



August 10, 2023, 3<sup>rd</sup> Quarter Mandatory Webinar

Today's presenters:  
Tony ~ President  
MaryLynne ~ CCO  
Jess ~ Compliance Analyst

# Welcome

In order to get credit for attending this webinar you need to be logged in with your Trustmont approved email using a computer or the GoToWebinar app.

If you are in listen only mode it will NOT register your attendance and you would have to view the make-up link.

- If you have an idea of something you want to see featured in our quarterly webinars, monthly newsletter or NEWSFLASH, please send us an email or give us a call.
- If you have any comments or questions, they may be typed in at any time and we will address them as we go or at the end



July's Check and Correspondence Logs are due **August 15th**

### **Submitting New Business?**

All paperwork **MUST** be submitted to Trustmont for approval prior to being submitted to the fund company

Did you?

- complete the **MOST RECENT** Trustmont Required Disclosures Delivery Confirmation Cover Sheet
- complete all required sections of the **MOST RECENT** CPF (Did you get a Trusted Contact?)
- get a copy of the driver's license
- complete the Rollover Analyzer, required for all IRA-to-IRA transfers, Plan (401K/403B/457/etc) to IRA Transfers and Plan to Plan Transfers
- complete all Fund company paperwork
- get a copy of the prior custodian statement for transfers
- checks made payable to the fund company, if making contribution
- check the Trustmont website for a list of investment specific requirements, not all are noted above

*\*Make sure to check our website for additional important reminders\**



### **MANDATORY**

**Webinar Schedule - 2023**

November 9, 2023

***All at 2:00-3:00 pm EST***

***\*LINKS to register are on the Trustmont website***



## Compliance Reminders

# Secure



# Email

## BAE SYSTEMS

Type **Secure:** FIRST in the Subject line

Send	From ▾	mjh@trustmontgroup.com
	To...	ach@trustmontgroup.com;
	Cc...	
	Subject:	Secure: Client info

## erado

Type **Secureit** anywhere in the body of the message

 <i>200 Brush Run Road Greensburg, PA 15601 <a href="http://www.trustmontgroup.com">www.trustmontgroup.com</a> 724-468-5665</i>
Secureit
<small>This communication may contain privileged and/or confidential information. If you received this communication in error, please contact the sender immediately. The information contained in this e-mail is not warranted as to completeness.</small>

*\*SECURE portal needs to be set up by you, it **CAN NOT** be initiated by the customer*



## Email Review Findings

**If emailing paperwork to a client to be completed it is a good idea to set up a SECURE portal so that the client has the proper way to return even if you have had a conversation about returning another way.**

**If a client is emailing you personal information frequently, reach out to them to advise how unsafe it is, have the conversation with them and give them alternatives.**

**If you receive move money instructions via email you should be following up with the client to confirm verbally that it is the wishes of that client and not someone else that may have access to their email.**

**Trade instructions sent via email should NEVER be honored. All trade instructions require speaking directly with the client.**

**If you receive a complaint or what may look like a complaint REPORT to compliance immediately so that we can best determine how it needs addressed if at all.**

**When you as the rep receive an email from compliance regarding a possible violation, REMEMBER we are looking out for your best interest as well as the interests of the firm. It is not a mark against you, only a warning that a procedure may need updated or changed in your office to better protect you from future fines.**



Scenic Drive Professional Center  
200 Brush Run Road, Suite A  
Greensburg, PA 15601

724-468-5665  
Fax: 724-468-5675  
www.trustmontgroup.com

Date:

Customer  
Street  
City, State, Zip

Dear Customer

As required by the Financial Industry Regulatory Authority (FINRA), I am required to verify your account information at a minimum once every three years. To meet this requirement, I have enclosed a copy of the most recent client profile form on file for your account(s).

Please take a few minutes to review the information contained therein, and if there are any changes, please contact me within 15 days of the letter date. If all information remains unchanged, you need to do nothing, and I will consider the information to be current.

As always, please feel free to contact me with any questions that you may have.

Thank you for your prompt attention to this matter.

