

Instructions for Submitting Your Account Application

SPF_I

1. Select the application type depending on the type of account you're planning to open.
2. Read your Client Relationship Summary and Brokerages Services Disclosure Summary, and, if this is an IRA application, make sure you have read the applicable IRA Agreement on the Disclosure Page.
3. Print the application, complete all relevant client information, and sign your account application.
4. Make yourself a copy of the application for your records.
5. Attach legible and unexpired copy of your government issued photo-identification, such as a driver's license or passport, to your application. Your account cannot be opened without it.
6. Include any initial deposit check.
7. Mail your application with original signature, copy of photo-ID, and any additional paperwork to:

Sorrento Pacific Financial, LLC
10150 Meanley Drive, 1st Floor
San Diego, CA 92131
858-805-7900

8. About 1-2 days after we receive and approve your application, we'll send you an email with instructions on how to create your User ID and Password online.

Sorrento Pacific Financial, LLC (referred to as “we,” “us,” or “SPF”) is registered with the U.S. Securities and Exchange Commission as a broker-dealer and an investment adviser. Additionally, we are a member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”).

Brokerage and investment advisory services and their fees differ, and it is important for you to understand the differences.

To help you research firms and financial professionals, free and simple tools are available at [Investor.gov/CRS](https://investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

What investment services and advice can you provide me?

Our financial professionals offer brokerage services, investment advisory services, or both, depending on their licenses. Each financial professional generally provides access to a range of investment products such as stocks, bonds, exchange traded funds (ETFs), mutual funds, annuities, and alternative investments. Please note that the range of investment options available to you may be limited depending on the licenses your financial professional holds or if he or she is located at a financial institution that does not offer certain options. Your account program may also have specific requirements, such as account or investment minimums. Ask your financial professional if any investment

limitations or account requirements apply. If your financial professional offers you both brokerage and advisory services, your financial professional will inform you when he or she offers an investment recommendation or advice whether the recommendation or advice is part of a brokerage or advisory service. There are important differences between brokerage and investment advisory accounts, including their costs to you and the nature and extent of the services provided. Some of the key differences between brokerage and investment advisory services are described below.

Brokerage Services

- If you plan to follow a buy-and-hold strategy without ongoing advice from a financial professional and you prefer to pay for each transaction, a brokerage account may be the right choice for you.
- We offer full-service brokerage accounts with a wide variety of investments such as stocks, bonds, mutual funds, and exchange traded funds. We do not offer proprietary products.
- In most cases, where we provide recommendations to you to buy, sell, or hold specific investments, you must provide approval for each trade. You, not your financial professional, make the final investment decisions for your account.
- Although we do not provide ongoing monitoring of brokerage accounts unless we say we will in writing, we may periodically review accounts to determine whether to provide a recommendation.
- We do not have a minimum account size to maintain a brokerage account.

Investment Advisory Services

- If you want a financial professional to provide ongoing investment advice, an advisory relationship may be right for you.
- Some of the investment advisory services we offer include wrap fee programs and non-wrap fee programs; mutual fund asset allocation programs; advisory services programs offered by third-party investment advisory firms; financial planning/consulting services; and retirement plan consulting.
- There are different types of advisory accounts you can choose. You can select an advisory account that allows us to buy and sell investments in your account without asking you in advance (a “discretionary account”), or we may give you advice and you decide what investments to buy and sell (a “non-discretionary account”).
- For our discretionary accounts, you give your financial professional or a third-party investment manager the authority to buy and sell securities, either absolutely or subject to certain restrictions. This authority varies according to the advisory program, and there is a prohibition against exercising discretion in a client’s account unless you grant us written authority to enter orders on your behalf.
- For our nondiscretionary accounts, you make the ultimate decision regarding the purchase and/or sale of investments.
- We will typically monitor accounts and investment models or strategies within accounts on an ongoing basis to align with your investment goals. However, in limited scope consulting or financial planning relationships, we won’t provide ongoing monitoring unless we say we will in writing.
- The advisory services we provide may also have account/investment minimums, which are detailed in the applicable Form ADV brochure for your program.

More detailed information about our brokerage services is provided in SPF's Brokerage Services Disclosure Summary ([BSDS](#)). More detailed information about our advisory services can be found in our [Form ADV](#) (specifically Items 4 and 7 of our Part 2A Brochure. Applicable disclosures are available to you at <https://cusonet.com/disclosures/>.

Conversation Starters. Questions to ask your financial professional:

- Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not?
- How will you choose investments to recommend to me?
- What is your relevant experience, including licenses, education and other qualifications? What do these qualifications mean?

What fees will I pay?

There are important differences between brokerage services and advisory services, including their costs to you. Below we describe the fees you could be charged depending on your investment choices.

Fees Associated with Brokerage Services

- For brokerage services, we usually charge transaction-based fees (sometimes referred to as a commission and ticket charges) every time you buy or sell an investment. The amount you pay as transaction-based fees varies according to the particular investment and amount invested. The more trades you make, the more transaction-based fees we earn. This creates an incentive for us to encourage you to trade often.
- For investments in stocks or ETFs, the transaction-based fee is usually charged as a separate commission that is added to the principal amount of the transaction. For investments in bonds, this fee is typically included as part of the price you pay or receive for the investment (called a markup or markdown).
- For investments in certain products like mutual funds, annuities, and alternative investments, we usually receive transaction-based fees from the investment product sponsors in the form of asset-based sales charges (e.g., sales loads). These fees are based on the amount invested in a product and, depending on the product, may be based on how long you hold the investment. Our receipt of asset-based sales loads creates an incentive to recommend products or sponsors that include such charges.

Fees Associated with Investment Advisory Services

- For investment advisory services, we typically charge an ongoing fee (sometimes referred to as an asset-based fee) which is paid monthly or quarterly in advance or in arrears. This fee is a percentage of the value of your account. You pay this fee even if you don't buy or sell investments. The more assets you have in an asset-based fee account, the more you'll pay us in fees. This creates an incentive for us to encourage you to increase the size of your account, including by transferring or rolling over assets from other accounts.
- For wrap fee program accounts, you will pay us a single asset-based fee. This fee covers most transaction costs and certain administrative and custodial costs associated with your investments. For non-wrap fee programs, there are asset-based fees for investment advice, but separate transaction fees. We may also charge an hourly fee or a fixed fee for additional services such as financial planning and consulting services that are limited in duration or nature.
- Some investments (such as mutual funds and variable annuities) incur additional fees and expenses that will reduce the value of your investment over time.
- The fee you pay your financial professional is typically negotiated with him or her directly and subject to different maximums depending on the advisory program selected.

Other Fees and Costs

If applicable to your account, you will be charged directly for other fees in addition to brokerage commissions and advisory fees, including the following: (1) outgoing transfers, IRA maintenance and termination fees, ticket charges, and direct registration of securities; (2) cash management fees such as checking, wired funds, margin extensions, and stop payments; (3) investment specific fees such as administration of alternative investments or foreign securities; and (4) asset-based fees on mutual funds, ETFs, and other pooled funds.

For brokerage accounts please refer to our [Brokerage Services Disclosure Summary](#) for more information on fees and costs. Please refer to the [Form ADV](#) applicable to your advisory program (specifically Item 5) for more information on fees and costs that apply to your account.

Certain investment products have significant fees triggered by particular events, e.g., annuities may include mortality, expense, and administrative fees, and fees for excessive transfers or early withdrawals. Depending on the investment product in which you invest, fees and costs are described in the product's prospectus or other offering document.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

Conversation Starter. Questions to ask your financial professional:

- Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

What are your legal obligations to me when providing recommendations as my broker-dealer or when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

When we provide you with a recommendation as your broker-dealer or act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations and investment advice that we provide to you.

Specifically, there are conflicts of interest associated with the compensation that we and our financial professionals receive.

Commissions or other compensation related to one financial service provider, product, investment, or service may be higher than commissions or other compensation related to a comparable provider, product, or service. Those higher rates of compensation provide incentives to us (and our financial professionals) to recommend certain providers, products, or services over those with lower rates of compensation.

Below are some examples of our conflicts of interest. If you have any questions about whether any of these situations could apply to your investments, ask your financial professional.

Third-Party Payments

We receive compensation from third parties related to investments you make in certain products, including mutual funds, ETFs, annuities, alternative investments, and other investments. This compensation includes ongoing distribution charges (e.g., 12b-1 fees or trail payments), which an investment product charges you as an investor and then pays to us.

We also receive various benefits from our relationship with our clearing and custodial firm, Pershing LLC. Some examples include payments related to uninvested cash balances you authorize us to move into money market

funds and FDIC insured bank deposit products, a growth assistance credit to help us grow our business on the Pershing platform, and a portion of certain account transaction, service, and custodial fees that exceed the amount we are charged for these transactions and services. This creates an incentive for us to maintain a cash balance with us.

Revenue Sharing

In addition to the third-party payments described above, we also receive revenue sharing payments from sponsors who participate in our marketing program called the Partners Program, which means that third-party sponsors share with us a portion of the revenue they earn on your investments. Because we receive payments from these sponsors, we have an incentive to recommend or invest your assets in their sponsored investments. Detailed information regarding third-party payments, including revenue sharing, can be found in our [Brokerage Services Disclosure Summary](#) and Third-Party Fee Disclosure at <https://cusonet.com/>

Principal Trading

In brokerage accounts, we sometimes directly buy from you or sell to you investments including bonds or certain shares of mutual funds and unit investment trusts (UITs). These are called principal trades. If the principal trade involves a bond, we receive a markup or markdown by either buying the bond from you at a lower price than we will sell it for or by selling the bond to you at a higher price than we bought it for. That creates an incentive for us to either buy the bond from you at the lowest price possible or sell the bond to you at the highest price possible and maximize our profit on the principal trade.

Detailed information on our conflicts of interest can be found in our [Brokerage Services Disclosure Summary](#) and our [Form ADV, Part 2A](#).

