AML Manual**, **PCS Code of Ethics and Insider Trading Policy Manual** and **PCS Information Security Policy Manual**. (See www.pcsbd.net / **Advisor Resource Center / Policy and Procedure Manuals**)

Supervision of fee-based advisory accounts is not addressed in this manual. See **PCS Advisor Resource Center / IA Policies and Procedures Manual**.

Managing Principals are expected to:

- Implement controls and reviews in accordance with PCS policies and procedures;
- Evaluate the need to change procedures or implement corrective actions;
- Clearly define the lines of responsibility and authority in your office(s);
- Prepare and/or maintain books and records in accordance with PCS policies;
- Maintain regular communication with PCS Compliance regarding the above expectations or other matters of concern.

Managing Principals are obligated to be familiar with current versions of the manuals referenced above. Each Managing Principal should maintain copies of the manuals. These resources should not be construed as all inclusive, but rather as guidelines in conducting daily supervisory functions. Issues that cannot be resolved by reference to these manuals should be directed to the Compliance Department.

Any significant changes to SEC, FINRA, state or PCS’s internal policies will result in updates to this or other applicable manual and/or the WSP Manual, which will be communicated by PCS in a timely manner. The contents of these manuals are considered confidential and should not be shared with any third party without the express written consent of PCS.

This manual is organized with the chronology of a registered rep at PCS in mind. It moves from onboarding, to new business, to other branch activities, to branch office requirements. As used in this manual, the term “Managing Principal” includes both OSJ Managing Principals and Home Office Managing Principals unless stated otherwise.

1.1 General Supervision

- RRs must be assigned to a Managing Principal holding the proper principal registrations.

- Compliance will provide each new PCS RR with a copy of the **WSP Manual** and the **Compliance Manual**. RRs will be required to sign and return to Compliance an acknowledgment that they have read, understand and will abide by the policies and procedures therein.
- The Registrations Department will confirm RRs are properly registered prior to conducting any business.
- A Managing Principal who also acts as an RR (i.e., open and service customer accounts) must have their respective Managing Principal approve and review their activity as an RR.

SSP Section 2. Forms

Forms referenced in this manual are designated in **bold type**.

2.01 Forms Location

PCS has created a series of forms to assist Managing Principals in their supervisory responsibilities. These forms are maintained in a shared drive on the PCS network, to which each Managing Principal has access:

This PC > pcs (\\kfgts) (V:) > PCS Managing Principals > **_Forms**

Additional forms which are used more broadly by the field are located on **the PCS Advisor Resource Center / Forms Library**. In the Forms Library, the **Forms and Transactions Checklist** shows which forms are required for various account types and transactions.

SSP Section 3 New Hire Due Diligence

Please refer to **PCS Advisor Resource Center /Registration** for detailed instructions on the registration type of a potential new hire. Instructions include:

- Dually Registered Representative
- Registered Representative
- Registered Sales Assistant
- Non-registered Fingerprint / Access Person

The Firm must conduct a reasonable investigation of all persons applying for registration or association with PCS and bring to the immediate attention of the Onboarding Department any facts that may disqualify the applicant from registration with FINRA.

Prior to extending an offer of contracting to an applicant, the Firm must obtain a pre-hire consent form from the applicant. The Onboarding Department will complete a background search, including FINRA, criminal and credit checks. Any person with a “statutory disqualification” as defined by FINRA, will be disqualified from contracting with PCS unless prior approval is received from the CEO and CCO.

Any disclosed “yes” answers on the applicant’s record indicating disciplinary actions or pending investigations and/or complaints require the candidate to be cleared by Senior Management prior to extending an offer of contracting. The Onboarding Team will review each U-4 for any disciplinary disclosures.

PCS requires a completed Disclosure Reporting Page (“DRP”) and possible supporting documentation (e.g., copies of customer’s complaints, arbitration findings, etc.) for all “yes” answers on an applicant’s U-4 disclosure pages. The Onboarding Team, Compliance, Senior Management and OSJ Managing Principals must review each disclosed event and determine that the candidate does not present an unacceptable potential compliance risk before submission to the Registration Department.

The Onboarding Team must determine if the RR is receiving vested residual income from insurance business and whether the appointment must stay active in order to receive said income. Any such income should be reported as an Outside Business Activity.

The Registration Department is responsible for:

- Opening exam windows with FINRA;
- Submitting the Form U-4 to FINRA/CRD to register an employee or update U-4 information;
- Submitting the Form U-5 to the FINRA/CRD to terminate a registered employee.

3.01 Separation/Termination of Registration

Upon termination or receipt of a resignation letter, the Managing Principal must notify Registrations and ensure that any security badges, physical keys, tokens, corporate cards, laptop and any other item that is the property of PCS is retrieved. Registrations will coordinate with the Onboarding Team and IT to disable all system access, reallocate or book clients to the house, ensure the individual is removed from all internal mailboxes, and ensure any firm e-mail is suspended from receiving external e-mail.

SSP Section 4 Registration and Licensing (Branch and RR)

This section should be read in conjunction with the **PCS Compliance Manual / Registration and Licensing** section. Some of the material is repeated here for emphasis.

- It is important that PCS, and its associated persons who engage in a securities business, are fully registered with the appropriate self-regulatory organizations (“SRO”) and state jurisdictions.
- Retail securities activities, both solicited or unsolicited, are permitted to take place only in those states where BOTH the firm and the salesperson(s) are registered.
- There may be some registration exemptions where the customer is deemed to be 'institutional.'
- Contact Registrations or the Compliance Department If you have any questions regarding appropriate SRO or state licensing.

4.1 Registration Policies

1. State registration in the client’s state of residence is required prior to recommending/accepting/executing trades. Commissions will not be paid and the trade is subject to cancellation if the RR is not properly licensed.
2. State registration is required in the state in which a client or authorized person(s) with trading authority (i.e. trustee, POA, etc) resides.
3. All members of a split code or similar arrangement must be registered in the same states in which their client resides.
4. Anyone actively prospecting securities-related business in a state must be registered in the same state in which the prospect resides.
5. Non-registered employees are prohibited from accepting, transmitting or entering a trade from either a client or a registered person. Depending on the product, a properly registered FINRA licensee (i.e. Series 6 or Series 7) who is also registered in the client’s state of residence is required to accept and enter a trade.
6. All Registration requests should be directed to registration@pcsb.net.

4.2 Form U4 Maintenance

At the time a person becomes registered with PCS, a Form U4 is completed and filed with FINRA. Each registered person is obligated to keep the information on Form U4 updated within set deadlines. PCS Registrations or Compliance must be notified immediately when any information on Form U4 has changed. These changes may include a name change, change in address (business or residence), being the subject of a bankruptcy, complaint or criminal charges and any other items previously disclosed on Form U4.

4.3 Outside Business Activities

In accordance with FINRA Rule 3270, disclosure and approval of all outside business activities (“OBA”) in which a registered person is engaged (whether for compensation or not) is required prior to becoming associated with PCS. While associated with Private Client Services, PRIOR permission is required before entering into any additional

outside business activities. **Failure to receive such permission can result in regulatory and internal sanctions up to and including termination.**

Requests for approval for new OBAs or updates to previously disclosed OBAs must be submitted electronically through the Docupace system. The request will route first to the Managing Principal for approval and then to Compliance for final approval. If approved, RR will be notified via email. The Registrations Department will then make any necessary updates to Form U4.

4.4 Staff Changes

Please refer to **Section 3** of this manual (New Hire Due Diligence) and **Advisor Resource Center / Registration** for detailed instructions.

4.5 Location changes

Any new office requests, office deletions/relocations, or RR relocations will require the approval of the appropriate OSJ Managing Principal. The OSJ Managing Principal must submit the **Location Change Request Form** to the Registrations Department for processing. The Registrations Department is responsible for notifying the OSJ Managing Principal in writing that the new branch office has been duly registered. The new location cannot be used until the OSJ Managing Principal has received such confirmation from PCS.

SSP Section 5 New Accounts / Transaction & Account Review / Forms Required

5.01 Product Review Desk (PRD)

PCS is responsible for the review and acceptance of all new customer accounts established by RRs for any and all securities purchases, as well as approval of customer transactions. The process of review and final acceptance of customer accounts and transactions is completed by PCS home office designated personnel as part of the Principal Review Desk (PRD) or Docupace.

Each designated person approved for final review and approval of customer accounts and transactions must be registered as a Firm principal and hold either the Series 24 or Series 9/10 registration. In addition to registration requirements, each designated person must also possess the necessary industry and product knowledge to satisfy regulatory review requirements.

Transaction review requires certain registrations, depending on transaction / product type:

Product / Transaction Type	Registration Requirement
Mutual Funds	Series 26, 24, 10
General Securities (Equities, ETF, Corporate Bonds)	Series 24, 10
529 Savings Plans	Series 51, 53, 10
Municipal Securities (Bonds)	Series 53, 10
Options	Series 4, 9
Private Placements	Series 24, 10
Variable Products (Annuities/Life)	Series 26, 24, 10

The following individuals have been approved to review and accept customer accounts and review and approve customer transactions:

- John Taylor-Jones, CCO, Ann Wilson, Director Field Supervision and Diana Perez, Managing Principal (All products)
- Jeremy Luse, Compliance Surveillance Officer (All products except Municipals and Options)
- Tim Graham, COO (All products except municipals, 529, and options)

- Jane Vande Voort, Kelly Schroeder, Shayne Daniels, Managing Principals (All products except municipals, 529 and options).
- Seth Owen, Director of Compliance, Bill Reuther, Managing Principal (All products except options)
- Kelly Vanden Brook, Adam Katch, Lorna Hill, Shana Keil, Operations Principals (All products except municipals, 529 and options)
- Kevin O'Bryan, Cassandra Dunning, SROP (Options accounts)

5.02 Forms Required

PCS Operations maintains a **Forms and Transactions Checklist** (See **Advisor Resource Center / Forms Library**) for new accounts and various types of transactions. Forms requirements have been incorporated into the PCS Operations workflow system, Docupace.

5.03 Regulation Best Interest and Suitability

Please see the **PCS Compliance Manual / Regulation Best Interest and Suitability: Main Suitability Obligations Under FINRA Rule 2111** for detailed discussion of both standards along with PCS policies and procedures.

For Regulation Best Interest, Firm specific training, forms and FAQs are centrally located in **Advisor Resource Center / Recommendation Guidance / Regulation Best Interest**. The **Recommendation Documentation Supplement** form is used to document considerations for account type recommendations, registration type recommendations, investment recommendations and brokerage account strategy selection.

In order to comply with FINRA Rule 2111 (Suitability) and Regulation Best Interest (effective June 30, 2020), all investment recommendations made to a customer must be suitable or in the best interest of the customer, as applicable, based on information obtained at account opening and thereafter as changes occur (under FINRA Rule 2090, the “The Know Your Customer Rule”). Rule 2111 suitability no longer applies to recommendations that are subject to Regulation Best Interest. When making investment recommendations to **retail customers*** the Regulation Best Interest must be followed. (See [Compliance Manual](#), p.77)

* The SEC has defined “retail customer” (or retail investor) as “a natural person, or the legal representative of such natural person, who: (A) receives a recommendation of any securities transaction or investment strategy involving securities from a broker-dealer; and (B) uses the recommendation primarily for personal, family, or household purposes.” It is important to note that the definition of “retail customer” as it relates to Reg BI does not exclude high-net worth natural persons and natural persons that are accredited investors. (See [Compliance Manual](#), p.63.)

5.04 Senior Investors and Other Specified Adults

The SEC, states and self-regulatory organizations have undertaken several initiatives in recent years on the financial exploitation of seniors and other specified adults*, including best practices and regulations to deal with the issue. Please refer to the **Compliance Manual / Senior Investors: Diminished Capacity and Suspected Financial Abuse** along with **WSPs / Senior Investors** for detailed discussions. Selected sections are included here for emphasis.

*”Specified adults” are defined as persons over 65 as well as persons age 18 and older who a member reasonably believes have a mental or physical impairment that renders them unable to protect his or her own interests.

5.04.1 Red flags

Red flags of financial exploitation could include:

1. Sudden, atypical or unexplained account activity (i.e. withdrawals, etc).
2. Drastic shifts in investment style;
3. Inability to contact the senior customer;
4. Signs of intimidation or reluctance to speak in the presence of a caregiver;
5. Isolation from friends and family;
6. Recent, new acquaintances, particularly those who take up residence with an older person and/or accompany the elder to conduct financial business;

7. Changes in the older person's property titles, wills or other documents, particularly if the person is confused and/or documents favors new acquaintances;
8. A power of attorney executed by a confused elder;
9. Lack of amenities when the older person can afford them;
10. Missing property;
11. Suspicious activity on credit cards or line of credit accounts;
12. Forged or suspicious signature on documents;
13. Failure to receive services that have already been paid for;
14. The older person is uncared for or the residence is unkempt when arrangements have been made for providing care and services;
15. The elder is being evicted or having utilities disconnected;
16. Mail being redirected to a different address;
17. Confused or concerned about missing funds in his/her accounts;
18. Unaware of or does confused regarding recent completed financial transactions;

5.04.2 Best Interest

As with other retail customers, recommendations are subject to the best interest standard. Sources of income, financial profile and liquidity needs are of particular importance to seniors and retirees who may be more risk adverse, have less tolerance for market fluctuations and shortened time horizons to recover investment losses.

Documenting conversations and recommendations is particularly important in this context. Keep in mind the risk of opportunistic complaints from the next generation following death or disability of the account owner.

Additional considerations include the following:

1. Whether the customer has executed a durable power of attorney;
2. Whether the customer would like to designate a Trusted Contact for the account whom the firm could contact if it cannot contact the customer, or had concerns about the customer's whereabouts or health.
3. Whether he or she would like to invite a friend or family member to accompany the customer to future appointments.
4. Informing the customer, where appropriate, that the Firm views a particular trade as not suitable or in the best interest for the customer and declining to accept the trade.

