Cetera®
FINANCIAL GROUP

August 7, 2018

Brent J. Fields
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Re: File No. S7-07-18 – Regulation Best Interest
File No. S7-08-18 – From CRS Relationship Summary; Amendments to Form ADV; Required Disclosures in Retail Communications and Restrictions on the Use of Certain Names or Titles
File No. S7-09-18 – Proposed Commission Interpretation Regarding Standard of Conduct for Investment Advisers

Dear Mr. Fields:

Cetera Financial Group, Inc. ("Cetera") is the corporate parent of a group of six broker-dealers and five Registered Investment Advisors ("RIAs"), with more than 8,500 affiliated representatives. Our firms collectively serve more than 2 million retail investors, the large majority of whom are individuals, families, and small businesses. Most of our customers seek holistic advice and solutions designed to address their financial well-being and long-term investment goals. Through our representatives, we provide services as both broker-dealers and RIAs. We have extensive experience with both business models and the differing standards that are applicable to each.

On May 7, 2018, the Securities and Exchange Commission (the "Commission" or the "SEC") published a series of proposed rules, interpretations, and requests for information regarding standards of conduct applicable to investment advice to retail investors.[1] These proposals would apply to broker-dealers and RIAs in different ways, but in totality, they would to create a "best interest" standard applicable to broker-dealers and more explicitly define the duties of all financial advisers to their customers.

Cetera strongly supports implementation of standards of care applicable to provision of financial advice to retail investors with respect to investments in securities. As discussed below, we believe that there are substantive differences between the services that are provided by broker-dealers and RIAs, and that adoption of a uniform fiduciary standard that would apply equally to both types of entities would not serve the interests of the majority of retail investors. We will offer comments on several specific provisions below, but in general, we believe that the

[1] 83 FR 21574

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approach adopted by the Commission is correct and strikes the appropriate balance between investor protection and investor choice.

I. Preliminary Comments

Over the past several years, there has been considerable legislative and regulatory activity with respect to standards of conduct applicable to financial advisers. In particular, the U.S. Department of Labor ("DOL") adopted regulations collectively referred to as the "Fiduciary Rule". The Fiduciary Rule would nominally have affected only advice to owners of certain tax-qualified retirement plans, including Individual Retirement Accounts ("IRAs") but would have had profound and negative effects on investors and the market for financial advice in the United States.

The Fiduciary Rule has been vacated by a decision of the U.S Court of Appeals for the 5th Circuit. We believe that this is an appropriate outcome for a regulation that was flawed for all of the reasons cited by the court in its opinion vacating the rule and others that were not specifically addressed. That being said, the debate surrounding the Fiduciary Rule has provided a valuable learning experience for all of the affected constituencies. The financial advice industry has used it as an opportunity to look closely at many of its business practices, particularly with respect to compensation of individual advisers, and the incentives that they may create. In many cases, broker-dealers and RIAs have made substantive changes to address these practices, increasing transparency and mitigating conflicts of interest. All of this has led to a better alignment between the interests of financial advisers and investors.

While preparing for implementation of the Fiduciary Rule, all of the affected constituencies have also learned a lot about what regulation of financial advisers should *not* include. Any regime which unduly restricts access to financial advice or makes it economically unviable for either the provider of the service or the consumer does not strike the balance that should be sought in all rulemaking. The universe of investors and providers of investment services in the United States is vast and incredibly diverse. Effective regulation must take this into account and preserve the benefits of a system that has produced investment results for American investors that are, in the aggregate, unparalleled in modern history.

The goal of proposed Regulation Best Interest ("Reg. BI") is to enhance investor protection, an objective which we wholeheartedly support. However, all regulation must balance the benefits to the class of individuals it is designed to protect against the cost. In this instance, the costs are both direct and indirect. In addition to the direct costs of compliance for financial advisers, service providers will naturally tend to restrict business practices or limit availability of services that some or all investors may find valuable. The laws of economics tell us that there is no such thing as a free lunch. The incremental cost of compliance is in almost all cases borne by the ultimate consumer of the goods or services. Increasing the cost of investment-related services will ultimately reduce returns for investors. As the Commission reviews the comments submitted in response to Reg. BI and the related rule proposals, we urge that they consider both

the direct costs involved in implementing any new regulations and the indirect cost to investors in the form of reduced availability of services or innovation by financial services providers.