Conversation Starter. Questions to ask your financial professional:

- How might your conflicts of interest affect me, and how will you address them?

How do your financial professionals make money?

The agreement between each financial professional and SPF sets out the payments we make to them. Our financial professionals can provide brokerage services, advisory services, or both. Those who provide you with brokerage services generally receive a portion of the commission or markups/markdowns from your trades. When providing advisory services, our financial professionals receive a portion of the advisory fee that you pay. Receiving a portion of the advisory or brokerage transaction fees you pay to us creates an incentive for a financial professional to encourage you to increase your investment account size, trade more frequently, or recommend products that pay higher commissions.

We also compensate financial professionals and your financial institution based on production, including payments based on the amount of client assets they service and the products they sell. In addition, our financial professionals receive different amounts of compensation for selling different types of investments or services. This could include, for example, a share of the 12b-1 fees, trail payments, or sales loads paid to us by certain investment products. Although your financial professional must recommend investment products or manage your account in your best interest, these additional forms of compensation create an incentive for them to recommend specific financial products that pay them more. Our financial professionals receive compensation in other ways, including:

- Transition assistance to your financial institution if your financial professional moved to us from another company. This assistance can include repayable or forgivable loans and/or waiving, subsidizing, or reducing other costs associated with transitioning the financial professional's business. This assistance creates an incentive to migrate and maintain business with us, and to sell or recommend the sale of investments held in an account if we do not offer those investments.
- Waived or reduced costs for marketing, technology, practice management programs, or subscriptions.
- An annual awards program based on total sales with the firm overall, accumulating assets, or for non-registered insurance sales.
- Non-cash benefits from product sponsors and third-party money managers including items such as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, support in connection with educational meetings, seminars or client appreciation events, and reimbursement for marketing or advertising initiatives, including services for identifying prospective clients.
- More information on our financial professional's compensation can be found in our [Form ADV](#) and [Brokerage Services Disclosure Summary](#).

Do you or your financial professionals have legal or disciplinary history?

Yes. Visit investor.gov/CRS for a free and simple search tool to research our firm and our financial professionals.

Conversation Starter. Questions to ask your financial professional:

- As a financial professional, do you have any disciplinary history? For what type of conduct?

Additional Information

For additional information about our brokerage and advisory services, view our [Investment Product and Services Overview](#). If viewing a paper version of this form, please visit cusonet.com for hyperlinks to documents referenced herein.

If you would like additional, up-to-date information, a *current* copy of this *client* relationship summary, or if you have a problem with your financial professional, please call us at (800) 686-4724.

Conversation Starters. Questions to ask your financial professional:

- Who is my primary contact person?
- Is he or she a representative of an investment adviser or a broker-dealer?
- Who can I talk to if I have any concerns about how this person is treating me?



Please initial to acknowledge receipt of the form.

Account Application, Business - Self Advisory

SPF_I 5-23

For SPF
Use Only

New SPF Account# _____



Rep Code: _____

See instructions on page 5.

1 Account Type/Account Registration

| | | | | | | | | | |
|---|--|--|--|--|--|--------------------------------|--|---|--|
| C Corporation Partnership | | S Corporation Sole Proprietor/Single-Member LLC | | LLC C Corporation Nonprofit | | LLC S Corporation Nonprofit | | LLC Partnership Investment Club (Req. Investment Club Agreement) | |
| Name of Entity | | | | Tax ID No. (or SSN - applicable for sole proprietor only) SSN TIN _____ | | Business Phone | | | |
| Registration Address (cannot be a P.O. Box) Home Business | | | | City | | State/Province | | Zip/Postal Code Country | |
| Mailing Address (if different from registration address) Home Business Other | | | | City | | State/Province | | Zip/Postal Code Country | |

2 Authorized Agent/Officer/Partner/Manager

| | | | | | | | | | |
|---|--|-----------------|--|--|--|--|--|----------------------|--|
| Authorized Agent: First, Middle Initial | | Last Name | | Date of Birth (mm/dd/yyyy) | | Email Address | | Business Phone | |
| Primary Address (cannot be a P.O. Box) | | | | Country of Citizenship U.S. Other _____ | | Country of Legal Residence (if different from mailing address) U.S. Other _____ | | | |
| City | | State/Province | | Zip/Postal Code | | Country | | Mother's Maiden Name | |
| ID# (Driver's Lic., Passport, Alien, Gov't.) (attach copy) | | Expiration Date | | State/Country of Issuance | | | | | |
| Authorized Co-Agent (if applicable) | | | | | | | | | |
| Authorized Co-Agent: First, Middle Initial, Last Name | | | | Date of Birth (mm/dd/yyyy) | | Email Address | | | |
| Primary Address (cannot be a P.O. Box) | | | | Country of Citizenship U.S. Other _____ | | Country of Legal Residence (if different from mailing address) U.S. Other _____ | | | |
| City | | State/Province | | Zip/Postal Code | | Country | | | |
| ID# (Driver's Lic., Passport, Alien, Gov't.) (attach copy) | | Expiration Date | | State/Country of Issuance | | | | | |
| <p>I, _____ the _____ of _____, a _____ duly incorporated, organized, or existing under the laws of the State of _____ (the "Organization"), hereby certify that (1) the person(s) whose signature appears below is authorized to establish and maintain accounts with SPF on behalf of the Organization and to bind the Organization to the SPF Customer Agreement; (2) the charter documents, agreements, and applicable laws governing the Organization permit the establishment and maintenance of accounts, including the purchase, sale, or dealing in, through SPF as broker, securities, options (if allowed), and other assets, on margin (if allowed) or otherwise; and (3) any one two of the person(s) whose signatures appear below are also duly authorized to take the actions in (2) above, unless and until SPF is provided with written notice three days prior to revoking such authorization.</p> | | | | | | | | | |
|  1 | | | |  2 | | | | | |
| SIGNATURE OF AUTHORIZED AGENT/OFFICER/PARTNER/MANAGER | | | | DATE | | SIGNATURE OF AUTHORIZED CO-AGENT | | | |
| | | | | | | DATE | | | |

3 Account Information Profile for Authorized Agent/Officer/Partner/Manager (required information)

| | | | | | | |
|---|---|----------------|---|---------------------------------|---|----------|
| | SPF Registered/Affiliated Person | | Related to a SPF Registered/Affiliated Person | | No | |
| | Authorized Agent | | | Authorized Co-Agent | | |
| | Retired: Yes No | | | Retired: Yes No | | |
| Employer (If self-employed, a student, or a homemaker, please state. If retired or unemployed please state and state previous occupation.) | Employer Name | | Type of Business | | Employer Name | |
| | | | | | Type of Business | |
| Employer Address | Address | | | Address | | |
| | City | State/Province | Zip Code | City | State/Province | Zip Code |
| Specify Occupation (If self-employed, please describe.) | Occupation | | Length of Employment | | Occupation | |
| | | | | | Length of Employment | |
| Are you or any member of your family affiliated with or employed by a broker-dealer/RIA, or by a member of a stock exchange, self-regulatory organization (ex: FINRA), or state/federal securities regulator (SEC, State Insurance Division)? | Yes No | | Yes No | | Yes No | |
| | If yes, employer authorization may be required. | | If yes, employer authorization may be required. | | If yes, employer authorization may be required. | |
| | Organization/Affiliation: _____ | | | Organization/Affiliation: _____ | | |

3 Account Information Profile for Authorized Agent/Officer/Partner/Manager (cont'd)

| | | |
|---|--|---|
| Are you a senior officer, director, or 10% shareholder of a public company? | Yes No If yes, Company Name: _____ | Yes No If yes, Company Name: _____ |
| Investment Experience (Please specify in years of experience. If none, put "0") | Stocks _____ Bonds _____ Mutual Funds _____ Margin Trading _____ Options _____ Annuities _____ | Stocks _____ Bonds _____ Mutual Funds _____ Margin Trading _____ Options _____ Annuities _____ |
| Business Financial Information (from the perspective of the business) | | |
| Tax Bracket | Tax Bracket _____ % | |
| Annual Income | less than \$15,000 \$15,000-24,999 \$25,000-49,999 \$50,000-99,999 \$100,000-199,999 \$200,000+ | |
| Liquid Net Worth (cash, stocks, mutual funds, etc.) | less than \$15,000 \$15,000-24,999 \$25,000-49,999 \$50,000-99,999 \$100,000-199,999 \$200,000-499,999 \$500,000-999,999 \$1,000,000+ | |
| Net Worth (excluding home) | less than \$15,000 \$15,000-24,999 \$25,000-49,999 \$50,000-99,999 \$100,000-199,999 \$200,000-499,999 \$500,000-999,999 \$1,000,000+ | |
| Does the business listed above have a net worth of \$50 million or more? | Yes No | |
| Investment Objective (For definitions of these investment objectives, please refer to the Customer Agreement portion of this application.) | Conservative Income Growth & Income Growth Aggressive Growth | |
| Risk Tolerance | Low Medium High | |

4 Account Instructions

Your account will be set up to sweep cash balances automatically into insured bank deposit accounts or taxable money market funds, depending on your account type, when your account is opened. An Insured Deposit Program Disclosure booklet or prospectus will be provided to you.

Dividend/Interest Options

Option 1 - Hold all dividends/interest

Option 2 - Pay check monthly

Source of Funds

Income from Wages
Investment Proceeds

Inheritance
Gift

Retirement Savings
Other (please describe) _____

Sale of Business

Cost Basis/Tax Lot Disposition Method: Disposition method for all assets will default to First In, First Out (FIFO). If you desire any other disposition method, please notify the New Accounts Department.

This section intentionally left blank.

Please see Disclosure and Agreement on the next page.