Trade and account alerts in the Firm's electronic trade surveillance system, Jaccomo, have been designed to target reviews based on age and investment objective (See Section 5.06.1 below). Managing Principals may conduct additional reviews and require registered representatives obtain additional information as deemed necessary.

5.05 New Accounts

Guidance as to client information that should be obtained in order to satisfy suitability and best interest requirements for securities investment recommendations, transactions and strategies, including account types, is provided from three primary sources:

- FINRA Rule 2111 (Suitability)
- FINRA Rule 2090 (Know Your Customer)
- SEC Regulation Best Interest (Reg BI)

REMINDER: Regulation Best Interest applies to accounts owned by “**retail customers**”, defined as “a **natural person**, or the legal representative of such natural person, who: (A) receives a **recommendation** of any securities transaction or investment strategy involving securities from a broker-dealer; and (B) **uses** the recommendation primarily for personal, family, or household purposes.” **Suitability standard** applies to **non-natural person** accounts, such as trusts, corporations and other business entities, estates and institutional accounts.

5.05.1 Know Your Customer

FINRA Rule 2090 mandates that reasonable due diligence should be used in the opening and maintenance of every account, including the obligation to know (and retain) the essential facts concerning every customer and the authority of each person acting on behalf of such customer. The term “essential facts” relates to investor profile information including full name, date of birth, other investment holdings, investment objective, risk tolerance and other profile information contained on the CAF.

Over time, a client’s circumstances may change, and updated information is required for those pieces of the client profile. The CAF should be used to document these updates and then submitted to Operations for processing. Client signature is required for updates to the investment objective and risk tolerance until automated change letters are generated from Jacomo.

5.05.2 Account Type Recommendations under Regulation Best Interest

Listed below are a series of questions or considerations that should be used when evaluating the type of account that would be in a retail customer’s best interest.

a. Considerations for recommending a broker/dealer account type:

- Does the customer prefer to make the investment decisions and want a representative to execute the orders?
- Does the customer want occasional advice or recommendations on investments?
- Does the customer prefer to approve all trade activity in the account?
- Does the customer plan to buy only a few securities and follow a buy-and-hold strategy?
- Does the customer prefer to pay commission for each transaction?
- Does the customer have limited available assets, below account minimums on an advisory account option?

b. Considerations for a directly held account vs. a brokerage account:

- Does the customer plan to develop a portfolio of investment holdings utilizing multiple product providers, investment vehicles, and holding periods?
- Does the customer want to purchase individual stocks, bonds, or ETF investments?
- Does the customer want to trade options, utilize margin, or have check writing availabilities?
- Does the customer plan to follow a buy and hold strategy with limited (or a single) product provider?
- Does the customer plan to purchase an annuity product?

c. Considerations for recommending an advisory account type:

- Does the customer want a financial advisor to manage the investment portfolio?
- Does the customer want a fiduciary relationship with a financial advisor?
- Does the customer prefer to pay a fee based on assets under management?
- Does the customer want the financial advisor to make investment decisions on their behalf(discretionary relationship)?
- Does the customer want ongoing account monitoring?
- Does the customer want professional money management access?
- Does the customer want to utilize an investment policy statement?

5.05.3 Registration Type Recommendation under Regulation Best Interest

Once the account type recommendation has been selected, the next determination relates to the best registration type to be recommended to the customer. The registration types available include individual, joint, IRA, 529, etc. and may be available for broker dealer business, advisory business or both.

In most cases, the registration type will be determined by the overall purpose or goal of the account, and the customer will generally decide if the account should be individual or joint. Joint account options (WROS, TIC, etc.) are presented as options rather than recommendations.

Advisory account options will depend on the availability of services and registration types offered by the RIA. Non-PCS advisory firms should have their own processes for registration type selection and dually registered reps should consult with their advisory procedures for additional guidance.

PCS Advisors account options should be reviewed with the customer based on the customer’s preferred services and money management method. Once discussed, the advisor should determine which registration type best fits the customer and make the recommendation(s).

5.05.4 Brokerage Account Strategy Selection under Regulation Best Interest:

Regulation Best Interest does NOT require every recommendation made within a brokerage account to be documented if the Firm and RR can describe the overall purpose, goal or strategy used to base the recommendations. For example, a retail customer brokerage account may be made up of a combination of stocks, preferred stock, individual bonds, ETF holdings, and money market assets. Depending on the percentage of these holdings the overall strategy may be growth, income, or a combination. It is the RR’s responsibility to know the customer, understand their suitability information, and make recommendations designed to assist in achieving the account goals.

To identify the strategy for a brokerage account (and avoid documenting each individual recommendation) RRs should discuss the investment goals, timeframe, risk exposure, tax situation, and other factors with the client. Working with the client, an investment strategy should be developed which aligns with the client profile, particularly account investment objective and risk tolerance, including a breakdown of asset categories that will be used to create and maintain the strategy within the account. Following are the PCS recommendations for portfolio construction by investment objective and risk tolerance (as defined in the Customer Account Form):

Investment Objective(IO)	Risk Tolerance(RT)	Equity	Fixed Income	International	Cash & CE
Preservation of Capital	Low/Conservative	0-10%	70-90%	0-5%	0-20%
Moderate Income	Moderately Conservative	10-25%	50-75%	0-10%	0-15%
Balanced Growth	Moderately Conservative or Moderate	30-50%	30-50%	0-15%	0-10%
Growth of Capital	Moderate or Moderately Aggressive	50-75%	10-25%	0-25%	0-5%
Aggressive Growth	Moderate Aggressive or High Risk	50-90%	0-15%	0-30%	0-5%

The account strategy is developed on an account-by-account basis in alignment with the client profile and is created by identifying the combination of Investment Objective(IO) and Risk Tolerance(RT) that best fits with the client needs and goals for the account. Each strategy has built in flexibility that allows the RR to make recommendations based on current market conditions and allows the portfolio to vary depending on the type of investment identified as being suitable or in the client’s best interest. Recommendations should be made in the investment categories according to the strategy guidelines listed above, based on the IO and RT selected for the account.

Regulation Best Interest requires brokerage accounts to have an identified strategy if recommendations are going to be made for the account without the requirement to document each individual recommendation.

PCS will utilize the above referenced strategies when reviewing account activity to confirm best interest recommendations and compliance with Regulation Best Interest. RRs may be contacted to provide additional

information and justification when account holdings are determined to be outside of the portfolio construction recommended by the IO and RT selection.

5.05.5 Review of Customer Account Form

OSJ Managing Principals are responsible for the initial review of new account applications. Applications should be reviewed for accuracy and completeness. All sections of the current version of the PCS **Customer Account Form (CAF)** must be completed. “Client refused to disclose” is not acceptable for any information requested on the form. The information provided on the CAF is then reviewed by a designated Home Office Principal to determine if the account can be approved to be established. Guidance and requirements for review of specific sections of the CAF is provided in **Exhibit 1** of this manual. Information on the CAF is evaluated as a whole in order to determine whether the account is acceptable to be established. At this point, no transaction activity has been reviewed. If the account is deemed acceptable by PCS, the CAF is approved, signed and dated by the review principal and forwarded to Operations for processing.

If the account is determined to not be acceptable to PCS, the review principal will decline the account, make applicable notes of explanation and notify the submitter that the account has been declined.

5.06 Transaction Review

General Review Items:

For all transactions, the following items must be verified / reviewed:

- The RR must be appropriately registered to sell the product.
- The RR must be registered/licensed in the state in which the client resides and also licensed for insurance products if applicable.
- The RR must be in good standing with all continuing education requirements (Regulatory and Firm Element)
- The Firm must be registered in the state in which the client resides. PCS is registered in all 50 states, plus the District of Columbia. PCS is not registered to do business in Guam , Virgin Islands or Puerto Rico.
- The firm must be authorized to sell the product type with the appropriate exchange/SRO.
- Suitability information used to review transactions (Nonsystematic) must be dated within 36 months of the transaction.

5.06.1 Review of Daily Transactions / Jaccomo

Review and approval of daily retail transactions (direct and Pershing) are performed electronically by Compliance using the trade blotter in the Jaccomo system.

Once trade alerts are active, trades on the Pershing platform and trades done directly with vendors are processed through a series of alert rules designed to flag transactions meeting certain risk parameters for further review. (See attached **Exhibit 2—Trade Alerts**). Alerts are assigned a risk score, which will trigger red, yellow or green flags indicating the level of concern. This targeted approach allows reviewers to focus on transactions with greater risk factors, such as client age, excessive commission, low price securities, mutual fund breakpoints and security concentration. The Compliance Hold Flag is one of the holds placed on trades, and commissions will not be paid until all flags have been removed and trade is approved. Any trade with a principal amount of \$499.99 or less will bypass the alert process.

The reviewer may be able to resolve an alert based on information available in Jaccomo, NetX360, DST Vision, Albridge, client files on the PCS network. The reviewer may also contact the RR within the Jaccomo system for additional information and follow up. **Commission on a trade may be forfeited if concerns are not resolved within 14 days.** Green alerts have not triggered any flags and do not require additional

review. For yellow and red alerts, meaningful comments should be added to the system to explain the basis for approving each one.

NOTE: Trade review in Jaccomo / jCore began 1/1/2021 without trade alerts being live. Compliance is reviewing and approving trades in jCore. Home Office Managing Principals are reviewing trades using a report generated from jPass and maintained in a central folder (V: PCS Supervision/Jaccomo MP Trade Review). Follow up on any concerns should be coordinated with the Compliance approver and documented in the report.

While approval of daily transactions will be performed by Home Office, OSJ Principals remain ultimately responsible for supervision of transactions of their assigned RRs. OSJ Principals will review trades at least weekly using the Trade Blotter Report in jPass. **(Exhibit 6 - OSJ Principal Trade Review)**. The report should be initialed, dated and maintained at the branch for audits and regulatory requests. If the OSJ Principal has additional concerns related to a transaction or series of transactions the OSJ Principal should contact Compliance or a Home Office Managing Principal to coordinate and document further follow up.

5.06.2 Due Diligence Files

All general securities recommendations (buy, sell and hold) must have reasonable grounds for the recommendation. A due diligence file must be maintained by the registered representative evidencing the information used to determine the recommendation. At least two credible sources must be maintained in the due diligence file. Source data must be timely for each recommendation.

5.06.3 Transaction Documentation

In addition to review in Jaccomo, some transactions must be accompanied by specific documentation, which may require Managing Principal approval (See **Advisor Resource Center / Forms Library / Forms and Transactions Checklist**). PCS uses PRD group email and “work items” in the Docupace workflow system to track, document approval and process required documents. Any additional information gathered during the review process, along with any reviewer comments, should be documented and attached to the specific item. If a work item or documentation is not approved, the reason(s) for the rejection should be noted.

5.06.4 Specific Product Transaction Reviews

Please refer to **Exhibit 4 Product Reviews** for policies and guidance on reviewing transactions involving the following product types:

- Equities (stock)
- Low priced securities (Penny stocks)
- Exchange Traded Funds (ETFs)
- Unit Investment Trusts (UIT)
- Real Estate Investment Trusts (REIT)
- Options
- Mutual Funds
- 529 College Savings Plans
- Variable Annuities
- Equity Linked Annuities
- Variable Life Insurance

5.06.5 Private Placements

Private placements, “Reg. D” offerings, intrastate offerings, and any other type of unregistered securities offerings require a different approval process. The Managing Principal is advised to consult with Compliance for guidelines regarding these types of investments.

5.06.6 New Products

A new product is defined as one that is either new to the market or not previously offered by a broker-dealer to its customers. The Products and Services Committee at PCS is responsible for vetting new products from a regulatory and business perspective. PCS will ensure that RRs involved in selling a new product and Managing Principals supervising such individuals receive appropriate training prior to initiating transactions. Questions related to new products should be directed to the Director of Operations.

5.07 Account Reviews

PCS is in the process of implementing account-level alerts in Jaccomo designed to identify accounts with designated risk factors for targeted review and follow up. (See attached **Exhibit 3 Jaccomo Account Alerts**). These risk factors include concentration in a security, concentration in low price securities, turnover, cost to equity ratio and account value change. Client age should be considered as a factor in reviewing all account alerts. Account alerts in Jaccomo will be generated on a monthly basis by Compliance Surveillance, who will then determine what steps are needed in order to resolve the alert. Compliance Surveillance may use various tools in their review, including information available in NetX360, DST Vision, Albridge and client files on the PCS network. They may also coordinate with the RR and / or Home Office and OSJ Managing Principals as needed. The basis for resolving account alerts will be documented by adding comments within Jaccomo.

5.08 Activity Letters

Activity letters are valuable evidence of supervision by an OSJ Managing Principal. Home Office Managing Principals should coordinate with Compliance before sending activity letters. These letters:

- Reinforce the customer's awareness of account activity;
- Document efforts to satisfy the customer;
- Identify potential problems; and
- Assist in resolving customer disputes.

These letters may be sent to any customer, whether or not their account has generated a concern or alert in Jaccomo.

The type of letter used depends on the nature of activity in the account. Managing Principals may create their own activity letters or use a pre-approved PCS Activity Letter. Best practice is to request the customer sign an acknowledgement and return it to the Managing Principal.

The Managing Principal should continue to send activity letters or contact the client and document the conversation(s) until the Managing Principal is satisfied that the customer is aware of and understands the underlying activity.

Managing Principals are encouraged to individualize letters by noting:

- Specific trades;
- Commission figures;
- Margin costs; and
- Profit and loss figures.

Refer to V: PCS Managing Principals / Forms folder for sample activity letters. These letters may be used in their current format or they may be tailored to meet a particular customer's unique circumstances.

Here are some things to consider when sending activity letters to clients:

- How active is the account based upon the number of trades in the account, the type of trades in the account, commission dollars generated compared to assets in the account, any changes to the overall investment philosophy in the account, concentrated positions, etc.?
- Have you ever spoken with this customer directly?