With all of the above in mind, we believe there are several fundamental principles that should guide the discussion of any best interest standard. They are:

- The Commission should adopt a best interest standard applicable to all investment recommendations made by broker-dealers to retail customers. That standard should include the following elements:

    a. A standard of care. This should be modeled after FINRA Rule 2111, covering due diligence for products and services recommended and customer suitability information;
    b. A requirement to deliver a summary description of the relationship between the adviser and client, including the scope of services, compensation, legal obligations that flow from the capacity in which services are provided, and material conflicts of interest; and
    c. Requirements to:
        i. Evaluate and disclose all material conflicts of interest; and
        ii. Mitigate such conflicts of interest based on a reasonable assessment by the broker-dealer.

- The SEC should take the lead in adoption and implementation of any standard of conduct applicable to provision of investment advice to retail investors. It has the broadest jurisdiction, the most experience, and the best existing framework on which to build. In considering the parameters for standards of conduct applicable to investment advice, the SEC should understand and consider the approach taken by other agencies such as the DOL, but should not defer to the conclusions they have reached or the approach they have taken in regulating the provision of investment advice. In particular, the DOL lacks jurisdiction over a significant portion of the market (non-qualified plan assets), has little experience in regulating the securities industry, and lacks the examination and enforcement resources that are necessary to promote compliance. Their approach to regulation in this area should not be considered authoritative.

- The best interest obligation should apply only to personalized recommendations that are intended to be acted upon by the individual to whom they are conveyed. The standard should be substantially equivalent to the "call to action" concept embodied in FINRA Rule 2111, and should not include generalized investment commentary, education, or information that is not directed to an individual with whom the adviser does not have an existing relationship.

- A best interest standard should apply to all broker-dealers that provide investment recommendations to retail investors, regardless of the type of account (qualified, non-qualified, etc.) and service provided (advice and recommendations, execution and

clearing services, principal transactions, etc.). Different criteria may apply to different activities, but the goal should be to provide as much consistency across business models and investors as possible, taking into account the relevant differences in circumstances.

- Over the past 50 years, retirement savings in America have largely shifted from employer-sponsored defined benefit plans to employee-funded defined contribution plans. For many investors, defined contribution plans such as IRAs and 401(k) plans represent the largest portion of their investment assets, and will be the primary source of funds for their retirement. Most employed people will be forced to accumulate retirement assets through defined-contribution retirement plans, and can no longer effectively delegate responsibility for investment decisions to their employers by relying on defined benefit pension arrangements. Demographic trends, particularly people living longer in retirement, will make it more essential than ever that investors fully understand how investing in financial assets works, the types of risks and rewards that are inherent in investing in securities, the relationship between risks and rewards, what they should expect from their financial advisers, and what roles and responsibilities they should take on themselves when they engage with a financial adviser. It is also critical that investors accept responsibility for understanding the nature, extent, and ramifications of the investment recommendations that they receive from their financial advisers. Investors should be presumed to possess the requisite intelligence, diligence, and experience to understand the advice that they receive from financial advisers, so long as the adviser fully discloses all necessary information regarding the scope of the relationship, the manner in which he or she is compensated, and all material conflicts of interest that exist. Encouraging investors to take an active role in understanding investment advice and developing the ability to critically examine the recommendations that they receive is essential to improving their chances of meeting their financial goals. The best way to achieve that is not by placing restrictions on how financial advisers interact with clients or offer them services, but by encouraging an active partnership between them through better disclosure, communication and conflict mitigation.