5 Disclosure and Agreement

I understand that the products offered through this account ARE: (1) NOT insured by the Federal Deposit Insurance Corporation (FDIC), any government agency, or any other deposit insurance program*; (2) NOT deposits with, obligation of, or guaranteed by any bank or any affiliated entity; (3) SUBJECT to investment risk, including possible loss of the principal amount invested; (4) offered through Sorrento Pacific Financial, LLC ("SPF"); (5) if applicable, being offered by a dual employee who accepts deposits on behalf of the bank and also sells non-deposit investment products on behalf of SPF; and (6) that SPF and the bank will likely receive compensation as a result of the purchase of non-deposit investment products or advisory services by you through SPF.

* Certain brokered certificates of deposit may be FDIC Insured, if available through SPF at this location.

I wish to receive my Privacy Policy via: Email US Postal Service

I understand that SPF and Pershing may perform identity verification prior to opening my account.

I understand that you will supply my name to issuers of any securities held in my account so that I might receive any important information regarding them, unless I notify you in writing not to do so.

TAXPAYER CERTIFICATION: Under penalties of perjury, I certify that: (1) the number shown on this form is my correct Social Security Number or Taxpayer Identification Number (or I am waiting for a number to be issued to me); (2) I am not subject to backup withholding because (a) I am exempt from backup withholding or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; (3) I am a U.S. Citizen or other U.S. person (defined below); and (4) the FATCA code(s) entered here _____ (if any) indicating that I am exempt from FATCA reporting is correct.

You must cross out Item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For accounts exempt from backup withholding (if you are unsure, ask us for a complete set of IRS instructions), write the words "Exempt Payee" here: _____

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

I am not a U.S. person and have attached Form W-8BEN to this application.

THE IRS DOES NOT REQUIRE YOUR CONSENT TO ANY PROVISION OF THIS DOCUMENT OTHER THAN THE CERTIFICATION REQUIRED TO AVOID BACKUP WITHHOLDING.

I AM AWARE THAT AN AGREEMENT TO ARBITRATE DISPUTES IS LOCATED ON PAGE 6 AND PARAGRAPH 33 OF THE CUSTOMER AGREEMENT AND THAT THE CUSTOMER AGREEMENT CONTAINS MY CONSENT TO THE EXCHANGE OF CONFIDENTIAL INFORMATION BETWEEN THE FINANCIAL INSTITUTION, ITS AFFILIATED ENTITIES, SPF AND/OR THEIR CLEARING FIRM.

Cash account. If this circle is not marked, I understand that my account, if approved, will be opened as a margin account. I acknowledge that securities held in my Margin account may be pledged, re-pledged, hypothecated, or re-hypothecated for any amount due Pershing LLC (Pershing) in my account(s) or for a greater amount which Pershing, at its sole discretion, may deem necessary.

SIGNATURE: I am of legal age to contract. I acknowledge that I have read and completely understand the Account Application, Business - Self Advisory, the Disclosures, and the Customer Agreement, and have had all of my questions regarding the same answered to my full satisfaction. In consideration of the acceptance of the new account, I agree to the terms of the Customer Agreement. I have received a copy of the Account Application, Business - Self Advisory, the Disclosures, and the Customer Agreement.



3

SIGNATURE OF AUTHORIZED AGENT

DATE



4

SIGNATURE OF AUTHORIZED CO-AGENT

DATE

Please see Options on the next page.

6 Options Trading Application and Agreement Optional. If options trading requested, you must also complete sections 1-5.

Options Activity Requested: You must select one. If no box is checked, you will be considered only for Level One activity.

No Options Activity requested

Level One: Write Covered Calls

Level Two: Level One + Long Purchases/Covered Puts/Spreads

Level Three: Level Two + Uncovered Equity Puts/Straddles

(Custodial accounts considered only for Level One activity)

| Options Questionnaire: | | Account Holder | | | | Account Co-Holder or Custodian | | | | |
|---|--|--|--|---------------|-----------|--|--|---------------|-----------|-----|
| | | None Good | Limited Excellent | | | None Good | Limited Excellent | | | |
| Options investment knowledge and experience | | | | | | | | | | |
| Options trading experience | | None Covered Call Writing Covered Puts | Purchases Spreads Uncovered Puts | | | None Covered Call Writing Covered Puts | Purchases Spreads Uncovered Puts | | | |
| Years of experience by transaction type | | Stocks _____ | Bonds _____ | Options _____ | | Stocks _____ | Bonds _____ | Options _____ | | |
| Total transactions per year | | Stocks | 0-10 | 11-24 | 25-74 | 75+ | 0-10 | 11-24 | 25-74 | 75+ |
| | | Bonds | 0-10 | 11-24 | 25-74 | 75+ | 0-10 | 11-24 | 25-74 | 75+ |
| | | Options | 0-10 | 11-24 | 25-74 | 75+ | 0-10 | 11-24 | 25-74 | 75+ |
| Average transaction size | | 0-\$9,999 | \$10,000-24,999 | | \$25,000+ | 0-\$9,999 | \$10,000-24,999 | | \$25,000+ | |

Read and sign below if you are applying to trade options. Important: You must also sign a margin/option upgrade form before we can approve your account for level 2 or 3. I have read and understand the disclosure document entitled **Characteristics and Risks of Standardized Options** issued by the Options Clearing Corporation. I am aware of the special risks and obligations of options trading. I have read, understood, and agree to be bound by the SPF Options Trading terms and conditions outlined in the SPF Customer Agreement, and agree that I am bound by it as it is currently in effect and as it is amended from time to time.

MARGIN REQUIREMENTS FOR OPTIONS AND OPTIONS STRATEGIES

1. Minimum equity requirement for uncovered puts and straddles is greater of \$25,000 or option requirements below.
2. Minimum equity requirement for spreads is the greater of \$10,000 or option requirements below.

| Option Trade Type | Initial/Maintenance Requirements |
|---------------------------------------|---|
| LONG PURCHASES | Payment in full. (During the current expiration cycle, equity must be in the account before the trade is executed.) The cycle begins on the Monday following the prior month's expiration date. |
| SPREADS Bull Spread Bear Spread | Spreads are not permitted on European-style options unless both sides expire at the same time. The net premium difference must be paid in full, plus there is a \$25,000 minimum equity requirement. The greater of 110% of the strike price differential or \$25,000 minimum equity. |
| STRADDLES | The greater of the requirement on the put or call, plus the premium on the other side. |
| UNCOVERED EQUITY PUTS | The initial and maintenance requirement is the greater of the following: The premium plus 30% of the market value of the underlying equity, adjusted for the out-of-money amount, but not less than 15% plus the premium. Pershing minimum per contract: Puts: If the strike price is less than \$50 per share, the minimum is \$1,000 per contract. If the strike price is more than \$50 per share, the minimum is \$2,000 per contract, not to exceed 100% of the strike price. |
| All Other Options | Contact SPF's Trading Department. |



SIGNATURE OF AUTHORIZED ACCOUNT HOLDER OR CUSTODIAN _____ DATE _____



SIGNATURE OF AUTHORIZED ACCOUNT CO-HOLDER _____ DATE _____

For SPF Use Only:

I have received this application and believe the account is suitable for:

Cash Margin

Approval _____ Date _____

Options - Level One

Options - Level Two

Options - Level Three

Approval _____ Date _____

Account Instructions (Use this application if you are opening a Business Account.)

1. Account Type/Account Registration

- ✓ Choose the type of account for this application. The Business application will be registered under the entity's name and SSN. You must attach the following document to the application:

- ◆ Corporate: Corporate Resolution
- ◆ Partnership: Partnership Account Form
- ◆ Sole Proprietorship: Certificate of Sole Proprietorship
- ◆ Nonprofit: Non-Corporate Resolution
- ◆ Investment Club: Investment Club Agreement

2. Authorized Agent/Officer/Partner/Manager

We need the authorized agent/officer/partner/manager's date of birth as proof that they have reached the legal age to contract. Your SPF account must be registered to a street address, not a P.O. box. You may, however, use a P.O. box as your mailing address.

3. Account Information Profile for Authorized Agent/Officer/Partner/Manager (required information)

Industry regulations require us to obtain the personal and financial information requested in this section. Please do not skip any item(s), and please be specific (e.g., do not use "N/A").

Please be specific; don't use "N/A" for employer/occupation.

- ✓ You must indicate whether your employer is a registered broker-dealer. And, if so, you must attach an approval letter from your company's compliance officer. This is a regulatory requirement.

We need to know both your liquid net worth and your total net worth. Your liquid net worth includes such assets as cash, bank deposits, stocks, and mutual funds. Your total net worth includes your liquid net worth plus assets not readily convertible into cash (such as collectibles, real estate, excluding your primary residence).

Investment Objective Definitions

- A. Conservative:** Investors who seek investments designed with emphasis placed on the prevention of capital loss with secondary concentration in current income.
- B. Income:** Investors who seek investments primarily focused on the continued receipt and steady stream of income.
- C. Growth & Income:** Investors who seek investments where emphasis is placed on modest growth with some focus on the generation of income.
- D. Growth:** Investors who seek investments primarily focused on achieving high capital appreciation with little emphasis on the generation of current income.
- E. Aggressive Growth:** The most aggressive objective. Investors who seek investments focused on maximizing capital appreciation and not concerned with the generation of current income. Speculative investments will assume high market risks for potentially high returns.

Risk Tolerance Definitions

- A. Low:** I want to preserve my initial principal in this account, with minimum risk, even if it means this account does not generate significant income or returns and may not keep pace with inflation.
- B. Medium:** I am willing to accept some risk to my initial principal and tolerate some volatility to seek higher returns, and understand I could lose a portion of the money invested.
- C. High:** I am willing to accept high risk to my initial principal, including high volatility, to seek high returns over time, and understand I could lose a substantial amount of the money invested.

4. Account Instructions

Your money works for you all the time at SPF, and you can access it at any time through our free, no-obligation, check writing service. To obtain check writing, complete a Check Writing Application form.