- Have you sent an activity letter to the client previously?
- If so, which activity letter(s) have you sent? Sending the same letter over and over serves little purpose.
- Does the activity letter you are sending correlate to the trading activity in the account? An active options trader should be receiving an options activity letter rather than the generic letter that is geared more towards customer service. Also, simply sending a client a generic letter does little to evidence supervision of the account. In fact, generic letters may do more harm than good in a complaint situation where there is no evidence of follow up addressing specific concerns.
- When the trading activity is significant/and/or the type of trading activity is speculative, you should request that the customer sign the letter and return it to your attention acknowledging their understanding of the risks of their activity.
- Should you consider working with the Compliance Department to customize a letter ?
- Are there any documents you should consider attaching to the activity letter (i.e., the Risks of Options Trading booklet, the simplified margin disclosure published by the NASD, etc.)?

5.09 Front Running / Trading Ahead

On the same trading day, an RR cannot enter an order in an employee / employee-related account ahead of their client's order that was solicited and received a better execution. In that instance, the trade will be reversed, and client will receive the better execution price (unless the price difference results in a de minimis amount below \$25.00).

5.10 Insider Trading

Upon joining Private Client Services and annually thereafter, all associated persons are required to attest to the Firm's Code of Ethics which includes Insider Trading prohibitions. In addition to reviewing and understanding the requirements put forth within the Code of Ethics you must:

1. Maintain as confidential all business-related information in connection with your duties at Private Client Services.
2. Refrain from disclosing any inside information to any person.
3. Refrain from trading or recommending on inside (non-public) information.

If you have information that one or more other persons are trading or making recommendations on material, non-public information, or who may have provided such information to others who are not authorized to receive such information, you must immediately inform Compliance.

There may be outside persons authorized to receive such information in connection with one or more transactions, including individuals who are typically authorized to receive such information (including attorneys, accountants and investment bankers involved in the relevant transactions), however any questions regarding whether information may or may not be properly communicated to another person must be brought to the attention of Compliance prior to taking any action.

5.11 Excessive Commissions

Based on FINRA guidance, a commission greater than 3% will be reviewed by Compliance to determine if the charge is excessive. Additional factors include a small investment amount and minimum commission to cover ticket charges.

PCS has a **Fixed Income Markup/Down Schedule** based on the number of years remaining until the bond(s) mature. The schedule is available through the **PCS Advisor Resource Center / Forms Library / PCS Forms**.

5.12 Excessive Trading ("Churning")

Transactions must be suitable in size and frequency relative to a customer's stated investment objective, financial resources, needs and investment history. Repurchases, turnover ratio and cost-to-equity ratio are monitored by Compliance Surveillance, with trade and account alerts in Jaccomo being added.

Certain activities and approvals must be documented as described below and **submitted using the Docupace system.**

6.01 Correspondence Log

Copies of all incoming and outgoing correspondence should be submitted monthly, no later than the 15th of the following month, for post-review. Effective 4/1/2021, the attestation for “none received” is no longer required. See Section 10.4.2 of this manual for more information.

6.02 Check / Securities Log

Effective 1/1/2021, the weekly disclosure requirement for checks has been retired. Checks should be logged into Docupace as they are received by the branch or representative. Securities received should be logged into Docupace as they are received as well. See **Compliance Manual / Customer funds / Securities** for more detailed information.

6.03 Gift Log

Please see the **Compliance Manual** for a detailed discussion of gifts and gratuities. It provides in part, *“You and any member of your immediate family are prohibited from giving to any person, or receiving from any person items of value (gifts, gratuities, etc), in excess of one hundred dollars (\$100) per individual per calendar year to any client, principal, proprietor, employee, agent or representative of another person where such item of value is in relation to the firm’s business.”*

RRs are required to submit a record of all gifts received and/or given in relation to the firm’s business in a timely manner. Details needed are shown on the **Gift Log** and should be submitted for Managing Principal and Compliance post-review via the Docupace platform.

6.04 Supervisory Log

Each month, OSJ Managing Principals must complete the **PCS Supervisory Log**. By completing this log, OSJ Managing Principals provide a summary evidencing oversight of the RRs and registered location(s) under their supervision. Copies of the completed form should be submitted via Docupace by the fifteenth of the following month. The original form should be maintained in the OSJ.

Home Office Managing Principals record their branch contacts in the Sharepoint system. (<https://pcsbdb.sharepoint.com/sites/Supervision>)

6.05 Other Compliance Disclosures

Below is a snapshot of the required Compliance disclosures to be submitted and maintained within the Docupace system. For a full description of the approval workflow, notes and instructions, see **PCS Advisor Resource Center / Docupace tab / Compliance Guides**. Additional information for each disclosure is also provided in the **Compliance Manual**.

Disclosure Activity	Frequency
Client Event/Seminar/Advertisement Reimbursement Request	As needed
Correspondence* (Incoming and Outgoing) - excluding e-mail	Monthly
Customer Complaint**	As needed
Gifts (Given or Received)***	As needed
Personal Investment Account Disclosure	As needed
Outside Business Activity Disclosure	As needed
Political Contributions	As needed
Private Securities Transactions**** (excluding Independent RIA Activity Disclosures)	As needed
Product Provider Training Request	As needed
Social Networking and Website Disclosure	As needed
Supervisory Logs (Field OSJ's only)	Monthly
Independent RIA Activity Account Disclosures	As needed

SSP Section 7 **Complaints**

All complaints, verbal or written, including via e-mail, must be brought to the immediate attention of PCS Compliance. Neither Managing Principals nor branch personnel may negotiate a complaint on their own. Supervisory Principals are responsible for:

- Notifying PCS Compliance immediately of any written or verbal complaint;
- Working with PCS Compliance to coordinate a timely resolution and response to the complaint.
- Managing Principals may resolve oral complaints, but only after conferring with PCS Compliance.

For Compliance to adequately respond to a written complaint, a statement from the Registered Representative and a memorandum from the Managing Principal should be provided. In some cases, an interview with the Managing Principal and the Registered Representative may be scheduled by Compliance for the purpose of gathering facts relevant to the complaint.

SSP Section 8 **Disciplinary Action**

Notification of certain investigations and disciplinary actions must be reported to FINRA and recorded on an RR's U4. RRs have an obligation to promptly report changes to any of the items listed on their U4 to their Managing Principal, including notification of potential updates that are pending but not yet finalized. The Managing Principal must notify Compliance of these updates immediately in order to meet FINRA reporting deadlines. A partial list of reportable items includes:

- being charged with a felony, pleading guilty or no contest to a felony;
- being charged with, convicted or pleading no contest to any misdemeanor involving investments or an investment related business;
- being notified of potential sanctions by any federal, state, foreign or self-regulatory agency;
- being involved in any bankruptcy petitions;
- customer complaints, arbitrations or litigation meeting certain criteria.

Other violations of other industry rules, or PCS policies and procedures, require review and determinations regarding appropriate disciplinary action(s). Upon learning of such a violation, the Managing Principal should gather the necessary details, documentation, and input related to a violation and bring the violation to the attention of the Compliance Department. The Compliance Department will review the information provided and schedule time to review and discuss the violation with the RR and Managing Principal. The matter will be reviewed with the PCS Compliance and Risk Committee in order to determine next steps.

SSP Section 9 **Heightened Supervision**

If an RR has a history of repeated customer complaints, disciplinary actions, violations of firm policy or arbitrations, Compliance may decide to place the RR under heightened supervision. In some cases, a regulatory body may require PCS to place an RR under heightened supervision, the terms of which would be defined by the regulatory body.

The heightened supervision requirements that Compliance or a regulatory body imposes upon the RR will vary depending upon the particular situation. In all cases, the Managing Principal must follow these procedures:

- Work with Compliance to draft a memo which will include the reason for heightened supervision, the requirements of the heightened supervision, and the length of time for the heightened supervision.
- The memo must be signed and dated by the Managing Principal and the RR.
- Compliance must receive a copy of the signed memo.
- During the term of the heightened supervision, the Managing Principal must document the heightened supervision of the RR on the Supervisory Log.

- If the heightened supervision is removed, the Managing Principal must work with Compliance to document the reason(s) why. Compliance must receive a copy of the documentation.

The following list gives examples of requirements that could be included as part of a heightened supervision program for a RR:

- Additional training focusing on the problem area;
- Re-certification of having read the PCS WSP Manual and/or PCS Code of Ethics;
- Restrictions on where and/or how the Registered Representative may conduct business;
- Regular submission of any notes kept by the Registered Representative;
- Attendance of an ethics course at the RR's expense;
- Restrictions on the sale of certain products;
- Other requirements more fitting to the given situation.

Section 10 Communications with the Public

10.1 Background

More complete information and guidelines regarding communications with the public are contained in the **PCS Compliance Manual/Communications with the Public** and **PCS Written Supervisory Procedures Manual/Communications with the Public**, and should be reviewed in their entirety. Selected sections are repeated here for emphasis on this critical element of doing business.

FINRA Rule 2210 breaks down Communications with the Public into three categories:

1. Correspondence (Incoming and Outgoing)

Any written (including electronic) communication that is distributed or made available to 25 or fewer **'retail investors'* within any 30 calendar-day period.

2. Retail communication

Any written (including electronic) communications that is distributed or made available to more than 25 **'retail investors'* within any 30 calendar-day period.

3. Institutional communication

Any written (including electronic) communications that are distributed or made available **only** to ***institutional investors'*, but does not include a firm's internal communications.

**A 'retail investor' is defined as any person other than an institutional investor, regardless of whether the person has an account with the broker-dealer.*

***An 'institutional investor' generally includes (a) a bank, savings and loan association, insurance company or registered investment company; (b) an investment adviser registered with either the SEC under Section 203 of the Advisers Act or with a state securities commission (or any agency or office performing like functions); or (c) any other entity (whether a natural person, corporation, partnership, trust or otherwise) with total assets of at least \$50 million.*

FINRA Regulatory Notices 12-29 and 13-03 may be reviewed for additional details and clarification.

10.2 General Content Standards

While FINRA Rules 2211 - 2216 and 2220 should be referenced for specific requirements and considerations related to each assigned product/topic, there are general content standards that apply to all communications (Retail/Institutional Communication and Correspondence) that must be adhered to.

- A. All communications must be based on principles of fair dealing and good faith, must be fair and balanced, and must provide a sound basis for evaluating the facts in regard to any particular security or type of security,

industry, or service. No one may omit any material fact or qualification if the omission, in light of the context of the material presented, would cause the communications to be misleading.

- B. No one may make any false, exaggerated, unwarranted, promissory or misleading statement or claim in any communication. No one may publish, circulate or distribute any communication that one knows or has reason to know contains any untrue statement of a material fact or is otherwise false or misleading.
- C. Information may be placed in a legend or footnote only in the event that such placement would not inhibit an investor's understanding of the communication.
- D. One must ensure statements are clear and not misleading within the context in which they are made, and that they provide balanced treatment of risks and potential benefits. Communications must be consistent with the risks of fluctuating prices and the uncertainty of dividends, rates of return and yield inherent to investments.
- E. One must consider the nature of the audience to which the communication will be directed and must provide details and explanations appropriate to the audience.
- F. Communications may not predict or project performance, imply that past performance will recur or make any exaggerated or unwarranted claim, opinion or forecast; provided, however, this paragraph (d)(1)(F) does not prohibit:
 - i. A hypothetical illustration of mathematical principles, provided that it does not predict or project the performance of an investment or investment strategy;
 - ii. An investment analysis tool, or a written report produced by an investment analysis tool, that meets the requirements of FINRA Rule 2214; and
 - iii. A price target contained in a research report on debt or equity securities, provided that the price target has a reasonable basis, the report discloses the valuation methods used to determine the price target, and the price target is accompanied by disclosure concerning the risks that may impede achievement of the price target.

10.3 Managing Principal Responsibilities

Managing Principals are responsible for:

- Ensuring the prompt forwarding of all incoming mail to the OSJ, date stamping, photocopying for the appropriate permanent files (customer correspondence, complaints, and transmittal forms) and reviewing immediately;
- Reviewing all outgoing correspondence to ensure appropriateness, professionalism, use of required disclosures (**See Exhibit 5**) and compliance with policies and guidelines;
- Evidencing review and approval of incoming and outgoing correspondence by their initials.
- Maintaining copies of correspondence per record retention requirements;
- Ensuring that only approved forms of customer communications are used;
- Submitting retail communications requiring Compliance review via MarketingPro;
- Submitting copies of incoming and outgoing correspondence monthly to PCS via Docupace

10.4 Policy

10.4.1 Retail Communications

Managing Principals are required to approve all proposed retail communications prior to first use via the Marketing Pro system. In addition, approval by a designated PCS Compliance Advertising Principal is required for each retail communication before first use. The designated Advertising Principal will determine whether the material needs to be filed with FINRA prior to use. It is the RR's responsibility to know when final approval has been given (via an Marketing Pro Approval Certificate) and not use the material prior to that time.

Examples of Retail Communications include communications sent or likely to be seen by 25+ recipients within a 30 day period include: group emails, form letters, market commentary, print or online advertising, social media profiles, websites, newsletters, seminar invitations and material. The retail communication itself, as well as a copy of the Approval Certificate, must then be maintained in a Retail Communication file, either electronically (**outside** of Marketing Pro) or in hard copy. Copies may be maintained either in a central branch file or by each individual RR.

Vendor provided material, such as brochures or newsletters, must also be submitted for Managing Principal and PCS approval via Marketing Pro prior to first use. The material must be accompanied by the FINRA approval letter provided by the vendor.

10.4.2 Correspondence

Unlike retail communication, correspondence does not require pre-approval, but does require post-review by the Managing Principal. Copies of all incoming and outgoing correspondence should be submitted to the designated Managing Principal via electronic upload to Docupace for post-review no later than the 15th of the following month.

Copies must be maintained either electronically or in hard copy at the branch office, either in a central file or by each individual RR. If the branch office is part of a complex, branch files may be maintained centrally at the OSJ or at each branch location.