Sincerely,

Registered Representative

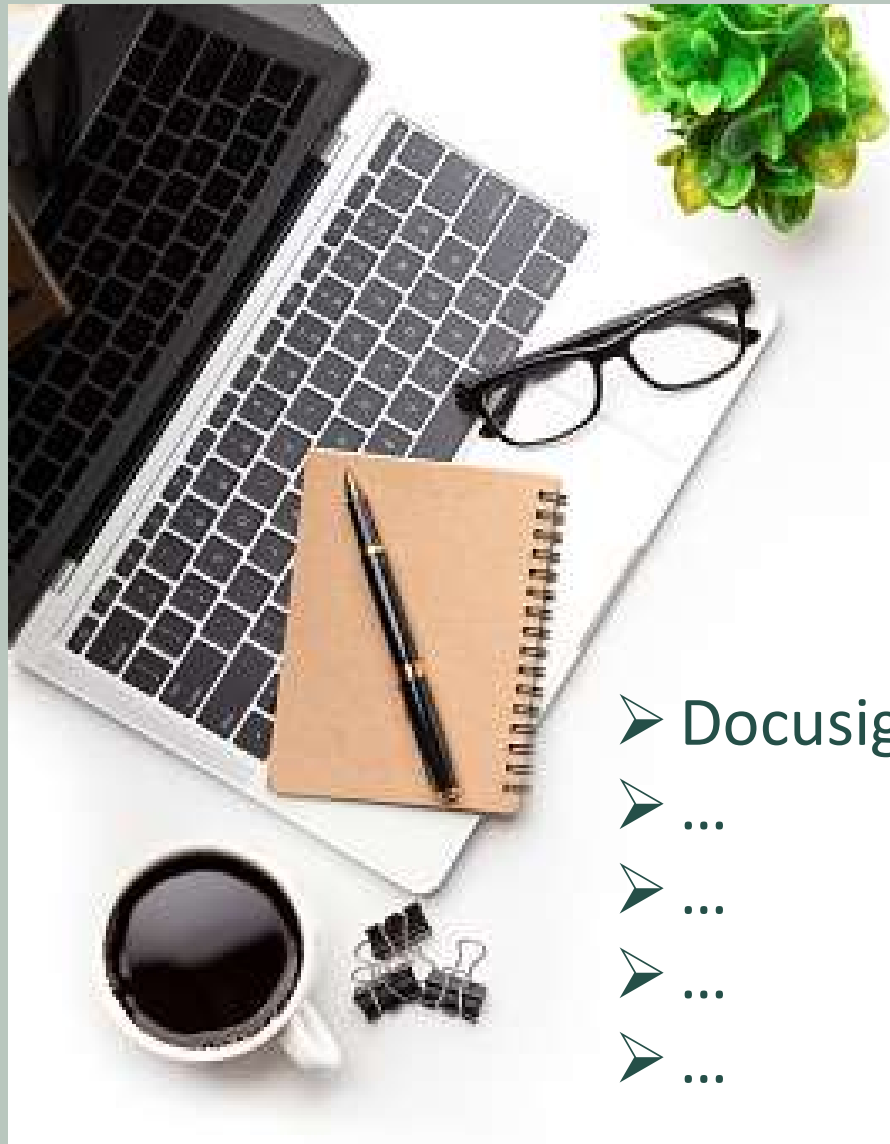
(enclosures)

All securities offered through Trustmont® Financial Group, Inc. Member FINRA/SIPC.  
Registered Investment Advisory Services offered through Trustmont® Advisory Group, Inc.

- 1-Determine if using NRL is in the best interest of the client (used mainly with inactive and/or unresponsive clients)
  - 2-Send approved letter with a copy of the most recent **FULLY EXECUTED** CPF you have on file
  - 3-Hold for 15 days to see if you receive a response
  - 4-If no response, send the NRL and the CPF that you sent to the client to Audrey in operations (They are now good for another 36 months\*)
    - \*Keep in mind that a new CPF will be required for any new business and should be obtained if you meet with that client prior to the next 36 mo update
- NOTE: This does not come to compliance as correspondence since the letter itself was created by Trustmont and is approved for us. It also “replaces” the CPF form so would be considered client paperwork not correspondence
- 5-If they call to update the CPF within the 15 days, you **DO NOT** need to send a copy of the NRL to Trustmont just the newly signed CPF update to be principally signed



## Negative Response Letters (NRL)



# FROM THE DESK of

Tony Hladek

- Docusign/Electronic Delivery & the CRS
- ...
- ...
- ...
- ...