You can use any of the following funding options to open your Cash (\$1,000 minimum initial deposit) account:

- ✉
- ◆ Personal, cashier's, or government check, properly endorsed and payable to Pershing LLC.
 - ◆ Transfer of assets from an account at another financial institution (brokerage, mutual fund or bank). An **Account Transfer Form** is needed.
 - ◆ Wire transfer to: Bank of New York, New York, NY, ABA #021000018 for Pershing LLC; account #8900512385; for further credit to: [your name and your SPF account number].
 - ◆ Security certificates (such as stock certificates), properly endorsed to Pershing LLC and enclosed.

5. Disclosure and Agreement

📖 Please read this! This acknowledges that you understand all the terms and conditions of your SPF account. All authorized account holders must sign here. We cannot open your account without your signature; fax copies will not be accepted.

6. Options Trading Application and Agreement (Optional. If options trading requested, you must also complete sections 1-4.)

- ✓ Fill out this section only if you want to trade options. If you want to apply to trade options, you must complete the entire SPF Account Application including this section.

If you have no experience in a specific transaction type, please write "O" in the box.

Please read the options trading agreement! This acknowledges that you have read and understand the disclosure document Characteristics and Risks of Standardized Options.

✍ The Authorized Agent/Officer/Partner/Manager must sign here if you want to be considered for options trading.

FINRA Margin Disclosure Statement

Your brokerage firm is furnishing this document to you to provide some basic facts about purchasing securities on margin, and to alert you to the risks involved with trading securities in a margin account. Before trading stocks in a margin account, you should carefully review the margin agreement provided by your firm. Consult your firm regarding any questions or concerns you may have with your margin accounts.

When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from your brokerage firm. If you choose to borrow funds from your firm, you will open a margin account with the firm. The securities purchased are the firm's collateral for the loan to you. If the securities in your account decline in value, so does the value of the collateral supporting your loan, and, as a result, the firm can take action, such as issue a margin call and/or sell securities or other assets in any of your accounts held with the member, in order to maintain the required equity in the account.

It is important that you fully understand the risks involved in trading securities on margin. These risks include the following:

- ☐ **You can lose more funds than you deposit in the margin account.** A decline in the value of securities that are purchased on margin may require you to provide additional funds to the firm that has made the loan to avoid the forced sale of those securities or other securities or assets in your account(s).
- ☐ **The firm can force the sale of securities or other assets in your account(s).** If the equity in your account falls below the maintenance margin requirements or the firm's higher "house" requirements, the firm can sell the securities or other assets in any of your accounts held at the firm to cover the margin deficiency. You also will be responsible for any short fall in the account after such a sale.
- ☐ **The firm can sell your securities or other assets without contacting you.** Some investors mistakenly believe that a firm must contact them for a margin call to be valid, and that the firm cannot liquidate securities or other assets in their accounts to meet the call unless the firm has contacted them first. This is not the case. Most firms will attempt to notify their customers of margin calls, but they are not required to do so. However, even if a firm has contacted a customer and provided a specific date by which the customer can meet a margin call, the firm can still take necessary steps to protect its financial interests, including immediately selling the securities without notice to the customer.
- ☐ **You are not entitled to choose which securities or other assets in your account(s) are liquidated or sold to meet a margin call.** Because the securities are collateral for the margin loan, the firm has the right to decide which security to sell in order to protect its interests.
- ☐ **The firm can increase its "house" maintenance margin requirements at any time and is not required to provide you advance written notice.** These changes in firm policy often take effect immediately and may result in the issuance of a maintenance margin call. Your failure to satisfy the call may cause the member to liquidate or sell securities in your account(s).
- ☐ **You are not entitled to an extension of time on a margin call.** While an extension of time to meet margin requirements may be available to customers under certain conditions, a customer does not have a right to the extension.

Sorrento Pacific Financial, LLC Business Continuity Plan

Sorrento Pacific Financial, LLC ("SPF") has developed and tested a Business Continuity Plan on how we will respond to events that significantly disrupt our business. Since the timing and impact of disasters and disruptions is unpredictable, we will have to be flexible in responding to actual events as they occur. With that in mind, we are providing you with this information on our business continuity plan.

SPF Headquarters and Staff – SPF headquarters including our operations, trading, service center and back office support is located in San Diego, California. SPF has representatives, program managers, and sales support staff located throughout the country. Data for SPF customers regarding account balances, trading activity and documentation is maintained in geographically diverse centers including Pershing, LLC in New Jersey.

Contacting Us and Access to Your Funds – If after a significant business disruption you cannot contact SPF as you usually do at you should go to our website at [www.sorrentopacific.com](#). If you cannot access us through either of those means, you should contact our clearing firm, Pershing, LLC, P.O. Box 2065, Jersey City, New Jersey 07303-2065; or 201-413-3635, for instructions on how it may process limited trade-related transactions, cash disbursements, and security transfers for brokerage accounts. For direct business accounts customers may contact the appropriate advisory, insurance or mutual fund company that holds the account. Contact information for the direct business provider can be found on the account statement.

Our Business Continuity Plan – We plan to quickly recover and resume business operations after a significant business disruption and respond by safeguarding our employees and property, making a financial and operational assessment, protecting the firm's books and records, and allowing our customers to transact business. In short, our business continuity plan is designed to permit our firm to resume operations as quickly as possible, given the scope and severity of the significant business disruption.

Our business continuity plan addresses: data backup and recovery; all mission critical systems; financial and operational assessments; alternative communications with customers, employees, and regulators; alternate physical location of employees; critical supplier, contractor, bank and counter-party impact; regulatory reporting; and assuring our customers prompt access to their funds and securities if we are unable to continue our business.

Our clearing firm, Pershing, LLC, backs up our important records in a geographically separate area. While every emergency situation poses unique problems based on external factors, such as time of day and the severity of the disruption, we have been advised by our clearing firm that its objective is to restore its own operations and be able to complete existing transactions and accept new transactions and payments within 4 hours. Your orders and requests for funds and securities could be delayed during this period.

Varying Disruptions – Significant business disruptions can vary in their scope, such as only our firm, a single building housing our firm, the business district where our firm is located, the city where we are located, or the whole region. Within each of these areas, the severity of the disruption can also vary from minimal to severe. In a disruption to only our firm or a building housing our firm, we will transfer our operations to a local site when needed and expect to recover and resume business within 4 hours. In a disruption affecting our business district, city, or region, we will transfer our operations to a site outside of the affected area, and recover and resume business within 24 to 48 hours. In either situation, we plan to continue in business, transfer operations to our clearing firm if necessary, and notify you through our website [www.sorrentopacific.com](#) or our customer emergency number, [1-800-333-3635](#), how to contact us. If the significant business disruption is so severe that it prevents us from remaining in business, we will assure our customer's prompt access to their funds and securities.

Important Disclosures – SPF will adhere to the procedures described in its Business Continuity Plan. There are however, circumstances beyond the control of SPF. Therefore, SPF, in its sole discretion, reserves the right to flexibly respond to any disruption in a situation-specific and prudent manner. Additionally, if parts of our plan are dependent upon third parties, we will have no control over the success or failure of the third party.

For more information – If you have questions about our business continuity planning, you can contact us at [1-800-333-3635](#).

FACTS**WHAT DOES SORRENTO PACIFIC FINANCIAL, LLC ("SPF")
DO WITH YOUR PERSONAL INFORMATION**

Rev. Dec. 2019

| | |
|--------------|--|
| WHY? | Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do. |
| WHAT? | The types of personal information we collect, and share depend on the product or services you have with us. This information can include: <ul style="list-style-type: none"> • Social Security number and income • Assets and investment experience • Account transactions and risk tolerance |
| HOW? | All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons SPF chooses to share; and whether you can limit this sharing. |

| Reasons we can share your personal information | Does SPF share? | Can you limit this sharing? |
|--|---|-----------------------------|
| For our everyday business purposes-- such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus | YES | NO |
| For our marketing purposes-- to offer our products and services to you | NO | We don't share |
| For joint marketing with other financial companies | YES | NO |
| For our affiliates' everyday business purposes-- information about your transactions and experiences | YES | NO |
| For our affiliates' everyday business purposes-- information about your creditworthiness | NO | We don't share |
| Questions | 858-530-4400, or complianceadmin@cusonet.com | |

WHO WE ARE

| | |
|--------------------------------------|---------------------------------|
| Who is providing this notice? | Sorrento Pacific Financial, LLC |
|--------------------------------------|---------------------------------|

WHAT WE DO

| | |
|--|--|
| How does SPF protect my personal information? | To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings. Other measures we employ include: (a) information access controls; (b) service provider oversight and confidentiality agreements; (c) proper disposal of customer information; and (d) periodic security training for personnel. |
| How does SPF collect my personal information? | We collect your personal information, for example, when you: <ul style="list-style-type: none"> • Open an account or seek advice about your investments • Enter into an investment advisory contract • Tell us about your investment or retirement portfolio • Direct us to buy securities or to sell your securities We also collect your personal information from other companies. |
| Why can't I limit all sharing? | Federal law gives you the right to limit only: <ul style="list-style-type: none"> • Sharing for affiliates' everyday business purposes -- information about your creditworthiness • Affiliates from using your information to market to you • Sharing for non-affiliates to market to you State laws and individual companies may give you additional rights to limit sharing. See below for more on your rights under state law. |

DEFINITIONS

| | |
|------------------------|---|
| Affiliates | Companies related by common ownership or control. Our affiliates include: CUSO Financial Services, LP, CFS Insurance & Technology Services, LLC, NEXT Financial Group, Inc., Cadaret, Grant & Co., Inc. Cadaret Grant Agency, Capital Strategy Group and Atria Wealth Solutions. |
| Non-affiliates | Companies not related by common ownership or control. They can be financial and nonfinancial companies. Your Representative's new firm if he or she leaves SPF and third-party investment companies you have authorized. |
| Joint marketing | A formal agreement between nonaffiliated financial companies that together market financial products or services to you. SPF has an agreement with your bank to jointly offer investment services and insurance products. |

OTHER IMPORTANT INFORMATION

If your state offers greater protection than federal law, we will comply with the state requirements.

