

Check Deposits and Receipt and Delivery of Securities 2022



FIRST REPUBLIC

FRSC & FRIM Compliance

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Purpose of the training

Receipt of client checks for FRSC accounts

Receipt & delivery of securities for FRSC accounts

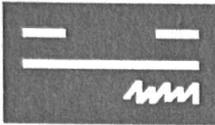
Receipt of check and security deposits for FRIM accounts

Insurance

Summary and Contacts

Quiz

Purpose of the training



Training Outline

This training discusses the processes to be followed when receiving client checks and receiving and delivering physical securities, for FRSC and FRIM accounts. The goal of this training is to:

1. Provide you a clear understanding of what is and what is not allowed regarding the receipt of client checks and physical securities.
2. Ensure you understand the process involved in the receipt of checks and physical securities.
3. Explain why following all the steps is important for FRSC and FRIM to meet regulatory obligations.

CONTINUE

Receipt of client checks for FRSC accounts



The process of receiving check deposits into an FRSC account ensures client physical checks are:

- Properly deposited
- Made payable to the correct party
- Under the daily dollar limit
- In a secure file when held overnight
- Stored for a minimum of 14 days prior to destruction
- For IRA and IRA rollover accounts

The following slides discuss each of these steps in more detail.

① Please read and refer to the Check Deposit Guideline located under PWM Standards & Guidelines on Collaborate for additional details and information.

CONTINUE

Client checks properly deposited

Promptly time stamp the check to verify receipt at the point of possession. Why is this important? The time stamp provides an audit trail of the receipt of the check by First Republic and helps meet regulatory requirements.

If you work in a branch where there are no PWM Operations staff, the check should be given to the Client Service team member designated to scan checks in your location.

The check is photocopied (front & back), scanned via the Wausau check scanner, and sent directly to the Bank of New York.

A confirmation email is received from Wausau confirming the check file has been transmitted.

A confirmation email is received from the Bank of New York confirming receipt and acceptance of the X9 file with the number of items (checks scanned) and dollar amount of the deposit to FRSCBONYDailyDeposit@firstrepublic.com.

The cutoff time for scanning checks is 4:30 p.m. PT.

CONTINUE

Client checks must be made payable to the correct party

For deposit into an FRSC brokerage account, checks must be made payable to our custodian Pershing, or the title of the account.

Checks payable to First Republic Bank or First Republic Securities Company, LLC are not acceptable and must be returned to the client. Please refer to the [Check Deposit Guideline](#) for permitted exceptions.

If the check payable field does not meet the requirements above, the check must be returned directly to the client with a **letter explaining why it could not be accepted or credited to their account.**

What should be sent back to the client?

- Copy of the unacceptable check
- Copy of the return letter to the client
- Overnight air bill

All documents must be uploaded and maintained in the G drive/returned check folder.

CONTINUE

Daily dollar limit for check scanned

The daily dollar limit for checks scanned is \$10 million.

If a check is received for more than the \$10 million limit, a **Business Remote Deposit Temporary Increase Limit Request Form** is required. The completed form must be sent to the Remote Deposit Group.

CONTINUE

Client checks held overnight in a secured file

The cut off time for scanning checks is 4:30pm Pacific Standard Time (PST). If the check is received by FRSC after banking deposit hours, or on a day banks are closed, the check will be placed in a locked drawer until the next business day, when it will be retrieved and processed in the normal manner.

CONTINUE

Client checks stored for a minimum of 14 days prior to destruction

The physical check is stored in a secure file for a minimum of 14 business days but no longer than 2 months and then destroyed.

CONTINUE

Client checks for IRA and IRA Rollover accounts

For checks received into IRA and IRA Rollover accounts and coded as rollover contributions, the **Rollover Tool** must be completed, approved by PWM Supervision, and uploaded to the account.

If the rollover is a recommendation, Form CRS must be delivered to the client. The Client Service team member must record the required information on the delivery of Form CRS in **WealthConnect**.