- A best interest standard should build upon existing law and regulations (SEC, FINRA, and the states) rather than creating an entirely new regime. The cost and disruption inherent in creating a new system is not justified by the enhanced level of investor protection that may result.

- The standards of conduct applicable to broker-dealers and RIAs should be different, similar to the way in which they are now. Brokerage services are substantively different from advisory services in that they are generally episodic rather than ongoing and the fact that many advisory relationships vest the adviser with investment discretion. Given these differences, it is appropriate that RIAs be subject to a fiduciary standard with its attendant duties of care, prudence, and loyalty. Broker-dealers should be subject to a best interest standard that includes a duty of care, but not to a traditional fiduciary standard that includes duties of prudence and loyalty.

- It is appropriate to maintain the current regime in which broker-dealers receive transaction-based compensation and RIAs receive fee-based compensation. Clients have different circumstances and objectives and should be allowed to choose the economic model that best fits their situation.

- Cost is an important factor in formulating investment recommendations or strategies, but it is not the only one or necessarily the overriding one. As with purchases of all goods or services, the cost must be compared to the value received. In the context of investment advice, value often consists of multiple interrelated factors, the determination of which is subjective and largely based upon the individual views of the client. Clients should be given full and accurate disclosures and allowed to make their own choices about what best suits their circumstances. The fact that a given investment recommendation is more expensive than another alternative (unless the two options are substantively identical) does not necessarily render it inconsistent with the best interest of the investor.

- Creating best interest standards applicable to all financial advisers and retail investors is critical in accomplishing the two primary goals of the United States securities laws: Investor protection and effective and efficient capital formation. The SEC should work actively with all regulatory agencies that have jurisdiction over financial advisers (state securities and insurance regulators, FINRA, and DOL) to create and implement a uniform standard. The SEC should consider the extent to which current law can be used to create a higher degree of uniformity, either through coordination with other agencies or through pre-emption of inconsistent state standards. The SEC should also advocate for legislation that would pre-empt inconsistent standards of conduct promulgated by other agencies.

- The regime proposed by the SEC in Reg. BI is based primarily on disclosure and management of conflicts of interest. This is the correct approach, in contrast to those taken by DOL and others. It should be recognized and acknowledged that any provider of professional services has an inherent conflict of interest with prospective clients in that the professional has an economic incentive to persuade clients to hire them. A best interest standard should recognize this fact and avoid language such as "without regard to the financial interest of the adviser", which we believe is unrealistic and likely to create uncertainty for both advisers and investors. An adviser who meets the standards set forth in our principle No. 1, above, should be deemed to have met the best interest standard.

- A best interest standard applicable to broker-dealers should be business-model neutral. If appropriate disclosure and management of conflicts of interest are present, broker-dealers should be allowed to maintain differential compensation arrangements for products that are substantively different, sell proprietary products, and limit their product offerings as they deem appropriate. Investor access to the broadest possible range of options and business models is to be encouraged, not inhibited.

- The SEC lacks jurisdiction over certain investment products such as fixed insurance and fixed and equity-indexed annuities and certain advisers such as insurance salespersons, but it should endeavor to create standards that can be applied evenly across all advisers who are providing the same substantive types of services through coordination with insurance regulatory authorities.

- An overriding goal of any best interest standard should be to identify and address the reasonable expectations and understanding of both investors and advisers. Form CRS is the right approach, but advisers should be given flexibility to establish and define and describe their relationships with clients, assuming minimum standards are met.

- The best interest obligation should apply equally to both broker-dealers and associated persons. However, it should be recognized that certain aspects (drafting and implementation of policies and procedures, selection of approved products, etc.) are the province of the firm and the adviser should not necessarily be responsible for them. In addition, there are conflicts of interest that exist for the firm (for example, revenue-sharing, and principal transactions) that do not create adverse incentives for the adviser who makes investment recommendations to the client. Reg. BI should recognize this and address conflict mitigation with respect to only those individuals or entities that actually have it, rather than for all members of an affiliated group.