If you are an advisory client of SPF, our Form ADV Part 2 A and B is available upon request. The Form ADV summarizes the investment advisory services offered by SPF. In March 2019, SPF and the Securities and Exchange Commission ("SEC") entered into a settlement agreement pursuant to the SEC Share Class Selection Disclosure Initiative. Additional details are disclosed in the ADV. Should you desire a copy of the Form ADV, please contact your financial advisor.

For clients of a Representative who followed the Representative to SPF from another firm, if your Representative leaves SPF, and if agreed to by SPF, they may retain copies of your personal information to continue to serve you at the new firm. As a result, the Representative may share your information with the new firm but is otherwise required to keep confidential the personal information obtained from you while the Representative was affiliated with SPF and may use such information only to service your account(s). Other than as required by law, if you do not want us to share information with third parties, such as your Representative's new firm, please direct your request in writing, including your name and account number, to: Compliance Admin, Sorrento Pacific Financial, 10150 Meanley Drive, 1st Floor, San Diego, CA 92131.

European Union General Data Protection Regulations applicable to EU residents. Subject to certain exemptions, you have certain rights regarding personal information, including the right to request a copy of personal information that we hold. You have a right to be informed of the source of the information; the purposes, legal basis and methods of processing; and the entities to whom personal information may be transferred. You have a right to request that we rectify inaccurate personal information.

We are a broker-dealer, registered with the U.S. Securities and Exchange Commission (SEC) and the Municipal Securities Rulemaking Board (MSRB). MSRB provides municipal securities investors with certain protections which are described on their website: www.MSRB.org. The website contains an investor brochure that describes these protections, and how to file a complaint with an appropriate regulatory authority.

The Financial Industry Regulatory Authority (FINRA) requires that we provide you information regarding FINRA BrokerCheck, an online tool used to check the background of investment professionals. For additional information on BrokerCheck or FINRA, including an investor brochure that contains information describing BrokerCheck, call the FINRA BrokerCheck Hotline at (800) 289-9999 or access FINRA's website at www.finra.org.

Notice of Collection of Personal Information

The California Consumer Privacy Act of 2018 ("CCPA") gives individuals (natural persons) who reside in the State of California ("consumers" or "you"), certain rights to know what personal information that CUSO Financial Services, LP and Sorrento Pacific Financial, LLC ("we" or "our") collect about you and how we collect, share, and protect your personal information.

We collect certain information that identifies, relates to, describes, references, is capable of being associated with, or could reasonably be linked, directly or indirectly, with you or a particular device ("personal information"). Personal information does not include information that is lawfully made publicly available from federal, state, or local government records.

Within the last twelve months we have collected the following types of personal information from consumers for business or commercial purposes:

| Category | Types of personal information we collect | Business or commercial purpose for which information is collected |
|--|--|---|
| A. Identifiers | Your real name, alias, postal address, unique personal identifier, online identifier, Internet Protocol (IP) address, email address, account name, social security number, driver's license number, passport number, and other similar identifiers. | For our everyday business purposes and for marketing purposes, such as, to offer you products and services you request, maintain and service your accounts, process or fulfill orders and transactions, verify your information, process payments, provide similar services to you, and answer your questions |
| B. Personal information described in Section 1798.80(e) of the California Civil Code | Your signature, telephone number, passport number, state identification card number, insurance policy number, education, employment, employment history, bank account number, credit card number, debit card number, any other financial information, medical information, and certain health insurance information. | |
| C. Protected classification characteristics under California or federal law | Age (40 years or older), race, color, national origin, citizenship, marital status, medical condition, physical or mental disability, sex, pregnancy or childbirth, and related medical conditions), military or veteran status. | |
| D. Commercial information | Records of personal property, products, or services purchased, obtained, or considered, or other purchasing or consuming histories or tendencies. | |
| E. Biometric information | Fingerprints (applicable to employees, associated persons, and registered representatives only). | Required for all employees and associated persons for security purposes |
| F. Internet or other electronic network activity | Browsing history, search history, and information on a consumer's interaction with a website, application, or advertisement. | For data security and protection of data from unauthorized access |
| G. Professional or employment-related information | Job application, resume, employment contract, performance review, photo for identification, information for payroll processing and benefits administration, and contact information. | To verify employee information and pay and provide benefits to our employees and independent contractors |

Our Privacy Policy may be found at www.cusonet.com/privacy-policy/. If you are not able to access any content in this Notice from our website due to a disability, please contact complianceadmin@cusonet.com to get this Notice in another format.

Anti-Money Laundering Requirements

The USA PATRIOT ACT

The USA PATRIOT Act, signed by President Bush on October 26, 2001 is designed to detect, deter, and punish terrorists in the United States and abroad. The Act imposes anti-money laundering requirements on brokerage firms and financial institutions.

To help you understand these efforts, we want to provide you with some information about money laundering and our steps to implement the USA PATRIOT Act.

What is money laundering?

Money laundering is the process of disguising illegally obtained money so that the funds appear to come from legitimate sources or activities. Money laundering occurs in connection with a wide variety of crimes, including illegal arms sales, drug trafficking, robbery, fraud, racketeering, and terrorism.

How big is the problem and why is it important?

The use of the U.S. financial system by criminals to facilitate terrorism or other crimes could well taint our financial markets. According to the U.S. State Department, one recent estimate puts the amount of worldwide laundering activity at \$1 trillion a year.

What are we required to do to eliminate money laundering?

Under the rules required by the USA PATRIOT Act, our anti-money laundering program must designate a special compliance officer, set up employee training, conduct independent audits, and establish policies and procedures to detect and report suspicious transactions and ensure compliance with the new laws.

As part of our required program, we may ask you to provide various identification documents or other information. Until you provide the information or documents we need, we may not be able to open an account or effect any transactions for you.

If you have any questions, you may contact our Compliance Department at



Brokerage Services Disclosure Summary

This disclosure provides information about the business practices, compensation and conflicts of interest related to the brokerage business of Sorrento Pacific Financial, LLC (referred to as "we," "us," or "SPF.") Additional information about SPF and our financial professionals is available on FINRA's website at <http://brokercheck.finra.org>.

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ITEM 1 INTRODUCTION

SPF is a broker-dealer registered with the U.S. Securities and Exchange Commission (SEC) and member of the Financial Industry Regulatory Authority (FINRA). SPF is also registered as an investment adviser with the SEC. In addition, SPF is qualified to sell insurance products in all 50 states. As a broker-dealer, SPF transacts business in various types of securities, including mutual funds, exchange-traded funds (ETFs), stocks, bonds, commodities, options, private and public partnerships, variable annuities, real estate investment trusts (REITs) and other investment products.

SPF maintains a network of individuals, referred to as "financial professionals", who typically operate from the premises of unaffiliated financial institutions, credit unions or banks, through a networking arrangement with SPF. The financial professionals offer brokerage services, investment advisory services, or both, depending on their licenses. Most of SPF's financial professionals are investment adviser representatives (IARs) of SPF and a limited amount are an IAR with non-affiliated third-party investment adviser. SPF sometimes refers to these specific financial professionals as "financial advisors" or "investment advisors." SPF's financial professionals are in most cases either employed by the financial institution or they are SPF employees. SPF financial professionals are dispersed throughout the U.S.

Although most of our financial professionals offer both brokerage and investment advisory services, some only offer brokerage services. When you are discussing services with one of our financial professionals, you should ask in what capacity the financial professional is acting or will be acting - as a broker-dealer registered representative and/or an IAR - when providing services to you. This disclosure discusses important information regarding financial professionals who act as broker-dealer registered representatives of SPF. For more information about SPF and the services that financial professionals provide when they act as IARs, please see SPF's Form ADV disclosure brochure available on cusonet.com/disclosures/ or, in the case of a financial professional who is associated with a third-party investment adviser, please refer to www.adviserinfo.sec.gov or contact that investment adviser for a copy of its Form ADV. For additional information on which type of investment account is right for you, please see SPF's Form CRS (Customer Relationship Summary) on cusonet.com/disclosures/.

Like all financial services providers, SPF and our financial professionals have conflicts of interest. SPF and our financial professionals are compensated directly by customers and indirectly from the investments made by customers. When customers pay us, we typically get paid an upfront commission or sales load at the time of the transaction and in some cases a deferred sales charge. If we are paid an upfront commission, it means that we are paid more the more transactions a customer makes and/or the larger the transactions. When we are paid indirectly from the investments made by customers, we receive ongoing compensation, typically called a "trail" payment, for as long as a customer holds an investment. In addition, we receive compensation from the sponsors of some of the investment products we offer. The amount we receive varies depending on the particular type of investment purchased. The compensation described in this disclosure represents the maximum gain or profit we receive on an investment, before deduction of our expenses.

Please also note that not all of the conflicts described in this disclosure apply to a particular financial professional, his/her services or all the products we offer. The types and amounts of compensation we receive change over time. Further, financial professionals may be paid in different manners. You should ask your financial professional if you have any questions about compensation, costs, fees, or conflicts of interest.

ITEM 2 COMMISSIONS, FEES AND OTHER TYPES OF SALES COMPENSATION

Commissions and Sales Charges

SPF receives upfront commissions when it executes transactions that result in the purchase or sale of a security. A commission, which also may be called a sales load, sales charge or placement fee, is typically paid at the time of the sale and can reduce the amount available to invest or can be charged directly against an investment. Commissions are often based on the amount of assets invested. SPF receives the sales charge or commission and shares it with the financial institution in the cases where the financial professional is an employee of the financial institution. The financial institution then pays your financial professional. Alternatively, when the financial professional is an employee of SPF, or an independent contractor, we pay them directly. In some cases, a portion of the sales charge or commission is retained by the investment's sponsor. Commissions vary from product to product, which creates an incentive to sell a higher commission product rather than a lower commission product. The maximum and typical commissions for common investment products are listed below. For more information about other commissions that apply to a particular transaction, please refer to the applicable investment's prospectus or other offering document.