For IRA rollovers where a recommendation was made to the client. The Rollover Tool must be completed (special attention on fees) and sent to PWM Supervision for review and approval, then the Rollover Tool **MUST** be sent to the client via email.

CONTINUE

Receipt & delivery of securities for FRSC accounts



Let's walk through the process to be followed for receipt and delivery of physical securities as a scenario.

You are part of a WM Team located in a branch office. You receive a securities certificate from a client via the mail. The Client Service team member must review to ensure the securities certificate(s) are registered identically to the title of the associated client account.

The CSA, acting as a cashier in each branch, will promptly send the securities via overnight mail to FRSC Operations in San Francisco.

An image of the securities certificate (front & back) and accompanied documents (stock powers) are filed along with a copy of the air bill (UPS Overnight) receipt.

What should you do if the securities certificate is received by the branch **after deposit hours or mail cutoff time?**

If the branch has a PBO, the certificate is placed and locked in the FRB vault in the branch for safekeeping until the next business day when it can be retrieved and overnighted to FRSC Operations in San Francisco.

If you are part of a WM Team located in **San Francisco ("Main Office")**, hand deliver any securities certificates received to FRSC Operations where they are copied, noted in the **First Republic Securities Received Log**, and forwarded to Pershing.

CONTINUE

Client checks for IRA and IRA Rollover accounts

All client securities received and delivered are promptly forwarded to the clearing firm or returned to the client on the business day they are received.

If the securities certificate is returned to the client, **a letter will be attached explaining the reason it could not be accepted.**

A securities certificate can only be sent to the client. It cannot be returned to the Wealth Manager or Client Service team member.

i Please read and refer to the Physical Certificate Deposit Guideline located under PWM Standards & Guidelines on Collaborate for additional details and information.

CONTINUE

Receipt of check and security deposits for FRIM accounts



Under SEC rule 206(4)-2 of the Advisers Act, otherwise known as the Custody Rule, investment advisers are not allowed to take custody of client funds or securities without taking the required steps to protect the assets.

FRIM has taken the following steps to ensure compliance with the SEC rule:

- **FRIM cannot accept client securities or client checks as it would be deemed to have custody.**
- If the client sends a check payable to themselves or to First Republic Investment Management, **FRIM must return the check immediately to the client.**
- **Clients should make all checks payable out to Pershing (or applicable Custodian)** whether they are writing a check themselves or instructing a third-party to send money on their behalf.
- The following exceptions for checks may be allowed provided we forward them to custodian within three business days:
 - Client check made payable to custodian
 - In certain circumstances, third-party checks made payable to the client

FRIM must return any stock (or bond) certificates received for deposit into an Advisory account to the client promptly in order to not be in violation of the Custody Rule.

For checks received into IRAs and IRA Rollover accounts and coded as rollover contributions, the following must occur:

- Checks must be payable to custodian;
- The **Rollover Tool** must be completed, approved by PWM Supervision, and uploaded to the account;
- The Form CRS must be delivered to the client. The Client Service team member must record the required information on the delivery of Form CRS in **WealthConnect**; and
- For recommendations, the Rollover Tool output (Rollover Comparison Report) must be emailed to the client.

① Please read and refer to the Check Deposit Guideline and the Physical Certificate Deposit Guidelines located under PWM Standards & Guidelines on Collaborate for additional details and information.

CONTINUE

Insurance



Checks related to insurance should be made payable to the carrier issuing the insurance policy, and clients should be encouraged to send check payments related to insurance directly to the carrier. If the Insurance team receives a client check made payable to the carrier, it will promptly be forwarded on to the carrier.

CONTINUE

Summary and Contacts



Summary

Check or Securities Received Allowable:

	Yes	No
FRIM received check payable to FRIM		X
FRIM received check payable to FRSC		X
FRIM received check payable to Pershing	✓	
FRSC received check payable to FRIM		X
FRSC received check payable to FRSC		X

Check or Securities Received Allowable:

FRSC received check payable to FRSC title account	✓	
FRSC received check payable to Pershing	✓	
FRIM received physical security		X
FRSC received physical security	✓	
FRIM or FRSC received check payable to FRB		X

① If allowed, please be sure to follow all processes around acceptance of checks and securities.