Adobe Sign

## Reg BI and Form CRS

DocuSign

**Electronic Delivery of the CRS:** the CRS must be on the top, the 1<sup>st</sup> document that the client sees

Email





# FROM THE DESK of

Tony Hladek

- DocuSign/Electronic Delivery & the CRS
- AML
- ...
- ...
- ...



Trustmont AML Training is available on AI Insight.

Please Login to your AI Insight account and complete the assigned training prior to **September 30, 2023.**

### **How to Login to AI Insight:**

- Go to [www.aiinsight.com](http://www.aiinsight.com) and click “Login” at the top right corner and enter your login credentials. For assistance with login, please contact AI Insight CustomerCare at 877-794-9448 ext 710 or [customer care@aiinsight.com](mailto:customer care@aiinsight.com).

- The assigned course is, “*AML-Retail: Understanding your Compliance Obligations (EL-ELC205)*”



3rd Quarter 2023



# FROM THE DESK of

Tony Hladek

- DocuSign/Electronic Delivery & the CRS
- AML
- Annual Compliance Meeting
- ...
- ...





# FROM THE DESK of

Tony Hladek

- Docusign/Electronic Delivery & the CRS
- AML
- Annual Compliance Meeting
- Continuing Education (CE) deadline reminder
- ...



## FINRA CE...What you need to know?!?!

- \*Continuing education requirements changed effective January 2023 from once every 3 years to **EVERY YEAR**
- \***Trustmont has listed the company wide due date of 10/31/2023**
- \*you should have received an email from FINRA, at the *email you used when setting up your FINPRO account* at the beginning of the year
- \*If you **CAN NOT** remember your log-in information, contact the FINRA Gateway Call Center 240-386-4040 to get your log-in reset
- \*it will be up to **YOU** to complete on your own or risk becoming CE inactive

**DO NOT WAIT UNTIL  
LAST MINUTE!**



3rd Quarter 2023



# FROM THE DESK of

Tony Hladek

- Docusign/Electronic Delivery & the CRS
- AML
- Annual Compliance Meeting
- Continuing Education (CE) deadline reminder
- TD/Schwab discussion



**Important Dates for transition:**

**July 7th: Last day for checking/debit card set up**

**August 11th: Last day for new rep codes and Veo user IDs**

**August 18th: Last day for new accounts, account maintenance and rep code changes**

**August 25th: Last day for transfers, move money set ups and new access to AdvisorClient**

**September 1st: Last day for one time money movements, trading and management fees**



**3rd Quarter 2023**



# Advisor conversion checklist

To get started, select a topic below to view the recommended steps along with helpful tips and resources.

To explore the guide in full, click [Next](#); click [Home](#) to return to this menu.



This is a tremendous resource for you and your teams to leverage and work off as we approach September 1<sup>st</sup>.

The conversion checklist is a clickable guide that explains important information necessary for your business and clients – including tax

withholding elections, move money, trading and account maintenance. I encourage you and your teams to review this checklist and keep it close by for when end clients call and have questions.

\*Entire checklist to right was sent out 8/8 from Lacey here at Trustmont, check your emails

# Charles Schwab team and contact changes as of 9/5/2023

Currently, we are with Schwab's IG7 team and Justin Reed but as soon as the transition occurs (September 5<sup>th</sup>), we will be with Justin & IG20 team after that.

You may have received an introductory email from Lisa Mihelich last week, she is the Service Managing Director of the IG20 team.