- *Equities and Other Exchange Traded Securities.* The maximum commission charged by SPF in an agency capacity on an exchange traded security transaction, such as an equity, option, ETF, exchange traded note (ETN,) or closed-end fund (CEF) is .5 % of the transaction amount plus \$750. The commission amount decreases from 2.5% as the size of the transaction amount increases according to a schedule. In addition, a financial professional can decide to discount the commission amount to a minimum of \$50 per transaction.
- *Mutual Funds and 529s.* The maximum commission or sales charge permitted under applicable rules is 8.5%, although the sales charge typically does not exceed 5.75%.
- *Annuities.* The maximum upfront commission paid for new sales of annuities is typically 7.5%, but varies depending on the contract length purchased, and type of annuity, such as fixed, fixed index, and traditional and investment-only variable annuities.

- *Alternative Investments.* For alternative investment products, such as non-traded business development companies (BDCs), or real estate investment trusts (REITs), the upfront sales load is as high as 5.5%.
- *Unit Investment Trusts (UITs).* The maximum upfront sales charge paid typically ranges from 1.85% to 3.50% and will depend on the length of the term of the UIT.

Markups and Markdowns - Principal or Dealer Transactions

When SPF sells to or buys from you a bond or other fixed income security such as a structured product in a principal capacity, SPF sells the security directly to you or buys it directly from you, rather than acting as your agent to buy or sell the security from a third party. These transactions are also known as "dealer transactions." In these circumstances, if we sell a bond at a price higher than what we paid for it, we will earn a markup. Conversely, if we buy a bond from you at a price lower than what we sell it for, we will earn a markdown. Transactions in bonds and other fixed-income securities such as structured products often occur as dealer transactions. The maximum markup/markdown on a transaction with a customer that we receive when acting in a principal capacity typically does not exceed 2.5% of the value of the security. On rare occasions, a markup/markdown may exceed 2.75% on a deeply discounted security. In many cases, the actual markup/markdown percentage is lower based on factors such as quantity, price, type of security, rating, and maturity, etc.

Direct Fees and Charges

SPF is an introducing broker and carries all brokerage accounts and clears all securities transactions on a fully disclosed basis through Pershing, LLC, our clearing and custodial firm. SPF also has an agreement with Quasar Distributors for the provision of fully disclosed carrying services for mutual funds.

If you hold an account through SPF with one of our custodial firms, you will be charged miscellaneous fees directly to your account such as fees for transaction processing, account transfers, and retirement account maintenance which are standard and customary. For direct fees that apply per transaction, SPF and our custodial firms receive more fees the more transactions that result from a financial professional's recommendations. These direct fees and charges are set out in the Pershing and Quasar fee schedules and are not shared with our financial professionals and are not charged by SPF and our custodial firms if you hold an account directly with a product sponsor rather than with a SPF custodial firm.

ITEM 3 THIRD PARTY COMPENSATION

SPF and the financial institution and/or the financial professionals receive compensation from investment product sponsors and other third parties in connection with investments that SPF customers make in securities such as mutual funds, annuities, and alternative investments. Certain types of third-party compensation are received by SPF and shared with the financial institutions and/or our financial professionals, and other types are retained only by SPF. For more information about the third-party compensation SPF receives, the investment product sponsors and other third parties that pay SPF the compensation, and related conflicts of interest, please see the Third-Party Compensation and Related Conflicts of Interest at cusonet.com/disclosures/.

Third Party Compensation Shared by SPF with Financial Institution and/or our Financial Professionals

Trail Compensation

SPF and its financial professionals receive ongoing compensation from certain investment products such as mutual funds, annuities and alternative investments. This compensation (commonly known as trails or Rule 12b-1 fees) is typically paid from the assets of the investment product under a distribution or servicing arrangement with the investment sponsor and is calculated as an annual percentage of assets invested by SPF customers. The more assets you invest in the product, the more we will be paid in these fees. Therefore, we have an incentive to encourage you to purchase a product offered by a sponsor who shares a portion of their compensation with us or increase the size of your investment. The amount of trails received varies by product. This creates an incentive to recommend a product that pays a higher trail rather than a lower trail. We also have an incentive to recommend product that pays trails (regardless of amount) rather than products that do not pay trails. For more information about trail compensation received with respect to a particular investment, please refer to the prospectus or offering document for the investment.

- *Mutual Funds and 529s.* The ongoing payment depends on the class of shares but is typically between 0.25% and 1% of assets annually.
- *Annuities.* SPF receives a trail payment from an insurance company for the promotion, sale and servicing of a policy. The amount and timing of trail payments vary depending on the agreement between SPF and the issuer, and the type of policy purchased. The maximum trail payment for annuities is typically 1.25% and varies depending on the type of annuity.
- *Alternative Investments.* For alternative investment products, such as private funds, trail payments may be as high as 1.00% on an annual basis.

Concessions and Mutual Fund Finder's Fee

In certain cases, SPF and our financial professionals receive compensation from a mutual fund sponsor in connection with transactions for which sales charges are waived or under other circumstances and as described in a fund's prospectus. This compensation is generally referred to as a finder's fee or concession and typically ranges between 0.25% and 1% of the transaction amount. SPF also receives concessions from investment sponsors for other types of investments. These concessions vary from product to product and are generally shared between SPF and our financial professionals. Concessions can be as high as 0.05% of the transaction amount for new issues of certificates of deposit, municipal bonds and other short-term dated bonds, and up to 3.75% of the transaction amount for structured products.

Life Insurance

SPF receives compensation from issuers of life insurance (universal, variable universal, whole life, and term) and other insurance contracts that are available to our customers. The compensation includes commissions and trails and for some issuers, includes payments for administrative services that SPF provides. Payments can also be made in connection with SPF's marketing, education and training efforts, including SPF conferences and events. SPF receives commissions in the range of 3% to 120% of first-year commissionable premiums. SPF may also receive a trail payment in the range of 1% to 25% of subsequent premiums, if any. The amount of commission varies depending on the issuer, coverage and the premium amount. For business placed through SPF, we typically retain between 1.5% and 12% of first-year commissionable premiums to support the additional case-management services that SPF provides for products offered through SPF. Financial institutions and/or our financial professionals receive a percentage of the commissions and trailing commissions an insurance company pays to SPF. We also receive additional compensation from certain insurance companies when SPF sales of the companies' products exceed premium thresholds specified in selling agreements with SPF.

Lastly, when our financial professionals use an Independent Marketing Organization (IMO) with which SPF has a contract, we receive the additional compensation from the IMO rather than from the insurance company. This additional compensation from the IMO can apply to transactions where the financial professional is paid directly from the insurance company.

Bonus Payments from Investment Sponsors

Certain insurance companies offer our financial professionals bonus payments, often times called persistency or retention bonuses, based on the amount of customer assets that the financial professional has placed in the insurance company's products. Although SPF does not participate in these bonus programs SPF may from time to time accept and share these payments on a one-time basis with a financial professional who recently joined SPF and was entitled to such payments through the financial professional's former brokerage firm.

Non-Cash Compensation

SPF and our financial professionals receive non-cash compensation from investment sponsors that is not in connection with any particular customer or investment. Compensation includes such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement for expenses in connection with educational meetings, customer workshops or events, or marketing or advertising initiatives, including services for identifying prospective customers. Investment sponsors also pay or reimburse SPF and/or our financial professionals, for the costs associated with education or training events that may be attended by SPF employees and financial professionals and for SPF sponsored conferences and events.

Third Party Compensation Retained by SPF

Pershing Clearing Relationship

When Pershing is the custodian of your account, Pershing automatically moves (sweeps) the cash in your account into money market funds and/or FDIC insured bank deposit accounts depending on your account type. All retail accounts default to the bank deposit account and all business accounts default to a money market fund. Pershing retains some of the interest paid on the bank deposit account, or shareholder servicing fees paid on the money market fund and pays a portion of that to SPF. These payments to SPF are called "distribution assistance" and they vary based on the bank deposit account or money market fund for which you are placed. SPF does determine the interest rates paid on bank deposit accounts but does not determine the shareholder servicing fees paid on money market funds, or the amount or percentage of distribution payments that it will receive. When interest rates are low, or in the event of a regulatory change, Pershing reserves the right to reduce or discontinue its distribution assistance payments to SPF.

SPF's receipt of distribution assistance payments, and ability to determine the interest rates paid on bank deposits, creates a conflict of interest because SPF has an incentive to recommend or make available money market funds and FDIC insured bank deposit accounts with higher distribution assistance payments over those with lower payments. SPF mitigates this conflict through disclosure in this brochure. SPF does not share distribution assistance payments with our financial professionals.

Pershing also pays fees to SPF, or shares fees it earns with SPF, for the following items:

- Transition assistance in the form of reimbursement of (a) reimbursement of IRA termination fees of up to \$165 per account for a retirement account transferred to Pershing and up to \$125 per

retail account for retail accounts transferred to Pershing, or (b) a payment based on the value of assets transitioned, or (c) some combination of fee reimbursements and a payment based on the value of the assets transitioned;

- A growth assistance credit for seven years to support, service, and grow brokerage assets on the Pershing platform;
- A portion of certain brokerage account services and custodial fees charged to customer accounts that exceeds the amount that we are required to pay Pershing for such services, including account transfer fees, IRA custodial and termination fees, paper confirm and statement fees, inactive (custodial) account fees, retirement account maintenance fees, and margin interest.

Revenue Sharing Payments

SPF receives revenue sharing payments from investment sponsors who participate in SPF's sponsorship programs called the Partners Program. Investment sponsors make these payments to incentivize SPF to promote their products, and the sponsors receive preferential treatment as a result of the payment. Preferences include supporting SPF's product marketing, education and training efforts for financial professionals so that investment sponsors can communicate with financial professionals and employees and promote their products. These payments are typically calculated as a fixed fee, as an annual percentage of the amount of assets invested, as a percentage of annual new sales, or as a combination of the foregoing.