Furthermore, correspondence is broken down into two more categories: incoming v. outgoing. As a best practice these should be maintained in separate correspondence files.

Incoming Correspondence:

Incoming email communications are monitored/captured within the Firm's surveillance platform, Global Relay. All physical written correspondence (letters, cards, faxes, etc) received in relation to the business or services offered by PCS must be maintained by the RR and submitted to the designated Managing Principal on a monthly basis. Any correspondence containing a complaint of any nature must immediately be forwarded to the Managing Principal and PCS Compliance.

For any client checks that are received, see Section 6.02 of this manual for more information regarding the check log.

Outgoing Correspondence:

Outgoing email communications are monitored/captured within the Firm's surveillance platform, Global Relay. All physical written correspondence (letters, cards, faxes, etc) sent in relation to the business or services offered by PCS must be maintained by the RR and submitted to the designated Managing Principal on a monthly basis.

The email review function is performed by Compliance and Managing Principals. Managing Principals should review emails on a regular basis for insight and information regarding business practices of their assigned individuals.

10.4.3 Institutional communication

Managing Principals and Compliance are responsible for determining if materials meet the requirements of being institutional communications. Communications may not be treated as having been distributed to an institutional investor if there is reason to believe that any part of the communication may be made available to any retail investor. Material may not be considered institutional communication until first approved as such by the Managing Principal and Compliance.

If a communication is determined to be institutional, Compliance will determine whether the Firm will require an agreement or incorporate a disclaimer prohibiting redistribution to persons who are not institutional investors. Documentation regarding such determination should be maintained in the branch correspondence file, indicating Compliance approval or denial and date of determination.

10.5 Texting

The following information is taken from the **Compliance Manual** and repeated here for emphasis due to the prevalence of texting as a form of communication.

Only associated persons who setup an account through the firm's approved text messaging vendor and subsequently approved by Private Client Services Compliance Department may use text messaging as a method to communicate securities business-related matters. By using the firm's approved vendor, we will ensure compliance with recordkeeping and supervisory obligations. These messages are deemed written communications and must follow various regulatory requirements and Firm guidelines.

While a text message may primarily be a one-to-one communication/correspondence (i.e. message sent to less than 25 recipients in a 30-day period), if sent to more than 25 within a 30-day period it's defined as retail communication and would require prior Compliance approval before being sent. Any complaints (including those received via a text message) must immediately be forwarded to the representative's designated Managing Principal and the PCS Compliance Department for review and response.

In instances where a representative learns a text message was either sent to the wrong recipient or received from someone impersonating a client, the RR must immediately notify the PCS Compliance Department who will begin an appropriate investigation to determine what additional steps must be taken. In addition to the prohibited texting activities below, you may also reference the **PCS Text Messaging FAQs** found on the PCS Advisor Resource Center (Compliance Section) for additional details.

Examples of Prohibited Texting Activities:

1. Texting non-public personal identifying information including a social security number, date of birth, account number, etc.
2. Accepting trade order instructions (Appropriately registered persons must confirm verbally).
3. Accepting/processing money movement transaction requests.
4. Recommending new products and/or services.
5. Using emoji's when sending a text message.

10.6 Social Networking

Private Client Services currently allows the use of Facebook, Twitter and/or LinkedIn for securities related business purposes, but only after each has been properly disclosed and approved by Compliance via the **Social Media and Website Disclosure Form**. These social networking sites must be properly archived for ongoing monitoring and record retention purposes. They typically include both static content and interactive functions, which require certain pre-approvals from a Managing Principal and Compliance via Marketing Pro. Examples of static content include profile, background or "wall" information.

PCS prohibits all interactive electronic communications that recommend a specific investment product. Any exception must be pre-approved by the Managing Principal and Compliance.

See the following resources on the **PCS Advisor Resource Center / Compliance** for additional information:

Compliance Manual / Social Networking

PCS Social Media Reference Chart

PCS Social Networking and Website Policy

10.7 Public Appearances

Public appearances occur when associated persons sponsor or participate in a seminar, webinar, forum, radio or television interview, or are engaged in public appearances or speaking activities that are not considered to be retail communications, institutional communications or correspondence. Scripted public appearances require pre-approval via Marketing Pro.

An unscripted public appearance will become retail communications, requiring recording and approval through Marketing Pro, if it will be distributed by a third party or posted on the RR's website or blog, or sent to clients.

10.8 Business Cards and Letterhead

Business cards and letterhead must be approved by the Managing Principal and Compliance prior to first use. Approval is documented via submission to Marketing Pro. Managing Principals are responsible for ensuring that RRs use only approved business cards and letterhead. Correspondence related to PCS business should be on PCS approved letterhead.

10.9 Consolidated Reports

A consolidated financial report is a single document combining information regarding most or all of a customer's financial holdings and /or performance, regardless of where those assets are held.

PCS allows the use of data aggregators such as Albridge, Black Diamond, and other similar platforms as a means for generating a consolidated report upon approval by Compliance. **Associated persons are prohibited from producing their own manually prepared reports, including word documents or excel spreadsheets, for distribution to the public.** Distribution not only includes physical or electronic delivery but also includes sharing a report over a screen in person or via a video conference.

While not an exhaustive list and based on the actual content within the report, the following disclosures at a minimum must be included in the design of the Consolidated Report as applicable:

- the consolidated report is provided for informational purposes as a courtesy and may include assets that we do not hold on the customer's behalf and which are not included in our books and records;
- the names of the entities which hold the assets;
- a statement clearly distinguishing between assets held or categories of assets held by each entity;
- the customer's account number at each entity included in the report;
- Identification of assets held away from Pershing that may not be covered by SIPC; and
- an explanation of how the aggregated values of the different types of assets were arithmetically derived from separate asset totals, if the report provides such aggregate values.

See **Compliance Manual / CUSTOMER ACCOUNTS: Consolidated Financial Account Reports** for additional information and requirements.

SSP Section 11 Cold Calling / Telemarketing

PCS does not permit its registered personnel to engage in cold calling activities as there are several strict rules mandated by the FCC which must be followed. In the event cold calling becomes a permitted activity, detailed requirements will be provided via the PCS Compliance Manual.

SSP Section 12 Political Contributions

PCS permits the firm and its covered associates to make political contributions to elected officials, candidates and others consistent with regulatory requirements. Preapproval of the contribution from Compliance should be obtained through use of the **'Political Contribution Pre-Approval Request form'** submitted via Docupace.

SSP Section 13 Trade Errors and Corrections

13.01 Trade Error Form

When a time sensitive true trade error has been made (i.e. buy versus sell, bought wrong security, as of trades, etc.) the RR should immediately call the Trading Team Loop at 502-992-1644 (Internal x526). The trading associate will immediately begin the process to correct the error to reduce any market exposure. The RR will be asked to follow up with an email to trading@pcsb.net providing details of the error. Once the correction is processed, the trading

associate will forward a copy of the **Trade Error Form** to the RR for signature, then to the Managing Principal for review and signature. The COO will be responsible for final review and ensure that the RR is charged for any loss.

13.02 Trade Correction and Adjustment Form

This form should be used by the RR to request corrections of non-market sensitive aspects of a trade (i.e. account number, commission, solicited or discretion information). Once the RR has completed the form, it should be emailed to their Managing Principal for review and signature. The completed form should then be sent to any member of the trading team for processing. Upon completion of the correction, the form and any supporting documentation will be sent to the COO for review and logging.

SSP Section 14 Receipt of Funds and Anti-Money Laundering

Unless funds will be deposited to a Pershing account, clients should be discouraged from mailing checks to the branch office. Funds should be sent to the third-party provider instead. If a check payable to a provider is received in the branch, it should immediately be added to the check blotter in Docupace. Such funds must be mailed via a traceable carrier directly to the third party **no later than the following business day or returned to the client.**

PCS is committed to maintaining a strong internal program to detect and deter any instances of money laundering, as well as any activities that facilitate money laundering or the funding of terrorist or criminal activities. Part of that program includes fully cooperating with law enforcement and regulatory agencies.

Please refer to the **PCS Compliance Manual** section titled “Money Laundering Detection and Deterrence” for additional details. Suspicious activity includes, but is not limited to multiple money wires and/or money transfers, liquidations of shortly held investments without regard for high commissions and/or sales charges, etc. If you encounter any suspicious activity, either within an already-established account or during the process of opening a new account, you must report your suspicions to PCS Compliance immediately to determine next steps. Do not contact the client.

Compliance uses various daily surveillance tools to detect possible money laundering and will notify the Managing Principal if an account or activity requires investigation. The Managing Principal should then ask the RR about the purpose of the activity and the client’s source of funds to ensure that “Know Your Customer” requirements are being met. The Managing Principal should document and forward the information to Compliance to determine next steps. Such reporting is confidential, and a strict company-wide policy is in place expressly prohibiting any retaliation. The investigation may never be discussed with the client.

SSP Section 15 Representative Changes on Client Accounts

The **Client Account Representative Change Form** is used to document the reason for changing an RR and must be approved by both the Managing Principal and an Operations Principal. Once approved, PCS Operations will update the Firm’s back office systems. The form will be returned to the RR who will work directly with the vendor to update the RR code.

SSP Section 16 Delegation of Duties

OSJ Managing Principals may delegate certain responsibilities by completing the **Supervisory Delegation of Duties Form**. OSJ Managing Principal responsibility may only be delegated to individuals who hold the appropriate registrations (Series 24, 9/10, and in some cases Series 4 and Series 53). Depending upon the OSJ Managing Principal's preference, certain responsibilities may be delegated on a regular basis or only in the OSJ Managing Principal's absence.

The Delegation of Duties Form must be updated annually or when changes in delegation occur (i.e., when there is a change in personnel, etc.) Copies of the completed form must be sent to Compliance. The original form must be maintained at the OSJ.

SSP Section 17 Regulator Communications and Inspections

All registered sales locations, including PCS Home Office, offices related to outside business activities and Independent Investment Advisors, are subject to audit by a regulator at any time. Regulators include FINRA, the SEC, and any State agencies related to financial services. If any office is contacted or visited by a regulator, the office must contact PCS Compliance immediately.

In addition, any office visit requests or other documentation must be submitted to PCS Compliance immediately upon receipt. Documentation may include requests for information, notifications, audit checklists, audit closeout / result letters, or any other communication from a regulator.

SSP Section 18 Facilities and Information Security

The **PCS Information Security Policy Manual** provides detailed information regarding policies and standards designed to ensure the confidentiality, integrity, and availability of PCS corporate information assets. (See **Advisor Resource Center / Policy and Procedure Manuals**). The comprehensive information security program is for the purposes of protecting, controlling, processing, storing, and communicating information. While the manual should be read in its entirety, highlighted topics include the following:

- Information protection policy
- Electronic mail policy
- Internet security standard
- Information security incident reporting standard
- Media destruction standard
- Secure transport and storage of physical media
- Information security access control standard
- Identification standard
- Authentication standard
- Device security standard

SSP Section 19 Registered Location Inspections (Compliance and OSJ Managing Principal)

19.01 Office Check-up by OSJ Managing Principal

Each registered location associated with a field OSJ should be reviewed at least annually in order to ensure that the OSJ Managing Principal is familiar with the office, the type of business conducted at the office, and to evidence the oversight of the location. OSJ Managing Principals must document the visits and findings on the **PCS Office Check-Up Review Form**, which should be included with the **Supervisory Log**. Topics of review include branch and personnel registration, central files, communications with the public and security / privacy. For any deficiencies noted, the Managing Principal must complete the Corrective Action Summary section and have the RR(s) sign and date the form.

Branch contacts by Home Office Managing Principals are documented electronically in Sharepoint.

19.02 Compliance Inspections

PCS Compliance inspects each OSJ annually and other registered branch locations at least once every three years to ensure compliance with applicable securities laws and regulations and to address and prevent violations of Firm policies. See the **Record Retention Schedule** and **Branch Office Inspection Overview** in the Managing Principal forms folder. Reports regarding these inspections will be issued to PCS's management, Managing Principal and Person in Charge for the office. These reports will include:

- Any deficiencies in compliance with Firm policy or securities regulations;
- Follow-up actions taken to ensure the branch office adheres to such policies and regulations;
- Any disciplinary action administered, if necessary.

The OSJ Managing Principal or Person in Charge is responsible for ensuring a prompt written response and any necessary follow up to the issues addressed in the Compliance Inspection Closeout Letter.

Exhibit 1 SSP Section 5 New Accounts

Review of PCS Customer Account Form (CAF)

Updated 10/22/2020

All sections on the CAF must be completed. “Client refused to disclose” is not acceptable. The information is evaluated as a whole to determine whether the account is acceptable and should be established.

CAF Section	Review Detail
Reg BI Client Acknowledgment	Client must acknowledge receipt (via link provided) of the PCS Best Interest Disclosure and Account Type Definition documents, along with discussing investment needs before selecting account type.
Account Type	The type of account will determine the basis for the review as well as the supplemental documentation that is required to establish the account. PCS allows for both Brokerage accounts and directly held security holdings such as variable products and mutual funds held at the product provider.
Account Registration	Once the account type is established, the account registration must be reviewed. All required fields must be complete, including Name, SSN, Marital Status, DOB, Legal address, citizenship, and contact information (Phone or email). Joint accounts must list all parties and information. Trust accounts must list the trustee information and date of trust. Custodial accounts must list the custodian as well as beneficiary information. Estate accounts must list the executor of the estate. If the citizenship is outside of the US, a valid SSN must be provided.
Patriot Act Verification	A valid, government issued, photo identification document must be reviewed by the registered representative during the CAF completion process, and the ID#, Issuing authority, issue date (if provided) and expiration date must be provided.
Employment Data	For each listed account owner, the employment information must be provided, including the type of employment, occupation, employer name and address, and if the employer is a FINRA member firm. Additionally, the client must identify if they are a control person of a publicly traded company or related to a person affiliated with a Member Firm.
Source of Funds	The source of funds to be used in the investment account is a crucial piece of information. It is reviewed in order to ensure there is no borrowing to pay for an investment, it is used to assist in the determination of affordability, justifies qualified rollover accounts, and in some states, can disqualify investments (such as funds related to income from marijuana). Source of funds also helps identify switch and/or replacement transactions, and limitations on legal items such as gifts.
Trusted Person / Back-up Contact	Reasonable efforts must be made to obtain the name and contact information for a trusted person (“trusted contact”) for the account.
Institutional / Non-Institutional	Client must acknowledge fitting FINRA definition of institutional investor or not.
Financial Information	The financial information provided by the client must be reviewed in order to determine affordability. PCS requires not only income and net worth information, but also annual expenses, tax bracket, and liquid net worth values in order to assist with this determination.