\*Chart to right was sent out 8/4 from Lacey here at Trustmont, check your emails

## CONTACT SHEET

## Trading and Specialty Support Teams

Advisor Services

### TRADING TEAMS

Traditional trading			
Equity trading	800-367-5198, option 1	8:30 a.m.-6:00 p.m. EST	M-F
Mutual Fund trading	800-367-5198, option 2	8:30 a.m.-7:00 p.m. EST	M-F
Fixed Income trading	800-367-5198, option 3	8:30 a.m.-6:00 p.m. EST	M-F
Options trading	800-367-5198, option 4	8:00 a.m.-5:30 p.m. EST	M-F
Trade error reconciliation	800-367-5198, option 6	9:00 a.m.-5:00 p.m. EST, M, T, W, F;	9:00 a.m.-4:00 p.m. EST, Th
Block trading			
Phoenix block trade desk	877-838-5429	8:30 a.m.-5:00 p.m. EST	M-F AK, AZ, CA, HI, ID, KS, MT, ND, NE, NM, NV, OR, SD, UT, WA, WY
Denver block trade desk	877-908-9936	8:30 a.m.-5:00 p.m. EST	M-F AL, AR, CO, IA, IL, IN, KY, LA, MI, MN, MO, MS, OH, OK, TN, WI
Westlake block trade desk	888-280-4692	8:30 a.m.-5:00 p.m. EST	M-F CT, DC, DE, FL, GA, MA, MD, ME, NC, NH, NJ, NY, PA, RI, SC, TX, VA, VT, WV
Strategy desk	800-227-0816	8:30 a.m.-5:30 p.m. EST	M-F
PrimeBroker/Trade Away services	800-404-6996	9:00 a.m.-6:00 p.m. EST	M-F
thinkpipes®	866-547-8431	7:30 a.m.-5:30 p.m. EST	M-F
iRebal®	855-640-2472	9:00 a.m.-5:30 p.m. EST	M-F

### SPECIALTY SUPPORT TEAMS

Advisor Platform Support Schwab Advisor Center® technical support and login assistance	800-647-5465	8:00 a.m.-7:00 p.m. EST	M-F	<a href="http://schwabadvisorcenter.com">schwabadvisorcenter.com</a>
Schwab Alliance End-client login assistance and servicing	800-515-2157	8:00 a.m.-7:00 p.m. EST	M-F	<a href="http://schwaballiance.com">schwaballiance.com</a>
Alternative Investment Service	877-523-1598	8:00 a.m.-6:00 p.m. EST	M-F	<a href="mailto:asalternativeinvestments@schwab.com">asalternativeinvestments@schwab.com</a>
Cost Basis	877-762-6446	8:30 a.m.-7:00 p.m. EST	M-F	<a href="mailto:ascostbasis@schwab.com">ascostbasis@schwab.com</a>
Managed and Advised Accounts	877-595-6345	9:00 a.m.-7:00 p.m. EST	M-F	
Organization Account Resource and Risk Group Assistance with complex organization types and structures	877-520-7177	10:00 a.m.-5:00 p.m. EST	M-F	<a href="mailto:asorgceast@schwab.com">asorgceast@schwab.com</a> (EST, CST); <a href="mailto:asorgwest@schwab.com">asorgwest@schwab.com</a> (MST, PST)
Personal Trust and Administrative Trustee Services	800-745-7721	9:00 a.m.-7:00 p.m. EST	M-F	<a href="mailto:trustservicesconsulting@schwab.com">trustservicesconsulting@schwab.com</a>
Restricted Stock Services	877-804-3525	9:00 a.m.-6:00 p.m. EST	M-F	<a href="mailto:asrestrictedstockteam@schwab.com">asrestrictedstockteam@schwab.com</a>
Schwab Annuity Concierge Service	888-667-2145	9:00 a.m.-7:00 p.m. EST	M-F	<a href="mailto:annuityconcierge@schwab.com">annuityconcierge@schwab.com</a>
Schwab Charitable	855-966-3764	10:00 a.m.-6:00 p.m. EST	M-F	<a href="mailto:give@schwabcharitable.org">give@schwabcharitable.org</a>
Statement and Logo Support	877-762-6446	8:30 a.m.-7:00 p.m. EST	M-F	<a href="mailto:asstatementsupport@schwab.com">asstatementsupport@schwab.com</a>
Tax Form (1099/990T) Questions	877-762-6446	8:30 a.m.-7:00 p.m. EST	M-F	<a href="mailto:astax@schwab.com">astax@schwab.com</a>
Voluntary Corporate Action Elections	877-762-6446	8:30 a.m.-7:00 p.m. EST	M-F	