- *Mutual Funds.* SPF receives compensation of up to 0.0032% on an annual basis of customer assets invested with certain mutual fund families and up to 0.20% on sales. In some cases, SPF also receives flat annual payments at the discretion of certain fund sponsors as support for SPF's product marketing and the education and training efforts for financial professionals in connection with the sale of their products.
- *Variable Annuities.* SPF receives compensation of up to 0.25% annually based on sales.
- *Fixed Annuities.* SPF receives compensation of up to 0.25% annually based on sales.
- *Fixed Index Annuities.* SPF receives compensation of up to 0.75% annually based on sales.
- *Alternative Investments.* For certain alternative investments, SPF receives a marketing allowance fee directly from the investment sponsor, and not as a portion of the upfront commission or trail. These fees can be paid on an annual basis of up to 0.35% of customer assets invested and up to 1.00% of sales in alternative investments, such as managed futures funds, non-traded REITs, and BDCs.
- *UITs.* SPF receives fees, often referred to as volume concessions, from UIT sponsors that are based on a percentage of sales volume. These fees are set by the UIT sponsor and vary. The UIT prospectus contains detailed descriptions of these additional payments.

Investment sponsors pay SPF different amounts of revenue sharing and receive different levels of benefits for such payments. Because these fees can vary by fund and share class of a fund, SPF has an incentive to recommend a fund or share class that pays more in revenue sharing than a fund or share class that pays a lower amount. SPF does not share these revenue sharing payments with financial professionals.

Ad Hoc Reporting

SPF receives up to \$5,000 per sponsor annually from various mutual fund, ETF and annuity investment sponsors in exchange for access to business intelligence and ad hoc reporting relating to financial professionals.

Collateralized Lending Arrangements

SPF offers a program that enables customers to collateralize certain investment accounts to obtain secured loans through a program we offer through Pershing called LoanAdvance. In LoanAdvance, customers are charged a rate of interest equal to the prime rate for all loan amounts. Neither SPF nor the financial professional receives a portion of this fee. LoanAdvance may not be appropriate for all investors and the risks should be carefully evaluated. You may be required to deposit additional funds or marginable securities into your account. SPF and our financial professionals have an incentive to recommend that customers borrow money rather than liquidating some of their account assets so that SPF and our financial professional can continue to receive brokerage commissions and fees on those assets.

We also offer Pershing's Fully Paid Securities Lending program, which enables qualified customers to lend fully paid-for securities to Pershing. Pershing earns revenue from lending these securities and a portion of that revenue is shared with the customer, SPF and your financial professional. SPF and your financial professional shares in 5% of the revenue received. We have an incentive to encourage customers to hold a security in their account rather than liquidate it so that we and our financial professionals can continue to receive compensation.

ITEM 4 PRODUCT COSTS AND RELATED CONFLICTS

Our financial professionals provide recommendations with respect to a broad range of investment products, including stocks, bonds, ETFs, mutual funds, annuities and alternative investments. Each type of investment product carries unique risks, and many investment products charge fees and costs that are separate from and in addition to the commissions and fees that SPF and our financial professionals receive. You can learn more about these risks and the fees and costs charged by an investment product by reviewing the investment product's prospectus, offering memorandum, or other disclosure documents. Set out below is the typical range of expenses of the various investment products we sell. In most cases, these expenses are in addition to the commissions and fees that SPF receives for our brokerage services.

- *ETFs.* The expense ratios range from 0.05% to 1.0%, with an average expense ratio of around 0.44%.
- *Mutual Funds.* Expense ratios can vary based on the type of mutual fund purchased. The average expense ratio for actively managed funds is 0.5% to 1.0%, for passive index mutual funds the average is 0.2%.
- *Annuities.* The typical range of annual expenses associated with annuities is 0.60% to 5.00% dependent upon the combination of options selected by the investor including the type of annuity (variable annuities have a mortality and expense fee whereas fixed index annuities do not), optional riders elected (living and/or death benefits), and investment options where applicable (subaccounts or models for variable annuities).
- *Alternative investments.* The typical range of annual expenses, excluding any commissions or dealer manager fees, is 0.80% to 6.00% which may include management fees, acquisition fees,

disposition fees, performance participation fees, organization and offering fees, acquired fund fees and expenses, or interest payments on borrowed funds.

- *UITs.* Typical annual operating expenses for UITs range from 0.20% to 4.00%. Equity UITs usually comprise the low end of the range while UITs whose trust consist of a basket of closed-end funds typically comprise the high end of the range.

Share Class and Fund Selection

SPF offers various share classes of mutual funds and 529s. As an example, certain mutual fund share classes, often referred to as Class A shares, charge an upfront sales charge and an ongoing trail. For other mutual fund share classes, often titled Class C shares, there is no upfront sale charge paid, however, there is an ongoing trail payment and a contingent deferred sales charge (CDSC) to the customer if there is a redemption within a certain period of time after purchase. Depending on the length of the holding period for the mutual fund or 529, and other factors, one share class may be less expensive to you than another, and SPF and your financial professional may earn more or less in compensation for one share class than another. Because of their characteristics and sales load structure, mutual funds generally are longer term investments. Frequent purchases and sales of mutual funds can result in significant sales charges unless the transactions are limited to exchanges among mutual funds offered by a sponsor that permits exchanges without additional sales charges. SPF maintains policies and procedures that are designed to detect and prevent excessive mutual fund switching, but you should monitor your account and discuss with your financial professional any frequent mutual fund purchases and sales.

Some share classes or funds we offer do not charge or pay to us an upfront sales charge and pay us ongoing trails of 0.25% or less annually ("no-load funds"). SPF generally does not make no-load funds available. Because of the limited compensation from no-load funds, we have an incentive to limit the availability of no-load funds we offer and to recommend you invest in funds that impose sales charges and trails.

SPF offers various mutual funds and ETFs, some of which have similar or identical investment strategies but differing fee structures. For example, a mutual fund that is designed to track an index of securities, such as the S&P 500 Index, may have higher or different types of fees than an ETF that is designed to track the same index. Whether a fund or ETF is more expensive than another fund or ETF with a similar or identical investment strategy may depend on factors such as length of holding, size of the initial investment and other factors. SPF and your financial professional may earn more compensation for one fund or ETF than another, giving SPF and your financial professional an incentive to recommend the product that pays more compensation to us.

ITEM 5 OTHER COMPENSATION AND OTHER CONFLICTS

Mutual Fund Platforms

If purchasing mutual funds through SPF' two custodial firms, Pershing and Quasar (fundVISION accounts), a customer's fees may vary. The fees a customer will pay and the range of investment products and services that will be available to a customer will differ depending on whether a customer opens a Pershing account or a fundVISION account. If you invest only in mutual funds, you will generally pay lower fees (e.g., transaction fees, IRA custodial fees, inactive account fees) if you open a fundVISION account than if you open a Pershing account. SPF will likely receive greater compensation if you invest through a Pershing account than if you invested through a fundVISION account. This creates an incentive for SPF to recommend a Pershing account over a fundVISION account for investing in mutual funds. You should also understand that, although you may pay higher fees to invest in mutual

funds through a Pershing account than through a fundVISION account, Pershing accounts offer a wider range of investment products (not just mutual funds) and services than do fundVISION accounts, which only offer mutual funds. None of these fees for either platform are shared with your financial professional. If you invest in mutual funds through a direct product provider, you would be subject to their fee schedule and any such fees are not shared with SPF.

Margin

SPF offers customers the ability to purchase securities on credit, also known as margin purchases through Pershing brokerage accounts. When a customer purchases security on margin, Pershing extends a line of credit to the customer and charges interest on the margin balance. SPF has a financial incentive to encourage margin borrowing because SPF earns compensation from Pershing in the form of interest, transaction charges and other fees on investments made with borrowed amounts. That financial incentive creates a conflict of interest insofar as SPF benefits from your decision to borrow and incur the various fees and interest described above. If contemplating use of margin, please consult the SPF/Pershing Margin Agreement and related disclosures for additional details including risks associated with margin, eligibility requirements and costs. None of these fees derived from margin accounts are shared with your financial professional.

Error Corrections

If a customer holds an account through SPF at Pershing or Quasar (fundVision) and a trade error caused by SPF occurs in the account, SPF will cancel the trade and remove the resulting monetary loss to a customer from the account. If a trade correction is required as a result of a customer (e.g., if a customer does not make full payment for purchases or fails to deliver negotiable securities for liquidations before trade settlement), SPF will cancel the trade and any resulting monetary loss will be borne by the customer. In the case of a trade that requires a correction and that resulted in a monetary gain to the customer, such gain may be removed from the account and may result in a financial benefit to SPF.

Rollovers

If a customer decides to roll assets out of a retirement plan, such as a 401(k) plan, and into an individual retirement account (IRA), we have a financial incentive to recommend that a customer invests those assets through SPF, because we will be paid on those assets, for example, through commissions, fees, and/or third party payments. A customer should be aware that such fees and commissions likely will be higher than those the customer pays through their plan, and there can be custodial and other maintenance fees. As securities held in a retirement plan generally cannot be transferred to an IRA, commissions and sales charges may be charged when liquidating such securities prior to the transfer, in addition to commissions and sales charges previously paid on transactions in the plan.

The following fiduciary acknowledgement applies only when our Financial Professional (i) provides investment advice to participants in or the fiduciaries of ERISA-covered retirement plans and to owners of IRAs, and (ii) recommends to participants in ERISA-covered retirement plans or owners of IRAs to make a rollover to an IRA.

When we provide investment advice to you regarding your retirement plan account or IRA, we are fiduciaries within the meaning of Title I of ERISA and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. Fiduciary status for this purpose does not necessarily mean we are acting as fiduciaries for purposes of other applicable laws. This acknowledgement of fiduciary status does not confer contractual rights or obligations on you, the Firm, or the Financial Professional.