- Electronic delivery of all forms of communication with customers is becoming the norm in American commerce. It is timelier, more secure, cost-efficient, easier to update and amend, and environmentally sensitive than delivery of paper documents. SEC rules regarding electronic delivery have not always kept up with the changing environment, but Reg. BI offers a historic opportunity to change this trajectory for the benefit of investors. Reg. BI should explicitly permit broker-dealers and RIAs to deliver required information through electronic means. In some cases, this may involve transmission by email, text messaging, or other electronic means directly to the customer, or in appropriate circumstances, through access by customers to public websites or other similar facilities.

II. Regulation Best Interest

Proposed Reg. BI consists of several different elements. We offer comments with respect to the following specific issues:

A. The Standard of Conduct Embodied in Reg. BI Goes Far Beyond the Existing Suitability Requirement for Broker-Dealers, and Strikes the Appropriate Balance Between Investor Protection and Restriction of Investor Choice.

During the public debate regarding adoption of the Fiduciary Rule, many interested parties advocated for adoption of a uniform fiduciary standard applicable to all broker-dealers and RIAs. One of the primary arguments advanced in favor of this position is that the suitability standard established by FINRA Rule 2111 is not sufficient to protect investors, largely due to the presence of conflicts of interest that arise out of transaction-based compensation arrangements.

As noted in our preliminary comments above, we believe this misses the mark. Conflicts of interest are inherent in any relationship in which a professional is being paid for rendering services. The professional has a financial interest in convincing the customer to retain them on terms that are the most financially beneficial to the professional. So long as this is the case, the notion that a professional in any field can be free from all conflicts of interest is not realistic. This has become accepted in connection with the retention of all manner of professionals, including physicians and attorneys, with the caveat that conflicts of must be disclosed and managed appropriately. The range of fees for specific medical or legal services is wide and less expensive alternatives are often available, but all physicians or attorneys should not be required to charge the same fees, provide services in an identical manner, or be prohibited from recommending services that are more expensive than other available but distinguishable alternatives.

Similarly, RIAs have different conflicts of interest than broker-dealers, but to suggest that RIAs are free from conflicts is not accurate. The focus of Reg. BI should be to require disclosure and appropriate management of the conflicts of interest that will inevitably exist between investors and financial advisers, (both broker-dealers and RIAs), while recognizing the substantive differences in the nature of the services that they provide.

The standard that the SEC has proposed in Reg. BI consists of three primary elements: A standard of care applicable to broker-dealers, a requirement that broker-dealers and RIAs deliver a detailed written statement to the customer at the time of establishment of a relationship (Form CRS) describing the terms of the relationship, the legal standards applicable to it, compensation payable to the adviser, and any conflicts of interest that may arise out of the arrangement, and provisions which require broker-dealers to adopt policies and procedures sufficient to identify, manage, and mitigate conflicts of interest.

We offer the following comments with respect to each of these elements:

Standard of Care. The formulation proposed by the SEC strikes the appropriate balance between investor protection and restriction of investor choice. We submit that FINRA Rule 2111 establishes a standard of care that is functionally equivalent to that embodied in Reg. BI. So long as the standard of care under Reg. BI does not add significant additional requirements to those in FINRA Rule 2111, we support the SEC's approach.

We note that the standard of care described in Reg. BI includes a duty of prudence for broker-dealers. The duty of prudence is one of the hallmarks of a fiduciary relationship, and we fear that its' inclusion in Reg. BI will lead investors, courts, or even the SEC in subsequent

enforcement proceedings to equate the standard of care in Reg. BI with a fiduciary obligation. The Commission has gone to some lengths to state that it does not view Reg. BI as creating a fiduciary obligation for broker-dealers. We therefore suggest that the Commission remove the duty of prudence from the definition of best interest. Alternatively, Reg. BI should make explicit that the duty of prudence does not create a fiduciary obligation for broker-dealers or that any duty of prudence that it does entail is satisfied by compliance with FINRA Rule 2111.