	Household financials may be provided in lieu of individual owner information if appropriate. The PRD must make a determination regarding whether the financial position of the account owner(s) justifies the account being established and if the investments are appropriate. This determination will take into account the type of account being established. (Low liquidity may not disqualify a 401k rollover for example). Asset listing should correspond with net worth value. Comment section should be used to explain when net worth information does not match listed assets.
Dependents	Client must provide number of dependents.
Risk Tolerance	The client must identify the level of risk they are willing to take with the investments within the account. PCS has 5 separate risk tolerance levels. PRD will utilize this entry when evaluating individual investment transactions made within the account.
Investment Objective	The client must identify the overall objective of the account. PCS has 5 separate objectives that a client may select for the investments in the account. PRD will use this information when evaluating the transactions and holdings within the account.
Time Horizon	The time horizon represents the amount of time the client expects the investments in the account to last in order to meet the account objective. This entry represents the overall account “life expectancy”, not necessarily an individual investment within the account. The time horizon should represent the total time the account is anticipated to be active, not the time until withdrawals are taken from the account.
Liquidity	Account liquidity is used to determine the need of the account owner to access the funds in the account. Liquidity need is broken down into high, medium and low. This information is used to determine suitability of transactions placed in the account and holdings within the account.
Investment Experience	This part of the form is broken down into two sections, one representing general, overall experience in investing, and the second broken down by investment type. This information is used to determine the level of knowledge the owner(s) have about investing and what type of investment knowledge they have. Estimated values of current holdings are also requested in order to better understand the client’s current portfolio.
Comments / Additional Information	This is a free form section where the client / representative can provide additional guidance to PRD to substantiate the need or reason for the account.
Form CRS Client Acknowledgment	The client must acknowledge receipt (via link provided) of PCS Client Relationship Summary (Form CRS) and date.
Representative Registration	Not a specific section of the CAF, but the representative of record must be registered in the residential state of the client in order to provide financial services, therefore if there is a registration deficiency it must be resolved prior to the account being established and any recommendations made to the client.

Exhibit 2 SSP Section 5.06 Jacomo
Trade Alerts

1	Age Exception	529 C Share Purchase Beneficiary's Age is Less Than 11 (Disclosure Required)	Identifies a C share mutual fund purchase within a 529 Account and beneficiary is less than 11 years old
2	Age Exception	Client Age > 75 with Aggressive Growth IO	Identifies a trade within a "Senior" account by investment objective
3	Age Exception	Client Age > 75 with Growth of Capital IO	Identifies a trade within a "Senior" account by investment objective
4	Age Exception	Client Age > 80 with Balanced Growth IO	Identifies a trade within a "Senior" account by investment objective
5	Age Exception	Client Age > 80 with Moderate Income IO	Identifies a trade within a "Senior" account by investment objective
6	Age Exception	Client Age > 80 with Pres of Capital IO	Identifies a trade within a "Senior" account by investment objective
7	Account Exception	Caution, Trade in a 529 account	Identifies a trade within a 529 Account
8	Employee Trade	Agent and Customer Buy Same Stock Same Day - Agent Better Price	Identifies a trade when an Advisor bought prior to client and received a better price for same side transaction
9	Employee Trade	Agent and Customer Sell Same Stock Same Day - Agent Better Price	Identifies a trade when an Advisor sold prior to client and received a better price for same side transaction
10	Employee Trade	Agent and Customer Opposite Side Buy of Same Stock Same Day	Identifies transaction(s) in which the client is selling a security and the Advisor is buying within their employee/employee related accounts
11	Employee Trade	Agent and Customer Opposite Side Sell of Same Stock Same Day	Identifies transaction(s) in which the client is buying a security and the Advisor is selling within their employee/employee related accounts
12	Excessive Commissions	Equity Commission over \$30 for trade < \$1000	Identifies an equity transaction in which the commission rate exceeds threshold
13	Excessive Commissions	Equity Commission over 3% for trade < \$5000	Identifies an equity transaction in which the commission rate exceeds threshold
14	Excessive Commissions	Equity Commission over 2.5% for trade < \$20000	Identifies an equity transaction in which the commission rate exceeds threshold
15	Excessive Commissions	Equity Commission over 2% for trade < \$50000	Identifies an equity transaction in which the commission rate exceeds threshold
16	Excessive Commissions	Equity Commission over 1.5% for trade < \$100000	Identifies an equity transaction in which the commission rate exceeds threshold
17	Excessive Commissions	Equity Commission over 1% for trade < \$250000	Identifies an equity transaction in which the commission rate exceeds threshold
18	Excessive Commissions	Equity Commission over .75% for trade < \$500000	Identifies an equity transaction in which the commission rate exceeds threshold
19	Excessive Commissions	Equity Commission over .5% for trade > \$500000	Identifies an equity transaction in which the commission rate exceeds threshold

20	Excessive Commissions	Option Commission over 2.75% for trade < \$2500	Identifies an option transaction in which the commission rate exceeds a threshold
21	Excessive Commissions	Option Commission over 1.75% for trade < \$10000	Identifies an option transaction in which the commission rate exceeds a threshold
22	Excessive Commissions	Option Commission over 1.25% for trade > \$10000	Identifies an option transaction in which the commission rate exceeds a threshold
23	Large Trade	CD Purchase > \$250K FDIC Limit	Identifies a CD purchased above the \$250,000 threshold
24	Low Price	Initial Purchase of a Low Price Stock (Disclosure Required)	Identifies the initial purchase of a low-priced equity where the order was solicited or unsolicited
25	Low Price	< \$5 Solicited Trade	Identifies the purchase of a low-priced equity where the order was solicited
26	Low Price	< \$5 Unsolicited Trade	Identifies the purchase of a low-priced equity where the order was unsolicited
27	Low Price	10% of Low Price Stock - Moderate Income IO	Identifies a solicited or unsolicited purchase that causes a low price equity concentration
28	Low Price	10% of Low Price Stock - Pres of Capital IO	Identifies a solicited or unsolicited purchase that causes a low price equity concentration
29	Low Price	25% of Low Price Stock - Balanced Growth IO	Identifies a solicited or unsolicited purchase that causes a low price equity concentration
30	Low Price	25% of Low Price Stock - Growth of Capital IO	Identifies a solicited or unsolicited purchase that causes a low price equity concentration
31	Low Price	50% of Low Price Stock - Aggressive Growth IO	Identifies a solicited or unsolicited purchase that causes a low price equity concentration
32	Max Invested	Aggregate C shares > \$25K (Disclosure Required)	Identifies a purchase taking C share value over 25K for the household
33	Max Invested	Annuity Withdrawal > \$1,000 with Surrender Charge	Identifies an annuity withdrawal in which a surrender charge is incurred
34	Max Invested	CD Concentration > \$250K FDIC Limit	Identifies a CD concentration above the \$250,000 threshold
35	Max Invested	A Shares within 10% of \$1Mill Generic Tier Breakpoint	Identifies an A share purchase that is a certain percentage below the next available breakpoint tier
36	Max Invested	A Shares within 10% of \$750K Generic Tier Breakpoint	Identifies an A share purchase that is a certain percentage below the next available breakpoint tier
37	Max Invested	A Shares within 10% of \$500K Generic Tier Breakpoint	Identifies an A share purchase that is a certain percentage below the next available breakpoint tier
38	Max Invested	A Shares within 10% of \$250K Generic Tier Breakpoint	Identifies an A share purchase that is a certain percentage below the next available breakpoint tier
39	Max Invested	A Shares within 10% of \$100K Generic Tier Breakpoint	Identifies an A share purchase that is a certain percentage below the next available breakpoint tier
40	Max Invested	A Shares within 10% of \$50K Generic Tier Breakpoint	Identifies an A share purchase that is a certain percentage below the next available breakpoint tier

41	Max Invested	A Shares within 10% of \$25K Generic Tier Breakpoint	Identifies an A share purchase that is a certain percentage below the next available breakpoint tier
42	Max Invested	Security Concentration > 15% - Moderate Income IO	Identifies securities held in positions that exceed the threshold for a single security concentration level
43	Max Invested	Security Concentration > 15% - Pres of Cap IO	Identifies securities held in positions that exceed the threshold for a single security concentration level
44	Max Invested	Security Concentration > 25% - Balanced Growth IO	Identifies securities held in positions that exceed the threshold for a single security concentration level
45	Max Invested	Security Concentration > 25% - Growth of Capital IO	Identifies securities held in positions that exceed the threshold for a single security concentration level
46	Max Invested	Security Concentration > 40% - Aggressive Growth IO	Identifies securities held in positions that exceed the threshold for a single security concentration level
47	Missing Suitability Profile	Missing Suitability - Income	Identifies a trade with missing suitability information
48	Missing Suitability Profile	Missing Suitability - Net Worth	Identifies a trade with missing suitability information
49	Missing Suitability Profile	Missing Suitability - Liquid Net Worth	Identifies a trade with missing suitability information
50	Missing Suitability Profile	Missing Suitability - Tax Bracket	Identifies a trade with missing suitability information
51	Missing Suitability Profile	Missing Suitability - Investment Objective	Identifies a trade with missing suitability information
52	Missing Suitability Profile	Missing Suitability - Risk Tolerance	Identifies a trade with missing suitability information
53	Missing Suitability Profile	Missing Suitability - Liquidity Needs	Identifies a trade with missing suitability information
54	Missing Suitability Profile	Missing Suitability - Investment Experience	Identifies a trade with missing suitability information
55	Missing Suitability Profile	Missing Suitability - Time Horizon	Identifies a trade with missing suitability information
56	Missing Suitability Profile	Missing Suitability - Birth Date	Identifies a trade with missing suitability information
57	Multi Provider	5 or more Mutual Fund Families	Identifies a trade that causes fund families in excess of a threshold
58	Net Worth Exception	Trade Exceeds 50% of Client's Liquid Net Worth	Identifies a trade that exceeds a percentage of client's liquid net worth
59	Net Worth Exception	Trade Exceeds 50% of Client's Net Worth	Identifies a trade that exceeds a percentage of client's net worth
60	Product Exception	Sale of CL A Mutual Fund Held < 2 years	Identifies a sell of an A share within 2 years from the date of purchase
61	Product Exception	CL C Shares Held > 5 years	Identifies a sell of a C share that was held for more than 5 years
62	Product Exception	Sale of Cl C Mutual Fund Held <1 Year	Identifies a sell of a C share within a year from the date of purchase

63	Product Exception	Non Taxable Security Purchased in a Corporate Account	Identifies a corporate account that is purchasing a municipal bond or municipal bond mutual fund
64	Product Exception	Non Taxable Security Purchased in a Qualified Plan	Identifies a qualified plan that is purchasing a municipal bond or municipal bond mutual fund
65	Product Exception	Purchase of Municipal Product Not in Client's State of Residence	Identifies a trade of a municipal security (municipal bond or single state municipal mutual fund) that is not in the client's state of residence
66	Product Exception	Initial 529 A Share Purchase (Disclosure Required)	Identifies the initial purchase of an A share within a 529 account
67	Product Exception	Initial 529 B Share Purchase (Prohibited by Firm)	Identifies the initial purchase of a B share within a 529 account
68	Product Exception	Initial 529 C Share Purchase (Disclosure Required)	Identifies the initial purchase of a C share within a 529 account
69	Product Exception	Initial Direct A Share Purchase (Disclosure Required)	Identifies the initial purchase of a A share within a direct account
70	Product Exception	Initial Direct C Share Purchase (Disclosure Required)	Identifies the initial purchase of a C share within a direct account
71	Product Exception	Class B Share Purchase (Prohibited by Firm)	Identifies the purchase of any B share within an account
72	Product Exception	Initial Purchase of UIT (Disclosure Required)	Identifies the initial purchase of each UIT within an account
73	Product Exception	Initial Purchase of Annuity (Disclosure Required)	Identifies the initial purchase of each annuity within an account
74	Product Exception	Inverse Leveraged ETF Purchased in a Pershing Account	Identifies the purchase of an inverse ETF within an account
75	Repurchase	Short Term Trading within 30 Days	Identifies a trade in which the security was bought then sold within 30 days
76	Repurchase	Wash Sale, Same Security Sold and Bought w/in 30 Days	Identifies a trade in which the security was sold then bought within 30 days
77	Switch Exception	Switch Exception - Annuity to Annuity	Identifies an annuity to annuity switch trade
78	Switch Exception	Mutual Fund Exchange - Same Family	Identifies a mutual fund exchange
79	Switch Exception	Mutual Fund Switch Trade - Different Family (Disclosure Required)	Identifies a mutual fund switch trade to different fund family
80	Switch Exception	Switch Exception - Mutual Fund to Annuity	Identifies a mutual fund to annuity switch trade
81	Switch Exception	Switch Exception - Annuity to Mutual Fund	Identifies an annuity to mutual fund switch trade
82	Switch Exception	Switch Exception - Annuity to UIT	Identifies an annuity to UIT switch trade
83	Switch Exception	Switch Exception - UIT to Annuity	Identifies an UIT to annuity switch trade

