

## Compliance Update June 2025

Kingswood Team,

This memo serves as a critical reminder of several key compliance policies and procedures that are essential for maintaining our regulatory obligations and ensuring the integrity of our firm. Your adherence to these policies is mandatory.

### **1. Outside Business Activities (OBAs): Pre-Approval Required**

Any employee engaging in an Outside Business Activity (OBA), whether for compensation or not, **must obtain written pre-approval from the Compliance Department BEFORE commencing the activity**. Please understand that asking for permission *after* you have already begun an activity is a violation of firm policy and regulatory requirements. **Failure to obtain pre-approval for any OBA will result in a finding of non-compliance and may lead to disciplinary action.**

If you are currently engaged in an OBA for which you have not received pre-approval, you must immediately notify the Compliance Department to rectify this.

### **2. Fingerprinting Requirement for All Office Employees (NRFs)**

To ensure the highest level of security and compliance, Kingswood requires **all office employees, regardless of whether they hold a securities license or not, to be fingerprinted as Non-Registered Fingerprinted (NRF) individuals**.

If you are an office employee and have not been fingerprinted, please contact the Compliance Department immediately to arrange for this to be completed. This is a mandatory requirement for all personnel working within our office premises.

### **3. State Licensing for Securities Transactions: Your Responsibility**

When conducting any securities transaction, it is your individual responsibility to **confirm that you are properly licensed in the state in which the client resides**.

While the Compliance Department does conduct checks to assist in verifying licensing, the ultimate responsibility for ensuring you are appropriately licensed in the relevant jurisdiction rests with you, the individual conducting the transaction. Operating without the proper state license is a serious violation and can result in severe penalties for both the individual and the firm.

### **4. Business Processing Procedures: Operations Department Mandate**

As a reminder, **all new business applications and related paperwork processed at Kingswood must be sent directly to our Operations Department**. The Operations Department is responsible for conducting a final review and then submitting the business to the appropriate product sponsor or insurance carrier. **Under no circumstances should you send paperwork directly to a product sponsor or insurance carrier**. Bypassing the Operations Department can lead to processing errors, delays, and a breakdown in our internal controls. Please ensure all completed business is routed through the Operations Department for proper handling and submission.

### **5. Off-Channel Communications: Strictly Prohibited**

A core principle of our compliance program is the strict prohibition of off-channel communications. This means:

- **Texting clients is ONLY permitted through the Global Relay texting app.** Any other texting applications (e.g., native phone messaging, WhatsApp, iMessage) are strictly forbidden for client communications.
- **Private messaging clients through social media applications (e.g., Facebook Messenger, LinkedIn messaging, Instagram DMs) is strictly prohibited.** All client communications must be conducted through approved and surveilled channels.

## 6. Continuing Education (CE) Reminders

- **FINRA Regulatory Element CE:** Please be advised that your 2025 Regulatory Element CE is currently available on the FINRA FinPro website. It is your responsibility to complete this requirement by the annual deadline.
- **2025 IAR CE:** For those registered as Investment Adviser Representatives (IARs), your 2025 IAR CE will be made available through Quest CE in the coming weeks. We will provide further notification once the courses are live and accessible.

Please ensure you are proactively managing your CE requirements to maintain your registrations in good standing.

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We appreciate your cooperation in adhering to these critical compliance policies. Your commitment to these principles is vital in protecting our firm, our clients, and yourselves. If you have any questions regarding the content of this memo, please do not hesitate to contact the Compliance Department.