CONTINUE



Contacts

If you have any questions about this training, please email FRSCCompliance@firstrepublic.com or FRIMCompliance@firstrepublic.com.

CONTINUE

Quiz

Please take the following quiz about **Check Deposits and Receipt and Delivery of Securities**. You must **score 80% or better** to pass.

Question

01/05

Read the statement below, then select the correct response.

FRIM cannot receive client checks or securities because:

- Taking delivery into the accounts is too complicated.
- FRIM would be deemed to have custody under SEC rules.
- Bank policy does not allow it for FRSC accounts.

Question

02/05

Read the question below, then select the correct response.

Can FRSC receive physical securities certificates into a client account?

Yes

No

Question

03/05

Read the statement below, then select "True" or "False".

When a client check is received for a Rollover IRA account with FRSC and FRIM, the Client Service team member must ensure the following:

- i) the Rollover IRA tool is completed in Pershing,
- ii) Form CRS has been delivered to the client and recorded in WealthConnect, and
- iii) a Rollover Tool output has been emailed to the client if a recommendation has been made.

True

False

Question

04/05

Read the scenario below and the question that follows, then select the correct response.

A client sends a check for their FRIM account made payable to First Republic Investment Management, Inc. Can FRIM Operations accept this check?

Yes

No

Question

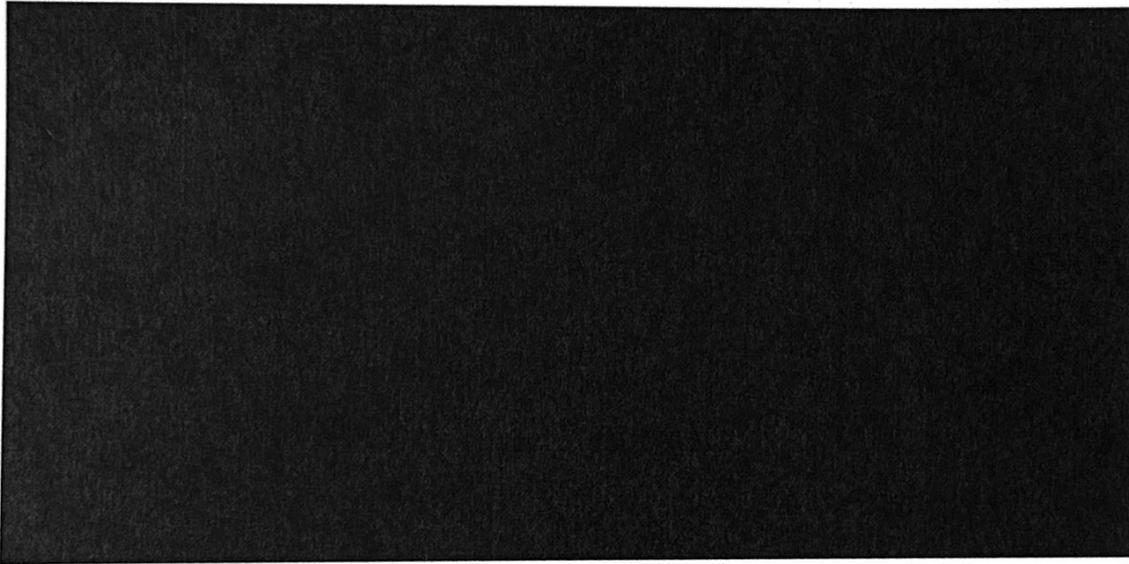
05/05

Read the statement below, then select the correct response.

Checks related to insurance should be made payable to:

- FRIM or FRSC.
- First Republic Bank.
- The carrier issuing the insurance policy.

Thank You!



**You have now completed the course:
Check Deposits and Receipt and Delivery of Securities ✓**