Relationship Disclosure. We will offer more detailed comments on the substance of Proposed Form CRS below, but Cetera has advocated for a requirement to deliver such a statement to customers on previous occasions. Subject to our comments below, we endorse the SEC's approach to relationship disclosure documents and Form CRS.

Disclosure and Management of Conflicts. Most broker-dealers already have robust mechanisms to identify, disclose, and mitigate conflicts that may exist between them and clients, particularly with regard to compensation.[2] Many firms maintain committees that review, evaluate, and design methods to mitigate conflicts. At Cetera, there are numerous processes designed to eliminate or mitigate conflicts. Many of these are mandated by FINRA rules, but others have been developed to protect the interests of investors and manage the firm's risk.

Reg. BI suggests (without specifying them) that there are conflicts of interest that are so severe or unmanageable that they should be eliminated rather than mitigated. As a threshold matter, we believe that every conflict of interest falls somewhere on a continuum, and that each has a different effect depending upon the relationship between the client and the adviser. Identification of specific conflicts and decisions about whether to mitigate or eliminate them should be explicitly left to the broker-dealer under the principles-based regime that Reg. BI would establish. A commonly-cited example is sales contests or incentives that are focused on sales of a single product. While we agree that such arrangements may be *per se* inappropriate and Cetera does not permit them, this judgment is largely subjective. We suggest that reaching consensus on what other practices fall into this category would be well-nigh impossible. So long as a broker-dealer can demonstrate that it has made a good faith determination regarding identification and management of conflicts, it should not be subject to either regulatory action or private litigation based on those determinations. If the Commission believes that there are conflicts or practices that are so unmanageable that they cannot be mitigated, it should either prohibit them by rule or make them explicit in Reg. BI or subsequent guidance.

Given our views on conflict mitigation and the current FINRA regime mandating the adoption of processes to manage it, we endorse the requirement that broker-dealers adopt policies and processes to identify and mitigate conflicts of interest between customers and firms. We also accept the notion that disclosure is not always sufficient to manage conflicts of interest in the context of advice to retail customers. That being said, we believe that there are specific types of conflicts that can and should be dealt with exclusively through disclosure. They include:

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[2] See attached Appendix 1, which describes the process currently in effect at Cetera.

- **Recommendations as to account type.** - Many financial advisers offer services to investors as both broker-dealers and RIAs. The determination of which type of account is better for a given customer depends upon several factors, most of which are entirely subjective. Financial advisers should be required to take all of these into account and disclose them to the client prior to making a recommendation about whether to establish an advisory account or a brokerage account. Cetera has approached this by delivering a written summary to prospective clients regarding the factors they should consider in choosing which type of account is best for them.[3] Since the determination as to the appropriate account type is largely subjective, we believe that delivery of a comprehensive disclosure document should be sufficient to establish compliance with Reg. BI.

- **Recommendations to roll over assets from an employer-sponsored retirement plan to an IRA.** – The majority of households that are clients of Cetera advisers participate in employer-sponsored retirement arrangements such as 401(k) or 403(b) plans. When employees separate from service with an employer, they are usually given several options regarding the assets in the employer-sponsored plan. One of the options is to roll over assets from the employer-sponsored plan to an IRA, for which the adviser provides either brokerage or advisory services. Similar to the way in which Cetera handles recommendations as to account type, we deliver a written summary of the options available to investors in connection with the assets in the employer plan.[4] As with decisions regarding account types, we believe that many of the factors that go into making a decision about a rollover are subjective and cannot be accurately quantified. For that reason, we believe that comprehensive disclosure regarding the advantages and disadvantages of various rollover options should be sufficient to satisfy the requirements of Reg. BI.