84	Switch Exception	Switch Exception - UIT to Mutual Fund	Identifies an UIT to Mutual Fund switch trade
85	Switch Exception	Switch Exception - Mutual Fund to UIT	Identifies an Mutual Fund to UIT switch trade
86	Switch Exception	Excessive Trading of Mutual Funds within 30 Days	Identifies purchases and sales of a mutual fund within a short period of time
87	Trade Product Suitability	Initial A Share Purchase with Time Horizon < 5 years (Disclosure Required)	Identifies the initial purchase of an A share with a client's time horizon of less than 5 years
88	Trade Product Suitability	Initial C Share Purchase with Time Horizon > 5 years (Disclosure Required)	Identifies the initial purchase of a C share with a client's time horizon > 5 years
89	Transaction Exception	403B Account Purchasing Non Mutual Fund or Fixed/ Variable Annuity	Identifies a 403(b) account attempting to purchase/sell a non-investment company security
90	Transaction Exception	1035 Annuity Exchange (Disclosure Required)	Identifies an annuity 1035 exchange
91	Transaction Exception	Agent Not Registered in State of Client	Identifies a trade in which the Advisor is not registered in the client's resident state
92	Transaction Exception	As of Trade	Identifies a trade where the As of Date is post-dated further back then would be expected

Exhibit 3 Section 5.07 **Jacomo Account Alerts**

Account Concentration	1. 15% Low Price stocks Preservation of Capital IO
	2. 15% Low Price Stocks Moderate Income IO
	3. 25% Low Price Stocks Balanced Growth IO
	4. 25% Low Price Stocks Growth of Capital IO
	5. 40% Low Price Stock Aggressive Growth IO
	6. CD Concentration < \$250k FDIC Limit
	7. 15% Security Concentration w/ Moderate Income IO
	8. 25% Security Concentration w/ Balanced Growth IO
	9. 25% Security Concentration w/ Growth of Capital IO
	10. 40% Security Concentration w/ Aggressive Growth IO
Account Turnover	11. Excessive Trading of Mutual Funds
	12. 20% Annual Turnover with Pres of Cap IO
	13. 20% Annual Turnover with Moderate Inc IO
	14. 30% Annual Turnover with Bal Growth IO
	15. 30% Annual Turnover with Growth of Capital IO
	16. 40% Annual Turnover with Aggressive Growth IO
Cost to Equity	1. 6% or greater combined Commission w/ Pres of Cap IO
	2. 6% or greater combined Commission w/ Moderate Income IO
	3. 6% or greater combined Commission w/ Balanced Growth IO
Cost to Equity (Cont.)	4. 6% or greater combined Commission w/ Growth of Capital IO
	5. 6% or greater combined Commission w/ Aggressive Growth IO

Account Value Change	1. 20% unrealized loss w/ Pres of Cap IO
	2. 20% unrealized loss w/ Moderate Income IO
	3. 30% Annual Turnover with Bal Growth IO
	4. 40% unrealized loss w/ Growth of Capital IO
	5. 30% unrealized loss w/ Growth of Capital IO
	6. 40% unrealized loss w/ Aggressive Growth IO

Account Concentration	Industry Concentration >10% in Pres of cap IO
	Industry Concentration > 10% in Moderate Growth IO
	Industry Concentration > 25% in Balanced Growth IO
	Industry Concentration > 25% in Growth of Cap IO
	Industry Concentration > 50% in Aggressive Growth IO

Exhibit 4 Section 5.06.4 Product Reviews

Disclosure Packet

A disclosure packet for all broker/dealer accounts is available on the PCS website (WWW.PCSBD.NET/DISCLOSURES).

The packet includes share class and other disclosure information for mutual funds, 529 plans, variable annuities, and UITs. **Effective 4/19/2021, separate disclosures for transactions in these products are no longer required.**

Refer to **Advisor Resource Center / Forms Library / Forms and Transactions Checklist** for a detailed listing of forms required for various transactions.

REMINDER: Regulation Best Interest applies to accounts owned by “retail customers”, defined as “a **natural person**, or the legal representative of such natural person, who: (A) receives a **recommendation** of any securities transaction or investment strategy involving securities from a broker-dealer; and (B) **uses** the recommendation primarily for personal, family, or household purposes.” **Suitability standard** applies to **non-natural person** accounts, such as trusts, corporations and other business entities, estates and institutional accounts.

1. General Securities / Equities Transaction review (Brokerage Accounts):

PCS allows clients to trade general securities within brokerage accounts cleared through Pershing, LLC. The securities included in this section include: Equities (Stock), Exchange Traded Funds (ETF), Unit Investment Trusts (UIT), and Real Estate Investment Trusts (REIT).

The transaction review process is completed by a firm designated principal who is responsible for ensuring the transaction is suitable or in the client’s best interest. In order to make this determination the reviewer utilizes the account suitability information found on the CAF as well as a review of the current account holdings and the specifics of the transaction itself, including the following considerations:

- Each equity and/or fixed income issue must be evaluated to determine the risk associated with the holding. Risk levels vary widely depending on the underlying strength of the issuing company and historical performance of the price and dividend if applicable. The client’s risk tolerance must be compared to the risk of the purchase as a factor of the recommendation.

- Fixed Income products range in risk depending on the issuer and are assigned a rating. The rating must be considered to determine the perceived risk by the rating agency and is directly related to the risk tolerance of the customer. The rate of return, any premium in the price of the bond, payment history of dividends and timing of dividends should also be considered.
- How a new purchase fits into a portfolio of equities is also a factor that must be considered when reviewing a transaction. A specific transaction may be outside the client's risk tolerance, but may be suitable if other holdings in the portfolio sufficiently offset the risk.
- The size of the transaction must be reviewed as compared to the client's financial status and account value as a whole. The larger the overall percentage of the transaction as compared to the total portfolio, the greater the risk associated with the holding. Concentration in one position, or one investment sector can greatly increase the overall risk to the client.
- The client's experience as related to purchasing equities should also be considered in the suitability review. Client's with little experience investing in equities should not be actively trading or utilizing large margin loans to create portfolios in equities.

2. Low-Priced Securities (Penny Stocks)

PCS does not accept solicited or recommended purchases of any securities not listed on a United States Stock Exchange, penny stocks or bulletin board stocks. Low priced securities are subject to drastic price fluctuations. Investments in low priced securities should be considered speculative and have the ability to lose all of their value. PCS requires clients receive the **Penny Stock Disclosure Bulletin** and sign the **Low-Priced Stock Acknowledgment** for the purchase of any security that does not fall under at least one for the following categories:

- Stock listed on a domestic (United States) exchange or NASDAQ
- Mutual Fund or any other investment company registered under the Investment Company Act of 1940
- A put or call option issued by the Options Clearing Corporation
- A security that has a price of five dollars or more
- A security issued by a company that has net tangible assets (total assets less intangible assets and liabilities) in excess of \$2,000,000 if the issuer has been in continuous operation for at least three years, or \$5,000,000 if the issuer has been in continuous operation for less than three years.
- A security issued by a company that has average revenue of at least \$6,000,000 for the last three years.

The **Low-Priced Securities Acknowledgment** form must be completed for each security and submitted to the Managing Principal at the time of the transaction. The form should be reviewed with the account suitability information in order to determine both the appropriateness and suitability of the transaction(s) as well as form completeness and compliance with the exemption. **All low-priced securities transactions must be unsolicited and marked accordingly on the customer confirmation** in order to be in compliance with applicable exemptions, firm policies and procedures.

If an RR places a low-priced security trade that is marked solicited, or does not obtain same day approval on the **Low-Priced Security Disclosure Form** from a managing principal, the transaction may be cancelled and any loss charged to the RR.

3. Exchange Traded Funds:

- ETF's are portfolios of equities that trade on an exchange with price variations similar to an individual equity position. ETF's generally will invest in specific market sectors or with very specific portfolio objectives. ETF's price will vary throughout the trading day and are liquid just like an equity investment. ETF's also have varying risk levels which must be evaluated and compared to the client's risk tolerance as part of the review. The ETF investment objective must be compared to the objective of the customer to ensure the recommendation is in the customer's best interest. ETF's may be recommended as part of a portfolio to provide additional diversification over individual equity positions. The client's experience with ETF investments should not be confused with mutual fund experience.
- Inverse and leveraged ETF's have very short-term objectives, generally single trading day, and are considered high risk issues. PCS does not allow any transactions in these types of ETF's and any transaction identified in these issues must be rejected. (Pershing has a hard stop on all transactions in inverse or leveraged ETF's)

4. Unit Investment Trusts:

- A UIT is a specific portfolio designed to meet a designated objective and risk level. The portfolio will generally be limited in holdings and have significantly fewer holdings than a mutual fund or ETF. A UIT also has a set maturity date and may have liquidity limitations.
- UIT recommendations must consider all product features, costs, and limitations. UIT's must be reviewed for risk tolerance, investment objective and liquidity versus the client's goals and needs.
- At maturity, a UIT owner has the ability in most cases to roll the portfolio into the next issue, extending the maturity timeline. If the transaction being reviewed is a rollover, the cost or load must be reviewed to ensure the client is receiving all breakpoints, or reduced sales charges available.
- Prior to maturity, liquidating one UIT to purchase a different series UIT is considered a switch. UITs are designed to be held to maturity. Switches are discouraged and should be carefully reviewed. Justification for the switch should be provided on the **Securities Purchase Form**. A pattern of UIT switches or early liquidations should be escalated to Compliance.

5. Real Estate Investment Trusts:

- A REIT is a portfolio of real estate holdings designed to both appreciate and provide income based on interest paid by the underlying holdings. Exchange traded REITs provide liquidity to the investor and are priced based on the market in which they trade.
- A REIT is considered an alternative investment since it invests in real estate. Exchange traded REITs are considered significantly less speculative than non-traded REITs but still must be evaluated for risk and objective versus the client's goals and needs.
- REITs have additional risk due to the underlying portfolio being subject to interest rate risk, especially in an increasing interest rate environment.

6. Options:

Suitability or best interest considerations for options contracts vary based on the type of option transaction, strategy, risk tolerance, maximum gain and maximum potential loss on the contract. Review of the underlying security or index is also required. Options may be used as hedge strategies or in a more aggressive strategy. Options transactions are reviewed by the firm Senior Registered Options Principal, Compliance Registered Options Principal or Series 9/10 licensed Managing Principal.

7. Mutual Funds:

Mutual fund transactions represent the largest number of transactions received by PCS. The portfolios vary greatly, as do the objectives and risk levels. Review the fund prospectus to identify if the fund meets the objectives and risk levels that are acceptable to the client. .

For purchases in accounts held direct at the fund, the **Securities Purchase Form** is used to identify what is being purchased, the sales charges associated with the transaction(s), the share class, any contingent deferred sales charges, the source of funds for the transaction, and comments related to the justification for the transaction(s). The comments section of the purchase form is a mandatory field and must provide the reviewer with information related to the sale and why it fits the client's goals and objectives. Completion of the Recommendation Documentation Supplement is also required.

C-share policy

Effective 6/01/2021, class C shares should be limited to \$500,000 per individual, \$750,000 per household and no more than \$500,000 per product provider, based on current value. See **Compliance Manual** for more details.

Additional Considerations:

- The review begins by identifying the product being purchased and evaluating the strength of the product manufacturer. There are thousands of mutual funds distributed by hundreds of manufacturers. The review must take into account the stability of the product provider as well as the history of the fund itself. Newer funds have less track record and therefore greater uncertainty and risk.
- The share class being purchased must be reviewed to determine if the expenses associated with the class are in line with the client's goals and objectives. Long-term investments placed into C-share funds may result in higher overall costs to the client as compared to other share classes in the same fund. The availability of lower costs with A-share breakpoints, rights of accumulation and letters of intent should be considered with large C-share purchases. Likewise, short term investments placed into A-share funds may result in higher costs as compared to C-share funds.

Each transaction must be evaluated and comments provided by the client/RR taken into consideration in order to determine the appropriate share class for the purchase. There is no set rule in determining suitability or appropriateness. Share class selection may have multiple justifications and situations that need to be taken into account and documented on the **Securities Purchase form** and the **Regulation Best Interest – Recommendation Documentation Supplement**.

- Overall costs to the client for the anticipated holding period should be reviewed in evaluating available share classes. There are instances, such as SIMPLE plans and 529 plans where the amount of assets being invested will take a longer period of time to reach a level for concern with C shares.
- The time horizon for a specific investment may differ from the overall account time horizon. In these cases, the comments provided on the purchase form should specifically state the investment time horizon for the purchase(s). Some investments in mutual funds are made for specific reasons, which should be identified on the purchase form to assist with the review process. If there is ambiguity related to the reason for a purchase the reviewer must request additional information in order to complete the review process.
- The fund objective should be reviewed and compared to the overall objective of the client, taking into consideration other holdings.
- The fund risk level must also be compared to the client risk tolerance to ensure the fund is within the client's comfort level.

- Internal expenses vary by product provider and should be considered when evaluating overall fund performance as well as management style of the fund manager(s).
- Consideration should also be given where a pattern of share class selection by an RR is identified. Additional information may be required, including contacting the client, to ensure the client understands the selection and cost associated with the purchase.
- Each client situation must be evaluated independently. PCS does not allow discretionary brokerage transactions, so client selection plays a key factor in the review.
- Regulation Best Interest's care obligation charges the financial professional with the obligation to utilize their professional knowledge to evaluate product recommendations considering how the product performs in different market conditions. When evaluating a mutual fund the RR should review the past performance of the fund as compared to other funds in the same sector to evaluate the performance during both up markets as well as down markets to determine how the fund performs against its peers, as well as evaluate if the fund demonstrates a greater downside negative performance, indicating greater downside risk to the customer in a negative market condition. This review may include review of performance charts as well as comparing fund beta to other similar funds.

Mutual Fund Switches

Source of funds identifies where the money is coming from in order to fund the investment. This allows the reviewer to know if the purchase is part of a switch. **A switch involves selling one commission based packaged product (sold via prospectus) and purchasing another commission based packaged product within a 45 day window.**

If a switch is identified there must be

- evidence that the client was informed of the switch and the additional costs associated with the switch;
- an explanation of benefit to the client from the switch; and
- justification of why a fund in a different family was chosen if a comparable fund is available without generating an additional commission/sales charge.

