



Principal Team Reviews

BEN WEINSTOCK, VICE PRESIDENT OF NEW BUSINESS

Meet Our Team

- **Ben Weinstock, VP of New Business**
- **Pamela Boodhoo, New Accounts Principal**
- **Michelle Castrillon, New Accounts Principal**

Responsibilities

- New Accounts – Brokerage, Direct Business (including CODs)
- Account Services – Items that require Principal Review, MSG Requests, ACATs

Principal Reviews under Reg BI

❖ 4 Main Components of Regulation Best Interest

- ▶ **Disclosure** – Provide disclosure before/at time of recommendation about recommendation and relationship between us and customer
 - ▶ Form CRS
 - ▶ Product Disclosures
- ▶ **Conflict of Interest Obligation** - Requires that we establish, maintain, and enforce written policies and procedures that are reasonably designed to address conflicts of interest.
- ▶ **Compliance** - Requires that we establish, maintain, and enforce written policies and procedures reasonably designed to achieve compliance with Reg BI.
- ▶ **Care Obligation** – Two main components
 - ▶ Have a reasonable basis to believe the recommendation is in the best interest of a particular retail customer based on that retail customer's investment profile and the potential risks, rewards, and costs associated with the recommendation and does not place the interest of the broker-dealer ahead of the interest of the retail customer; and
 - ▶ Have a reasonable basis to believe that a series of recommended transactions, even if in the retail customer's best interest when viewed in isolation, is not excessive and is in the retail customer's best interest when taken together in light of the retail customer's investment profile.

Account Review Items under Reg BI

❖ Mutual Funds

- ▶ Share Classes
 - ▶ Question 3 and 6 on the Risk Profile Questionnaire
- ▶ Breakpoints

❖ Annuities

- ▶ Annuity Specific Benefits
 - ▶ Qualified funds and justification
- ▶ Income Rider Selections
 - ▶ Is there a need for income?
 - ▶ Are they intending to hold it for lifetime (See question 3 on the Risk Profile Questionnaire)

❖ TAMPs

- ▶ Manager(s) selection
- ▶ Fee Disclosures

❖ Alternatives

- ▶ Reviewing of Kovack and State Guidelines
- ▶ Consistent Financials Between Profile forms and All New Account Forms
- ▶ Risk Tolerance, Investment objectives

❖ Brokerage vs. Advisory Accounts

- ▶ Recommendation Summary 3 and 4

DOL PTE – RolloverAnalyzer Report

▶ What is DOL PTE?

- ▶ Through ERISA and subsequent DOL amendments, parties providing fiduciary advice to plan sponsors, plan participants and IRA owners may not receive payments creating a conflict of interest (prohibited) unless there is an exemption - DOL PTE.
 - ▶ How to qualify for exemption?
 - ▶ Acknowledge Fiduciary status
 - ▶ Written description of conflicts
 - ▶ Reasons the recommendation is in the BI of the investor
 - ▶ Alternatives
 - ▶ Fees
 - ▶ Level of services/investments
 - ▶ Rationale

DOL PTE – RolloverAnalyzer Report

- ❖ **RolloverAnalyzer Tool** – Satisfies the compliance of the rule.
 - ▶ Example Report – <https://rolloveranalyzer.investorcom.com/rolloveranalyzer>

- ❖ **Requirement of Report**
 - ▶ New Qualified accounts that are being funded from a rollover or transfer
 - ▶ Existing Kovack Qualified Accounts
 - ▶ Outside IRA/Plan to any Kovack Account – This includes all ACAT submissions as well.
 - ▶ Kovack IRA/Plan Direct Business to Kovack IRA/Plan Direct Business
 - ▶ Kovack IRA/Plan Brokerage or Advisory to Direct Business
 - ▶ Kovack Brokerage Commissionable to Brokerage Advisory
 - ▶ Kovack Brokerage Advisory to Brokerage Commissionable

- ❖ **Qualified Account Situation where report is not required.**
 - ▶ Brokerage Commissionable to Brokerage Commissionable or Brokerage Advisory to Brokerage Advisory
 - ▶ Annuity exchanges

Common Tips

- ▶ Form CRS Delivered
- ▶ CIP Verification
 - ▶ Reviewing that supporting documents match the paperwork
- ▶ Reviewing all NIGO items before resubmitting
- ▶ Sending in full corrected forms
- ▶ Using Advisor Notes in Docupace
- ▶ Source of Funds verification
- ▶ Reference Form Requirement Sheet

Questions?