### CUTOFF TIME FOR REQUESTS

(All times below assume the request is received by Schwab in good order)

eAuthorized wire requests	4:30 p.m. EST
Non-eAuthorized wire requests	2:30 p.m. EST
Check and journal request	2:00 p.m. EST
Insufficient funds Schwab One® checks	11:45 a.m. EST
ACH (Schwab MoneyLink®)	One-time requests received by 5:30 p.m. EST will be processed same day and posted to the receiving account the following business day
Management fee uploads	Processed the following business day if received by 2:30 p.m. EST
New accounts	2:00 p.m. EST
Transfer of accounts	Processed the following business day after new account opened

### ADDITIONAL RESOURCES ON SCHWAB ADVISOR CENTER®

Service Teams and Specialty Teams	For comprehensive contact information, go to: <a href="http://schwabadvisorcenter.com">schwabadvisorcenter.com</a> > Support > choose from the relevant options
Schwab Transition Planning Guide	A handbook on how to navigate the transition from TD Ameritrade to Schwab
Service Guide	A handbook about how to conduct business with Schwab
RIA EdCenter®	A comprehensive library of learning resources
Service Requests	Securely submit documents or messages to Schwab

### ADDRESSES

<b>Standard</b>	Schwab Advisor Services P.O. Box 982603, El Paso, TX 79998-2663
<b>Overnight</b>	Schwab Advisor Services 1945 Northwestern Drive El Paso, TX 79912

charles  
SCHWAB



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## Discussion Points:

- Reminder all IAR support personal must have their own user ID and password. If you have not already reached out to Lacey for your ID, please do so.
- If you already have your ID, LOG IN to make sure you can
- Log into your Schwab account, poke around and become familiar with the platform
- Please be proactive in educating yourself
  - view the many Schwab hosted webinars; Sign up for the Schwab “office hours” to help you
  - check out the transition guide
  - familiarizing yourself with Schwab Advisor Center
  - confirm you have access to all your client accounts (as of mid June)
- Securities must settle at Schwab **BEFORE** money can be taken out, so it may take a day or 2 longer than at TD
  - You can sell and buy same day like at TD
- Aug 18<sup>th</sup> is the last day to open accounts at TD Ameritrade; all accounts after that must be opened with Schwab. You can still do manual paper account opening. Processed similar as you do now. If you scan and wait for approval than upload to TDA, Schwab can process much the same way. If you mail to Trustmont and have us open/upload, that process will be the same too.
- If you have an outstanding transfer/rollover, it must be received at TDA within 30 days of the conversion or it will be rejected and you will have to start over with Schwab.
- Management Fees:
  - Waiting for response from Schwab but currently:
    - Billing in arrears, no longer able to do a “final billing” on outgoing ACAT account notifications, only able to pull a “final billing” BEFORE Schwab is notified.
    - Option to switch clients to advance if interested, requirements to do so
- Opening accounts at Schwab
  - Will not allow Digital Onboarding tool until Schwab can incorporate us/our paperwork into the process
  - Will eventually be allowing DocuSign account opening
  - can always open accounts via paper, same as most do currently.



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Mutual Fund systematic changes once we transition to Schwab's Automatic Investment Program (AIP).

#### Unsupported instructions

- Ineligible Mutual Fund families: Vanguard, some Fidelity, and Dodge & Cox AIP instructions are not supported at Schwab and therefore **will not convert**. These funds are subject to a higher TF at Schwab and are not eligible for the lower transaction fee through AIP.
- Customized frequencies are not supported.
- Exchanges are not supported
- Multiple instructions per mutual fund are not eligible (i.e., the frequency is set as annual, but the client has an instruction for each month of the year), **the instruction will not convert.** )

#### Additional Info about the new AIP program

- Schwab supported frequencies include weekly, every other week, twice a month, monthly, every three months, every six months, and annually
- Schwab supports one instruction per account and symbol. If you have multiple instructions set up for an account and symbol, only one of them will be converted and the rest will be cancelled at the time your account transitions to Schwab.
- No Transaction Fee Funds / Institutional No Transaction Fee Funds: \$0
- Most Transaction Fee mutual funds are eligible through Automatic MF Investing and will have a transaction fee capped at \$10 with a **minimum of 8.5% of principle**
- One instruction per symbol per account.