Limitations on Investment Products and Services Offered by Your Financial Professional

SPF and our financial professionals offer and recommend investment products only from investment sponsors with which SPF has entered into selling and distribution agreements. Other firms may offer products and services not available through SPF or the same or similar investment products and services at lower cost. In addition, SPF may only offer certain products in a brokerage account, even though there is a version of the product that may be offered at a lower cost through an advisory account, and vice versa. The scope of products and services offered by certain financial professionals may also be more limited than what is available through other financial professionals. A financial professional's ability to offer individual products and services depends on his/ her licensing and training or firm office policy restrictions. For example, a financial professional maintaining a Series 6, Series 63, and life insurance agent license is limited to providing investment company securities, such as mutual funds and UITs and variable annuity contracts. A financial professional maintaining a Series 7, Series 63, and life insurance agent license is able to provide solutions including all securities available for sale by a Series 6 representative as well as individual stocks, bonds, and alternative investments, among others. As another example, a financial professional may only be licensed to provide brokerage services, and not advisory services, or vice versa. To provide investment advisory services, a financial professional is often required to be registered as an IAR with the state in which the financial professional has a place of business.

You should ask your financial professional about the securities or services he or she is licensed or qualified to sell, and his or her ability to service investments that you transfer to SPF from another firm. You should also review the licenses held by your financial professional by visiting the FINRA BrokerCheck system at <http://brokercheck.finra.org>.

ITEM 6 FINANCIAL PROFESSIONAL COMPENSATION, FEES AND RELATED CONFLICTS

Arrangements with Banks and Credit Unions

Our financial professionals offer brokerage and advisory services to customers of unaffiliated financial institutions, like banks and credit unions. Some of the financial professionals are employed by the financial institution and others are employed by SPF; a few are independent contractors. SPF shares compensation with the financial institution, including a portion of the commissions and fees the financial professional generates. Where the financial professional is employed by the financial institution, the financial professional is compensated (e.g. in the form of salary, bonus, compensation based on commissions, etc.) by the financial institution in accordance with the terms agreed upon between the financial institution and the financial professional and approved by SPF (which vary depending on each financial institution and employee). Where the financial professional is not an employee of the financial institution, the financial professional is compensated in accordance with the terms agreed upon between SPF and the financial institution, which may vary depending on roles and responsibilities of the financial professionals. Whether employed by the financial institution or SPF, the amount of compensation paid to the financial professional is typically between 25% to 45% and with the financial institution receiving between 0% to 100% (depending on which entity is paying the financial professional and the type and volume of investment product sales) of the commissions and ongoing trail payments that SPF receives in connection with the investments. In either case, compensation can vary depending on the investment product or service recommended. The financial institution can limit the types of products and services that may be sold by a financial professional.

Cash Compensation

SPF typically pays the financial institution and/or the financial representative a percentage of the revenue that the financial professional generates from sales of products and services conducted remotely or on

the financial institution premises. The percentage received can vary (amounts noted above) depending on agreements between SPF and the financial institution as well as the investment product or service provided and can be more or less than the compensation paid at another brokerage firm. The payments can include a bonus that is based on the amount of assets serviced or revenue generated by the financial professional. When compensation is based on the level of production or assets, the financial professional has a financial incentive to meet those production or asset levels. SPF, and the financial institution, has an obligation to supervise financial professionals and may decide to terminate a financial professional's association with SPF and/or the financial institution based on performance, a disciplinary event or other factors. The amount of revenue a financial professional generates creates a conflict of interest when considering whether to terminate a financial professional.

Other Benefits

Financial Institutions and financial professionals are eligible to receive other benefits based on the revenue generated from sales of products and services. These benefits present a conflict of interest because a financial institution and the financial professional have an incentive to remain with SPF in order to maintain these benefits. These benefits include eligibility for practice management support and enhanced service support levels that confer a variety of benefits, conferences (e.g., for education, networking, training, and personal and professional development), and other non-cash compensation. These benefits also include free or reduced cost marketing materials, reimbursement or credits of fees that financial institutions and/or financial professionals pay to SPF for items such as administrative services or technology.

Fees Charged to Financial Professionals

SPF charges our financial institution and/or the financial professionals various fees including trade execution, administrative services, insurance, certain outside business activity related supervision, technology and licensing. Depending on the situation, these fees make it more or less profitable for a financial professional to offer and recommend certain services or products over others. In certain cases, these fees are reduced based on a financial professional's overall business production or the amount of assets serviced by the financial professional, which gives the financial professional an incentive to recommend that you invest more in your account or engage in more frequent transactions.

Recruitment Compensation and Operational Assistance

If a financial institution recently became associated with SPF after working with another financial services firm, the financial institution may receive compensation for transition assistance from SPF in connection with the transition. In many cases, this transition assistance includes payments from SPF that are commonly intended to assist a financial institution and/or their financial professional(s) with costs associated with the transition; however, SPF does not verify that all payments made are actually used for transition costs. In certain situations involving the transfer of customer accounts from a third party platform to SPF's platform, existing financial institution is eligible to receive a flat-dollar amount of to assist with offsetting the estimated time and expense he/she incurs to complete the account transfer process, as well as, replacing marketing and sales material with the new disclosure information.

The amount of recruitment compensation is often significant in relation to the overall revenue earned or compensation received by the financial institution. Such payments are generally based on the size of the financial institution's business established at the prior firm, for example, a percentage of the revenue earned, or assets serviced at the prior firm, or on the size of the assets that transition to SPF. The receipt of this compensation creates a conflict of interest in that the financial institution has a financial incentive to recommend that a customer open and maintain an account with SPF for advisory, brokerage and/or

insurance services, and to recommend switching investment products or services where a customer's current investment options are not available through SPF, in order to receive the this type of benefit or payment.

Financial Professional's Outside Business Activities

Financial professionals are permitted to engage in certain SPF-approved outside business activities other than the providing of brokerage and advisory services through SPF, and in certain cases, a financial professional receives more compensation, benefits and non-cash compensation through an outside business activity than through SPF. Some financial professionals are real estate agents, insurance agents, or tax preparers, and some financial professionals refer customers to other service providers and receive referral fees. As an example, a financial professional could provide advisory or financial planning services through an unaffiliated investment advisory firm.

In addition, a financial professional may sell insurance through an insurance agency not affiliated with SPF. In those circumstances, the financial professional would be subject to the policies and procedures of the third-party insurance agency related to the sale of insurance products and would have different conflicts of interest than when acting on behalf of SPF. A financial professional may receive compensation, benefits and non-cash compensation through the third-party insurance agency and may have an incentive to recommend you purchase insurance products away from SPF.

If you contract with a financial professional for services separate or away from SPF, you may wish to discuss with them any questions you have about the compensation they receive from the engagement. Additional information about a financial professional's outside business activities is available on FINRA's website at [http:// brokercheck.finra.org](http://brokercheck.finra.org).

Compensation for Other Services

SPF and our financial professionals can offer various types of advisory and brokerage programs, platforms and services, and earn differing types and amounts of compensation depending on the type of service, program or platform in which you participate. This variation in compensation can incentivize a financial professional to recommend services, programs or platforms that generate more compensation for SPF and the financial professional than others. For example, if you expect to trade securities frequently in your account, a brokerage account in which you pay a commission for each transaction may generate more compensation for your financial professional than an advisory account that generates compensation in the form of investment advisory fees.

ITEM 7 MASSACHUSETTS FIDUCIARY RULE

The Massachusetts Securities Division has adopted amendments to its regulations as they relate to the standard of conduct applicable to broker-dealers and agents ("MA Fiduciary Rule"). In accordance with the MA Fiduciary Rule, we and our financial professionals will act without regard to the financial or other interest of any party (including our own) other the customer when making an investment recommendation to covered Massachusetts customers. Covered customers are defined as current and prospective customers including both natural and non-natural persons that do not qualify as institutional buyers. Additionally, we will disclose all material conflicts of interest and have made and will continue to make all reasonably practicable efforts to avoid conflicts of interest, eliminate conflicts that cannot reasonably be avoided, and mitigate conflicts that cannot reasonably be avoided or eliminated. The MA Fiduciary Rule does not impose an ongoing fiduciary duty beyond the time that a recommendation is made unless we have: (1) discretionary authority in an account (excluding discretion that relates solely to the time and/or price for the execution of the order), (2) a contractual fiduciary duty, or (3) a contractual obligation to monitor a customer's account on a regular or periodic basis. While the standard of conduct for broker-

dealers and agents in the MA Fiduciary Rule does not apply to investment advisers or investment adviser representatives, investment advisers and investment adviser representatives are separately held to a fiduciary conduct standard under Massachusetts and federal laws. SPF does not permit its financial professionals to use investment discretion in a brokerage account or agree to a fiduciary duty or to contractually agree to monitor accounts in a brokerage relationship.

ITEM 8 OTHER FINANCIAL INDUSTRY AFFILIATIONS

SPF is an indirect wholly-owned subsidiary of Atria Wealth Solutions, Inc. (Atria), a privately-owned company. As a subsidiary of Atria, SPF is affiliated with other financial services companies including CUSO Financial Services, LP, a broker-dealer and SEC Registered Investment Advisor, CFS Insurance & Technology Services, LLC (CITS), an insurance agency, NEXT Financial Group, Inc. a broker-dealer and SEC Registered Investment Advisor, NEXT Financial Insurance Services Company, an insurance agency, Cadaret, Grant & Co., Inc., a broker-dealer and SEC Registered Investment Advisor, Capital Strategy Group Ltd., an SEC Registered Investment Advisor, Cadaret, Grant Agency, an insurance agency, SEC Registered Investment Advisor and insurance agency, SCF Securities, Inc. a broker-dealer, SCF Investment Advisors, Inc., SEC Registered Investment Advisor and Western International Securities, Inc. a broker-dealer, SEC Registered Investment Advisor and an insurance agency.

This Brokerage Services Disclosure Summary is subject to change. SPF may not notify you when these changes are made. To obtain a current version or for additional information, please refer to our website at cusonet.com. If you are unable to access the website or require paper copies of any documents referenced here, please contact your financial professional.