If the switch is not justified, then the new purchase should be rejected.

8. 529 Savings Plans

The use of funds from 529 plans has been expanded to include K-12 qualified expenses, in addition to traditional higher education expenses. Most states have designated 529 plans, which may or may not have tax benefits. 529 plans are invested into mutual funds that have been approved by the individual plans.

Review Considerations:

- In-state vs. out of state plans: There is no requirement for a client to invest in an in-state plan, however all available benefits must be disclosed and reviewed prior to making the investment decision. The PCS Purchase form 529 Plan section requires the client to identify if the investment is in an in-State plan, whether a State plan is available, what the potential tax benefit would be for investing in the plan, and reasons for not selecting the in-state plan. Additional justification may be presented in the comments section of the form.
- Share Class: PCS guidelines for share class selection within 529 plans are:

- If the beneficiary is aged 10 or younger at the time of the account opening at PCS, purchases should be made in class A shares.
- If the beneficiary is aged 11 or older at the time of the account opening at PCS, purchases should be made in class C shares.

Exceptions may be granted depending on the individual circumstances of the account. For example, if the beneficiary will not start college at age 18, there may be a case for the use of A shares after age 11. Available breakpoints may also support the use of A shares. The reasons for the exception must also be provided on the **Securities Purchase form**

- **Time Horizon:** The general rule for time horizon of a 529 plan is the amount of time between the age of the beneficiary and the anticipated date the beneficiary will begin using the funds. In most cases the assumption is at age 18 if college is the planned use of the funds, but earlier use may be planned as well. The time horizon for 529 plans may be somewhat subjective depending on the anticipated need for the funds.
- **Age Based Funds:** Many product providers have developed age based funds designed to adjust the risk and objective of the portfolio as time passes. These funds generally will be more growth oriented early in the product life cycle and become more conservative towards the end of the cycle. Since the make-up and objectives of these products varies it is important for the reviewer to be familiar with the specific product prior to finalizing the review.
- **Plan Rollovers:** Consideration must be made when reviewing a 529 plan rollover to ensure the new investments are appropriate based on the age of the beneficiary and anticipated use of the funds at the time of the rollover. Another consideration is the reason for the rollover and the tax implications of the rollover. If there is no benefit to the client, as with any rollover/switch, then the transaction should be rejected. Additionally, consideration should be made regarding whether the rollover is eligible for NAV at the new fund family, or if the owner is subject to new sales charges and the effect on the account values.

9. Variable Annuities (VA):

Variable annuities are complex products with multiple sub-accounts and varying product features and enhancements. VA transactions must be reviewed on a case by case basis since each customer's needs are unique and each VA contract has varying features and benefits. VA's, like mutual funds, have different share classes and expense structures that must be taken into account when reviewing the purchase. Annuities are long-term investments. PCS discourages switching from one product to another without very sound reasons. Annuities are designed to provide tax deferred buildup of assets and may be purchased to provide a death benefit and/or income payment for the owner's lifetime.

VA's can be either qualified or non-qualified, but offer tax deferred withdrawals for non-qualified accounts.

Review Considerations:

- **Liquidity:** VA contracts have varied withdrawal options and are purchased as long term investments, usually for retirement purposes as a supplement to other retirement accounts. The liquidity needs of the customer must be considered when recommending a VA product. Newer product releases may have a liquidity rider that provides for charge free withdrawals; however, these riders include an additional cost to the customer. These additional costs must be considered with the liquidity needs of the customer.
- **Surrender Charges:** VA contracts generally have surrender penalties if the funds are withdrawn prior to the end of the surrender period. Surrender periods vary by product and by share class. The surrender schedule and related surrender charges must be considered as part of the recommendation decision. VA contracts with greater than a 7-year surrender charge are generally not viewed as suitable

by PCS, so additional information supporting the recommendation should be provided on the purchase form. **Annuities with surrender schedules greater than 10 years, or surrender charges higher than 10% will not be approved.**

- **Concentration:** The contract value at time of purchase must be compared to the client's liquid net worth, along with current income and expense ratio in order to determine if the purchase may result in the client's inability to meet potential future financial needs. In addition, the percentage of client assets held in annuities should also be considered. Purchases that result in concentration levels above 50% of LNW should be reviewed carefully and may require additional information to determine both affordability and suitability.
- **Death Benefit:** VA contracts provide for death benefit payouts which avoid probate and flow directly to the beneficiaries. VA contracts calculate death benefits and accumulated death benefit guarantees differently by contract type. If the VA is being purchased for the death benefit, the review should include verification that the client was provided an explanation on the DB calculation and policy guarantees.
- **Internal expenses:** The internal expenses of a VA are charged directly to the policy owner and can have a large effect on the performance of the contract. A review of the expenses, M&E and admin fees must be completed to determine the appropriateness of the sale.
- **Bonus Features:** Some VA contracts will allow for a "bonus" where the value of the annuity is increased at the time of sale. Bonus features are never free to the policy owner and the costs associated with the bonus must be disclosed to the client prior to the sale. These costs will also effect the performance of the policy. Bonus features may be utilized to offset surrender penalties when replacing one contract with a new annuity contract. Special attention must be given to these situations to determine if the customer will be placed in a better position if utilizing a bonus feature and if the cost is justified.
- **Riders:** VA's may have enhanced features called riders. Riders may be added to a policy to allow for guaranteed withdrawals, income, accumulation, or death benefit. Riders are sometimes key determining factors to recommend an annuity product to meet a specific customer need. Every rider has a cost to the policy owner and must be disclosed prior to the sale. These costs must also be factored into the recommendation.
- **Replacements/1035 exchanges:** A replacement/1035 exchange is when one insurance policy or annuity is sold and replaced with a new policy. Replacement/1035 exchange applications require additional disclosure to the client as well as enhanced review. A replacement/1035 should always benefit the client, or place the client in a better position than the replaced policy. Every replacement/1035 application must include a side by side comparison of death benefit, expenses, and riders. The purchase form must also provide reasoning for the replacement/1035 and how the new product benefits the client.
- **Share Class:** VA contracts may be purchased in multiple share classes, each with different cost structures and features / benefits. The standard share class is a B Share. If an annuity is purchased with a different share class, the reason(s) should be provided in the **Securities Purchase Form**.
- **L-Share VA:** Some VA contracts are offered in a L-share class. The L-share has higher internal expenses than a B-share product and is designed for a shorter time horizon. Due to the shorter investment time horizon, it does not make sense to add a long-term rider. Justification must be presented with the applications in order to make an exception and allow a rider to an L-share VA policy.
- **Subaccount Suitability:** The investment subaccounts must meet the objectives and risk tolerance of the client as listed on the PCS CAF. The review should consider the objectives and risk of the

overall portfolio, even if an individual holding may have a higher or lower risk profile than listed by the client.

- **Tax Considerations:** VA policies provide tax deferral benefits to withdrawals as one main reason for purchasing a contract. When a VA is purchased in a qualified account the tax benefit does not apply since the funds are already in a tax deferred status. The purchase must provide additional benefits to the client in order to be justified. Careful consideration must be taken when reviewing retirement plan rollovers into VA contracts to ensure that a different product is not more suitable or in the best interest of the client. With Regulation Best Interest, all 401K rollovers must include a customer signed **Rollover Disclosure** form.
- **Client's age:** Senior clients represent a higher level of risk and additional care should be taken in review of transactions for them.

Considerations when dealing with senior investors include:

- Current and future prospects for employment
- Primary expenses, including whether the customer still has a mortgage
- Sources of income and whether it is fixed or will be in the future
- Income needed to meet fixed or anticipated expenses
- Savings for retirement and how they are invested
- Liquidity needs may be higher
- Financial and investment goals (income needs, preservation of capital, accumulation of assets for heirs)
- Health care insurance and future needs to fund health costs

Additional considerations:

- Income: Income should be high enough to benefit from tax deferral;
- Source of funds: IRAs already provide tax-deferral and fees are higher in an annuity;
- Investment objective: Sub-accounts must be consistent with stated objectives;
- Investment experience: Clients must be able to evaluate risks of various choices of sub-accounts;
- Need for liquidity: Consider age, health and other assets;
- Net worth: Annuities should not make up an excessive amount of client net worth;
- Concentration: Client should avoid over concentration of assets in variable annuities; and
- Is the information on the application consistent with the New Account Form?
- Has the client considered taking full advantage of IRA, 401K, etc. before purchasing an annuity;
- For large annuity purchases (\$250,000 and higher), the Supervisor should consider contacting the client to judge suitability;
- Give special review to reasons for 1035 exchanges;
- Exchange transactions that occurred within 36 months of initial purchases or other exchanges for the same customer;
- Holding period should be long-term;
- Amount of Contingent Deferred Sales Charge (Surrender charge) should generally not exceed 2%;
- Length of new surrender period and new surrender charges;
- Have "bonus" features been fully explained? Period for surrender charges and internal fees are usually greater than with a non-bonus product;
- Are there improved or enhanced death benefit features;
- Does client understand risks of sub-accounts? Rating of the insurance company does not relate to the sub-accounts;
- Locking in an increased death benefit may not be a valid reason to switch. Consider features of old policy, new policy, amount of increase and costs to client. Additional consideration should be taken related to the client's potential concern about assets for himself or his heirs; and

- Supervisors may not approve their own annuity trades or ones for which they share a production number. A member of Senior Management must approve these trades.

10. Equity Indexed Annuities (EIA) and Fixed Indexed Annuities (FIAs)

Equity Indexed Annuities and Fixed Indexed Annuities are a hybrid of a fixed and variable annuity but have very different features and benefits and perform very differently. An EIA or FIA is an annuity product that is tied to the performance of a market index such as the S&P 500, or another index. The annuity performance will depend not only on the performance of the applicable index, but also based on the parameters set up when purchasing the annuity.

Many considerations used during the review of VA contracts are the same for EIA and FIA contracts, but there are some additional considerations.

- Earnings cap/limit: Most EIA and FIA contracts will have a listed earnings cap or limit. This identifies the maximum growth limit for the contract, no matter how well the underlying index does. This limit must be used in the recommendation decision and be acceptable to the customer.
- Participation Rate: This identifies the level of participation in the growth of the index the contract will credit to the owner. An index may perform higher than the cap rate, but if the participation rate is only 50% then the contract may not achieve the cap rate. The participation rate must be used in the recommendation decision and be acceptable to the customer.
- Indexing Method: There are multiple indexing methods that are available with indexed products, depending on the contract purchased. The indexing method determines how the performance is credited to the contract. For example the method may be an annual reset, biennial, high water mark, point to point, or other methods as defined within the contract. The indexing method must be used in the recommendation decision and be acceptable to the customer.
- FIAs are generally protected against loss of principal, subject to credit worthiness of the issuer. As such, they may be considered suitable for a Preservation of Capital investment objective.
-

11. Variable Universal Life Products (VUL):

Many considerations taken into account during the review of VA contracts are the same for VUL contracts. Additional considerations are listed below.

- Affordability: Premiums on the contract increase with age, which has a dramatic effect on sustainability as well as allocation of premiums into sub-accounts to meet the risk tolerance and objective of the investment. Policy illustrations should be reviewed in order to assist with determining the ability for the policy to stay in force based on the costs and premium projections.
- Source of funds: Borrowing from other contracts to pay new premiums is inappropriate.
- Investment Objective: Subaccount selections must be consistent with stated objectives.
- Investment experience: Clients must be able to evaluate risks of various choices of subaccounts. Does client understand variable life contracts do not usually guarantee death benefits?
- Need for liquidity: Life insurance policies may have limited or no withdrawal rights. Surrender penalties are often high in the early years.
- For large face amounts, consideration may be given to trust ownership.
- For replacements, special attention should be given to the guarantees of the new contract versus guarantees of the replaced contract.

- Locking in a higher death benefit for the same cost may not be a valid reason to switch. Compare the guarantees of the contract as well as the cash value projections.
- Is the policy being used with an estate planning program, and is the policy suitable for the plan?
- As with any insurance policy, a VUL contract is written with specific purpose. These contracts may be used in multiple advanced planning strategies and the recommendation for a policy purchase must be reviewed with sufficient detail to allow the RR to understand and justify the recommendation. All policy features, benefits and costs must be included in the recommendation due diligence.

Exhibit 5 Section 10.3 Common Compliance Disclosures and Notes

Standard Name Disclosure (w/ Outside RIA group):

Advisory services offered by Investment Advisory Representatives through “(Name of Outside RIA)”, a Registered Investment Advisor. Securities offered by Registered Representatives through Private Client Services, Member FINRA/SIPC. Private Client Services and “(Name of Outside RIA)” are unaffiliated entities. (If discussing insurance products add “All insurance products are offered through unaffiliated insurance companies.”)

Standard Name Disclosure (PCS BD/RIA group):

Securities and investment advisory services offered through Private Client Services. Member [FINRA/SIPC](#). A Registered Investment Adviser.

Basic PCS email disclosure footer (this should already be included automatically when sending an email from a pcsbd.net email (which is hidden when creating an email) but its good to be aware of what language is embedded and shown to the recipient). Some Outside RIA’s may have something similar in addition to adding their standard name disclosure Advisory services offered by...Securities offered by Private Client Services (as above).

Private Client Services does not accept orders and/or instructions regarding your account by e-mail, voice mail, fax or any alternate method. Transactional details do not supersede normal trade confirmations or statements. E-mail sent through the Internet is not secure or confidential. Private Client Services reserves the right to monitor all e-mail. Any information provided in this e-mail has been prepared from sources believed to be reliable, but is not guaranteed by Private Client Services and is not a complete summary or statement of all available data necessary for making an investment decision. Any information provided is for informational purposes only and does not constitute a recommendation. This e-mail is intended only for the person or entity to which it is addressed and may contain confidential and/or privileged material. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is prohibited. If you received this message in error, please contact the sender immediately and delete the material from your computer.