(Here is a link that also contains additional info: <https://welcomeadvisors.schwab.com/hot-topics> )



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# MaryLynne's Compliance Bulletin

- ✓ Outside Business Activities Review
- ✓ ...
- ✓ ...
- ✓ ...
- ✓ ...

## Understanding FINRA Rule 3270



OUTSIDE BUSINESS ACTIVITIES

# Outside Business Activity Questions Answered...

FINRA Rule 3270:

*prohibits registered persons from engaging in any business activities, outside the scope of their relationship with their member firm, unless they have provided adequate prior written notice to their BD firm.*

### What is an Outside Business Activity (OBA)?

Under financial industry regulations the following types of conduct are explicitly defined as an 'outside business activity', note that FINRA defines outside business activities very broadly

- Working as an employee at any other company;
- Working as an independent contractor or sole proprietor, in any capacity;
- Serving as an officer, director or partner on any board;
- Receiving compensation, in any form, for business conduct; or
- Having the reasonable expectation of receiving compensation for their role at some point in the future.

To be clear, under Rule 3270, compensation is not necessarily required for something to count as an outside business activity. For example, if a registered investment advisor serves as a director on a corporate board, they must report that role, even if they are not actually getting paid for their contribution.

### Takeaways:

1. If you wish to participate in a new outside activity, you need Trustmont's approval prior to making the commitment.
2. If you already have an approval for an OBA but the scope of your participation changes, you are asked to be a member of the board, or you plan to run for or are elected to an executive position such as President, VP, Secretary or Treasurer, you need to notify Trustmont so that we can re-approve and then update your U4.
3. If you are participating in an activity or volunteering in any capacity outside of your securities business with Trustmont a discussion with Compliance may be needed to see if it would be considered an Outside Business Activity and therefore need to be disclosed to FINRA on your U4.