Standard name disclosure below (if additional assumed business name reference):

ABC is an assumed business name for XYZ Inc.

Securities and Advisory Services offered through Private Client Services, LLC. Member FINRA,SIPC and a Registered Investment Advisor. Private Client Services, LLC and XYZ Inc. are unaffiliated entities.

At a minimum for our advisors/ reps websites, they should have the Standard Member Name Disclosure. Within that reference to FINRA/SIPC, each should be hyperlinked to www.finra.org and www.sipc.org respectively. There

should also be a separate link to FINRA's BrokerCheck at a minimum on the first landing page and on the team/bio pages. There should also be contact info (address/phone number).

All Retail Communications should be sent through Marketing Pro including Seminars. When reviewing a proposed seminar, if the presentation (i.e. slideshow) discusses securities and was prepared by a third party then a FINRA Review Letter should accompany the presentation within Marketing Pro. Review the presentation carefully for red flags. In addition, any handouts, scripts/outlines if applicable, names of individual presenters, and list of invitees should be provided and kept in the branch's seminar file along with a copy of the Marketing Pro approval certificate.

Here are situational and/or optional disclosure examples that may be used or that you may see if applicable depending on the content/delivery of the communication. If unsure as to the applicability please escalate through **PCS** **Compliance.**

Example #1

Data derived from reliable sources and any calculations made are believed to be accurate. However, there are no absolute guarantees implied. Future returns could be more or less than what is currently shown. Please refer to actual contract information sources for validation and/or a tax and/or legal counsel with any questions.

Example #2

These figures are not absolute and were derived from assumptions and projections that may or may not become true at any future date.

Example #3

Hopefully, going forward, these types of money management results will continue, however, it's important to note that past performance is certainly no guarantee of any future results.

Example #4

Even though these are examples of an 'average' return over time of 8%, these numbers are actually directly affected by the relationship between when dollars are received and investment conditions at the exact time the investment is made. A negative return in any particular period(s) of time that may be offset by any positive future return bringing the 'average' return for the reporting period to 8%, would mean result totals that are less than actually shown. These are not examples of any actual account results and in no way are there any guarantees as to any future returns implied. Investments can lose money.

Example #5

Information shown on this worksheet is for estimation/planning purposes only with data coming from reliable sources and any calculations made believed to be accurate, however, there are no absolute guarantees implied. All income amounts are estimates. Please refer to actual contract information sources for validation and/or a tax and/or legal counsel with any questions about the possible validity of any derived results.

Example #6

The above data was collected from reliable sources and believed to be accurate however there is no absolute guarantee as such. It is recommended that you reference your actual statements and any supporting information for verification. All future results may be more or less than what is illustrated with a loss being an actual possibility with any securities/investment product.

Example #7

The information supplied is merely a summary of some of the benefits available through this type of retirement plan. No assumption of any appropriate individual benefit is implied. It is suggested you consult with your investment adviser, tax consultant, and/or legal adviser for complete information on plan type and if it would be of benefit to you.

Example #8

Any information shown on this worksheet is for estimation/planning purposes only with data coming from reliable sources and any calculations made believed to be accurate, however, there are no absolute guarantees implied. All data supplied is to aide in discussions only with complete information available only through prospectus and related company information available from you investment professional. Investment products can and do lose money. Please request the complete information available and consult with your investment professional, tax and/or legal adviser before investing any money.

Example #9

NOTE: Please note that the information provided in this letter includes references to concepts that have legal, accounting and tax implications. It is not to be construed as legal, accounting or tax advice, and is provided as general information to you to assist in understanding the issues discussed. I would urge you to consult your own attorney and/or accountant regarding the application of the information contained in this letter as to the facts and circumstances of your particular situation.

Example #10 (website)

xxxxxxx is a registered representative registered to transact business with clients in Ky & IL. xxxxxxx is advisory licensed in the following states; KY. Xxxxxxx is also an insurance agent licensed in KY. If you are not a resident of the states noted above, all investment-related information on this site is for informational purposes only and does not constitute a solicitation or offer to sell securities or insurance services over the internet. Securities offered through xxxxxxxx, Inc. Member FINRA, SIPC, Registered Investment Advisor. Advisory Planning Services offered through Private Client Services, LLC, Registered Investment Advisor. Investments & Insurance Products: Are not insured by the FDIC or any federal government agency and are not deposits of or guaranteed by any bank or any bank affiliate and May lose Value. Xxxxxxx, and Private Client Services, LLC are unaffiliated entities.

Example #11

Please read the enclosed prospectuses and accompanying material carefully to make sure you understand the share class differences in the mutual funds we discussed as well as the particulars of the variable annuity recommended. All mutual funds and variable annuities have pros and cons. The attributes of both should be gauged to your particular goals and needs before investing or sending money.

Example #12 (third party)

The opinions contained herein are that of a third party and not necessarily that of the presenting Representative or Private Client Services LLC and should not be construed as investment advice. Neither this information nor any opinion expressed constitutes a solicitation for the purchase or sale of any security.

Example #13

Material discussed is meant for general illustration and/or informational purposes only and it is not to be construed as tax, legal, or investment advice. Although the information has been gathered from sources believed to be reliable, please note that individual situations can vary, therefore, the information should be relied upon only when coordinated with individual professional advice.

Example #14

Material discussed is meant for general illustration and/or informational purposes only and it is not to be construed as tax, legal, or investment advice. Although the information has been gathered from sources believed to be reliable, please note that individual situations can vary therefore, the information should be relied upon only when coordinated with individual professional advice. Past performance is no guarantee of future results. Diversification does not ensure against loss.

Example #15

This report and its hypothetical illustrations are intended to form a basis for further discussions with your legal, accounting, and financial advisors. Actual future investment returns, taxes, and inflation are unknown. Do not rely upon this report to predict future investment performance

Example #16

This presentation provides a general overview of some aspects of your personal financial position. It is designed to provide educational and/or general information and is not intended for specific legal, accounting and investment, income tax or other professional advice. For specific advice on these aspects of your overall financial plan, consult with your professional advisors. Asset or portfolio earnings and/or returns shown, or used in the presentation, are not intended to predict or guarantee the actual results of any investment product.

Example #17

The information in this article is not intended as tax or legal advice, and it may not be relied on for the purpose of avoiding any federal tax penalties. You are encouraged to seek tax or legal advice from an independent professional advisor. The content is derived from sources believed to be accurate. Neither the information presented, nor any opinion expressed constitutes a solicitation for the purchase or sale of any security.

Example #18

Investors should carefully consider the investment objectives, risks, charges, expenses and tax ramifications of any securities product. An investment into a series of diversified products does not, in itself, guarantee a profit for all securities can and do loss money. It is important to read all prospectus and supporting documents carefully and perhaps consult with your accountant or tax advisor before making a final decision and sending money.

Example #19 (third party)

The opinions expressed herein are that of the featured guest(s) and not necessarily that of the referenced Representative or Private Client Services LLC and should not be construed as investment advice. Also any vendor featured through any link or mentioned as an advertisement is not necessarily a recommendation of the referenced representative or Private Client Services LLC but rather that of the xxxxxxxx organization that may have received compensation for that endorsement.

Example #20 (third Party)

The opinions contained herein are that of the author/publication and not necessarily that of the providing representative or Private Client Services LLC and should not be construed as investment advice. Neither the information presented nor any opinion expressed constitutes a solicitation for the purchase or sale of any security. You are always encouraged to seek tax or legal advice from a separate independent professional before investing and/or sending money.

Example #21 (third party)

The opinions contained herein are that of the authors and not necessarily that of Private Client Services LLC and should not be construed as tax or legal advice nor should there be any guarantees assumed from the information presented. Investments can and do lose money so it is important to get input from your complete financial team before investing or sending money.

Example #22

*Important: Any information shown on this worksheet is hypothetical and for estimation/planning purposes only with no guarantees as to any future performance implied. Even though data comes from reliable sources and any calculations made are believed to be accurate, absolutely no guarantees should be assumed. Investment products can and do lose money with the reality of future fluctuating growth rates which may be negative. All data supplied is to aide in discussions only with any product information available only by prospectus and/or related company information which should be obtained from the product sponsor and your investment professional. Please request the complete available information and consult with your investment professional, tax and/or legal adviser before investing and sending money.

Example #23

Links are provided as a convenience for general information only and it's important to note that any vendor featured through any link or mentioned as an advertisement is not necessarily a recommendation of the referenced representative or Private Client Services LLC and should not be perceived as investment advice.

Example #24

* As stated, any information discussed in this summary is for estimation/planning purposes only with all data coming from reliable sources and any calculations made believed to be accurate, however, there should be no absolute guarantees implied from the numbers stated nor should there be any guarantee of a positive return assumed from following any of the strategies mentioned. Neither the information presented nor any opinion expressed constitutes a solicitation for the purchase or sale of any security. You are always encouraged to seek tax or legal advice from a separate independent professional before investing and/or sending money. All data supplied is to aide in discussions only with complete information available only through a prospectus (if applicable) and related company information which can be obtained from your investment professional. Investment products can and do lose money. Please request the opinion of other independent outside financial professionals before investing and sending money.

Example #25

* As stated, any information discussed in this summary is for estimation/planning/informational purposes only with all data coming from reliable sources and any calculations made believed to be accurate, however, there are no absolute guarantees implied from the numbers stated nor should there be a guarantee of any future positive returns assumed from any of the calculations made. Future returns will be more or less than what is shown. Also the information presented does not constitute a solicitation for the purchase or sale of any security. You are always encouraged to seek tax or legal advice from a separate independent professional before investing and/or sending money. All data supplied is to aide in discussions only with complete information available only through a prospectus (if applicable) and related company information which can be obtained from your investment professional or the particular company of the security stated. Please request the opinion of other independent outside financial professionals before investing and sending money. Investment products can and do lose money.

Example #26

The firm is not engaged in the practice of law or accounting. Content should not be construed as legal or tax advice. Always consult an attorney or tax professional regarding your specific legal or tax situation.

Example #27

Each client and prospective client agrees, as a condition precedent to his/her access to *Company's* web site, to release and hold harmless *Company*, its officers, directors, owners, employees and agents from any and all adverse

consequences resulting from any of his/her actions and/or omissions which are independent of his/her receipt of personalized individual advice from *Company*.

Example #28

To the extent that any client or prospective client utilizes any economic calculator or similar interactive device contained within or linked to *Company's* web site, the client and/or prospective client acknowledges and understands that the information resulting from the use of any such calculator/device, is not, and should not be construed, in any manner whatsoever, as the receipt of, or a substitute for, personalized individual advice from *Company*, or from any other investment professional.

Example #29

Rankings and/or recognition by unaffiliated rating services and/or publications should not be construed by a client or prospective client as a guarantee that he/she will experience a certain level of results if *Company* is engaged, or continues to be engaged, to provide investment advisory services, nor should it be construed as a current or past endorsement of *Company* by any of its clients. Rankings published by magazines, and others, generally base their selections exclusively on information prepared and/or submitted by the recognized adviser. Rankings are generally limited to participating advisers.

Example #30

Certain portions of *Company's* web site (i.e. newsletters, articles, commentaries, etc.) may contain a discussion of, and/or provide access to, *Company* (and those of other investment and non-investment professionals) positions and/or recommendations as of a specific prior date. Due to various factors, including changing market conditions, such discussion may no longer be reflective of current position(s) and/or recommendation(s). Moreover, no client or prospective client should assume that any such discussion serves as the receipt of, or a substitute for, personalized advice from *Company*, or from any other investment professional. *Company* is neither an attorney nor an accountant, and no portion of the web site content should be interpreted as legal, accounting or tax advice.

Example #31

Please remember that different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment or investment strategy (including those undertaken or recommended by *Company*), will be profitable or equal any historical performance level(s).

Example #32 (website)

Name of RIA ("*Company*") is an SEC registered investment adviser located in "city/state" *Company* may only transact business in those states in which it is registered, or qualifies for an exemption or exclusion from registration requirements. *Company's* web site is limited to the dissemination of general information pertaining to its advisory services, together with access to additional investment-related information, publications, and links. Accordingly, the publication of *Company's* web site on the Internet should not be construed by any consumer and/or prospective client as *Company's* solicitation to effect, or attempt to effect transactions in securities, or the rendering of personalized investment advice for compensation, over the Internet. Any subsequent, direct communication by *Company* with a prospective client shall be conducted by a representative that is either registered or qualifies for an exemption or exclusion from registration in the state where the prospective client resides. For information pertaining to the registration status of *Company*, please contact the SEC or the state securities regulators for those states in which *Company* maintains a notice filing. A copy of *Company's* current written disclosure statement discussing *Company's* business operations, services, and fees is available from *Company* upon written request. *Company* does not make any representations or warranties as to the accuracy, timeliness, suitability, completeness, or relevance of any information prepared by any unaffiliated third party, whether linked to *Company* web site or incorporated herein, and takes no responsibility. All such information is provided solely for convenience purposes only and all users thereof should be guided accordingly.

Exhibit 6 Section 5.06.1 OSJ Principal Trade Review

OSJ Trade Review Guide
Dated 1/12/2021

The OSJ Principal's supervisory responsibilities for trading activity by their reps have not changed. However, the tool to review trades has changed. Trade review by OSJ Principals will be done using the jPass system as of 1/1/2021. You will no longer have to approve and release each trade. Reviews done by PCS Home Office Principals will either release the trades or place them on hold for various deficiencies or questions.

OSJ Principals will review trades using the jPass Trade Blotter Report. Reviews should be done at least weekly and documented by adding your name and the date to the report. A copy of the report should be saved in a file that will be accessible for audits and regulatory requests.

NOTE: Starting February 1, 2021, due to technical issues with generating the jPass Trade Blotter Report, the Excel version of the report will be generated by PCS Home Office and sent to the OSJ Principals weekly by the Director of Sales Supervision. OSJ principals will be notified when they are responsible for generating the jPass Trade Blotter Report themselves.