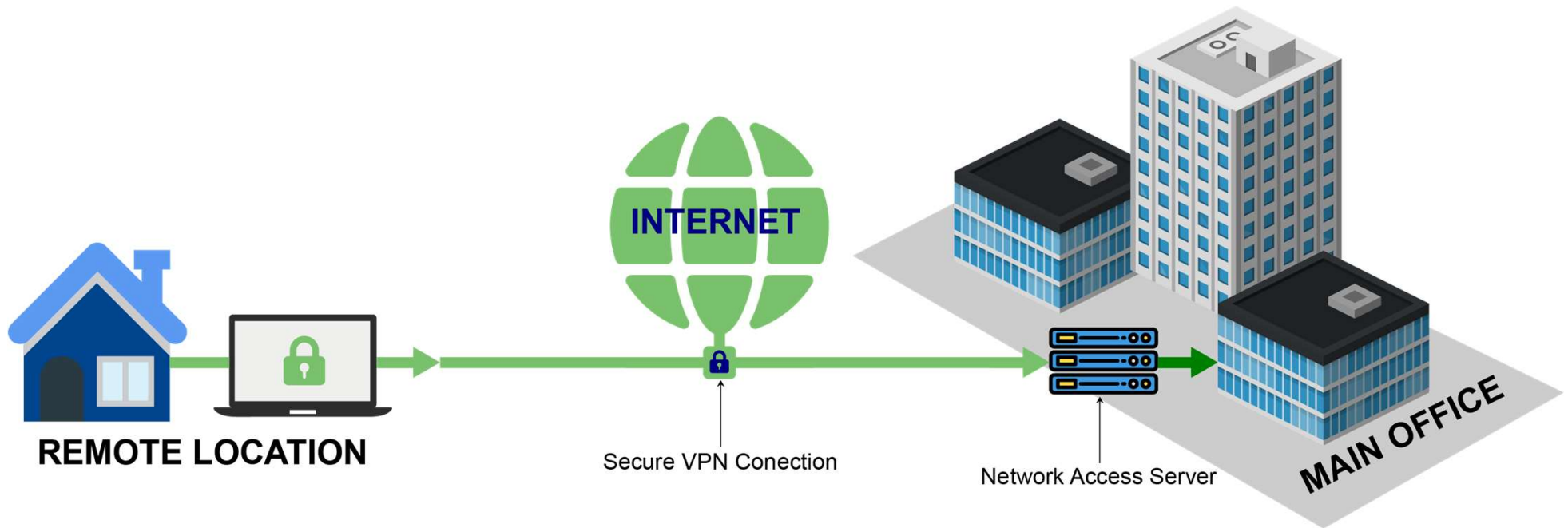
3rd Quarter 2023



# MaryLynne's Compliance Bulletin

- ✓ Outside Business Activities Review
- ✓ Remote Access Software
- ✓ ...
- ✓ ...
- ✓ ...

# Do you use Remote Access in your securities business?



## Some Examples:

Teamviewer	AnyDesk
Splashtop	LogMeIn
GoToMyPC	ConnectWise
RemotePC	

If you are currently using one of the platforms list or something different, please email [compliance@trustmontgroup.com](mailto:compliance@trustmontgroup.com) to ensure we have due diligence on file for all that are being used.





# MaryLynne's Compliance Bulletin

- ✓ Outside Business Activities Review
- ✓ Remote Access Software
- ✓ Cyber Security...What is it?
- ✓ ...
- ✓ ...

# CYBERSECURITY

Cybersecurity refers to the practice of safeguarding systems, computers and data from digital attacks. These attacks often involve attempts to breach, modify, or damage the target's computer system, resulting in interruption or downtime for services, theft of confidential or proprietary data and exposure of personal information. You are entirely incorrect if you believe that you are protected and that you do not need Cybersecurity because only larger corporations fall victim to hackers or software attacks. We all should be aware of cyber security's importance. If a regular internet user isn't careful, he or she can quickly become a target. Because it only takes a few minutes to hack an internet-connected gadget, cybersecurity is critical. A laptop, desktop, smart television, smartphone, or smartwatch can all be used as this device. When linked to the internet, every smart device requires a smart user!



## Best Practices:



**Use Strong Passwords**  
Include a mix of uppercase/  
lowercase letters and  
numbers/symbols.



**Use a VPN When Necessary**  
Utilize a Virtual Private Network  
(VPN) to give you an added  
level of privacy.



**Think Before You Click**  
Avoid downloading  
or clicking on unknown  
links in emails.



**Update Your Home Router**  
Use the most current software  
and secure your router with a  
unique password.



**Update Your Devices**  
Ensure you are running  
up-to-date software  
and antivirus solutions.





**Use Two-Factor Authentication**  
Add two-factor authentication  
to provide an extra layer of security  
to your accounts.



# MaryLynne's Compliance Bulletin

- ✓ Outside Business Activities Review
- ✓ Remote Access Software
- ✓ Cyber Security...What is it?
- ✓ Emojis
- ✓ ...



# Are we able to use Emojis in our securities business?

Trustmont policy is that the use of emojis is prohibited in all electronic communications with customers and potential customers.



Emojis **CANNOT** be used or accepted to confirm, deny, agree to or approve a statement made by you or a client.



# MaryLynne's - Compliance Bulletin

- ✓ Outside Business Activities Review
- ✓ Remote Access Software
- ✓ Cyber Security...What is it?
- ✓ Emojis
- ✓ Reverse Churning

## Reverse Churning and Movement of Accounts Between Brokerage and Advisory

Reverse churning occurs in advisory relationships when an advisor sits back and collects fees without really managing the account.

The SEC as part of their exam priorities continue to focus on the possibility of this practice occurring. The main concern of regulators was that the clients would eventually pay more in the fee-based accounts than in the commission-based accounts — with very little additional service or advice to compensate for the increased price tag.

If you Google “reverse-churning”, there are any number of law firms willing to investigate claims.

Best practices when considering an advisory account for a client:

1. Careful evaluation to determine an advisory account is in the client’s best interest.
2. Document: Once the decision is made to go with an advisory account, document the reasons why.
3. Monitor: Perform an annual review of your advisory accounts to determine that they remain appropriate.

***Key Point: Documentation***

ANY  
QUESTIONS





Thank you for  
Attending!

*Have a wonderful rest of your week!*