B. The Duty of Care Should Not Require Broker-Dealers to Consider All Available Investment Products or Make Them Available to Customers

The universe of available investment products is vast. There are currently more than 10,000 publicly-registered mutual funds, thousands of ETFs and variable annuities, and tens of thousands of debt instruments available to investors. The duty of care in the context of retail investment advice includes several elements. One is a requirement that the adviser possess sufficient knowledge regarding the material aspects of any investment product that he or she recommends to a client. This is embodied in FINRA Rule 2111, and is referred to as "reasonable basis" suitability. It states that the broker-dealer must possess sufficient information about any investment product recommended to a client to allow the adviser to conclude that the risks,

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[3] See, for example, attached Appendix 2, which is an excerpt from the Cetera New Customer Disclosure document.
[4] See, for example, attached Appendix 3, a copy of which is delivered to Cetera customers considering IRA rollovers.

potential rewards, and other characteristics are such that it is suitable for at least some investors. The corollary to this is that the adviser must possess knowledge about the universe of available investments to decide which of them meet the reasonable basis standard.

A second aspect of the standard of care is a requirement that the adviser possess sufficient knowledge about the client to make recommendations that are consistent with their risk tolerance, investment objectives, and other financial circumstances. This is referred to in FINRA Rule 2111 as "customer-specific" suitability.[5] It also includes a requirement that the amount or quantity of a given investment that is recommended be consistent with the customer's financial circumstance. This is referred to as "quantitative suitability".

As noted above, in order to satisfy their reasonable-basis suitability obligations to customers, broker-dealers must understand and have access to a sufficient number of different investment products to offer customers with a realistic number of options. For example, if a broker-dealer only reviewed a single mutual fund or annuity product when there are thousands available, it may not satisfy the reasonable basis suitability obligation and thus would not meet the applicable standard of care. Most broker-dealers offer a wide variety of mutual funds, variable annuities, and other categories of investments, but do not offer access to all of the available investments in a given product category. This is rooted in practicality. In order to meet the reasonable basis suitability test, a broker-dealer must review and understand all of the material aspects of a given product before recommending it to customers. This requires time and resources on both an initial and ongoing basis. In order to manage this process, broker-dealers commonly maintain "approved product" lists. They make determinations regarding their clientele, their advisers, and their ability to perform the requisite reviews, and choose a subset of the available products in a given category that their advisers may recommend to clients.

We submit that limiting approved product lists is consistent with the duty of care and protection of investors. It gives the broker-dealer a better ability to understand and monitor the investment products that it offers to clients and to effectively train and educate the advisers who make recommendations. We ask that the Commission take notice of this and make clear in Reg. BI or subsequent published guidance that this practice is consistent with the duty of care. Any benefits to customers in having access to every available product is more than offset by the incremental cost and resource burdens on the broker-dealer.

C. Broker-Dealers Should Only be Required to Disclose and Mitigate Conflicts That are Material

The proposing release for Reg. BI describes "material conflicts of interest" as:

> "...a conflict of interest that a reasonable person would expect might incline a broker-dealer – consciously or unconsciously – to make a recommendation that is

[5] See FINRA Notices 11-02 and 12-25

not disinterested.[6]

This language has been articulated in federal case law as a fiduciary standard applicable to RIAs under the Advisers Act, (see ***SEC v. Capital Gains Research Bureau)***[7] *("Capital Gains")* but we believe that applying it in the context of determining which conflicts of interest are material for broker-dealers under Reg. BI is contrary to the Commission's desire to avoid overloading retail customers with disclosures "that would not ultimately affect a retail customer's decision about a recommended transaction or strategy and might obscure the more important disclosures."[8] Using this interpretation to set the standard for materiality is more likely to raise questions than to provide clarity and will result in disclosures that are so over-inclusive as to overwhelm any meaningful understanding by the intended user, the investor.

We believe that the more appropriate standard for materiality in this context is that established by the Supreme Court in ***TSC Industries, Inc. v. Northway, Inc.***[9] and reaffirmed in ***Basic, Inc. v. Levinson*** [10] (*"Basic"*). Using a different standard of materiality in Reg. BI would make it inconsistent with the rest of the Exchange Act and analogous provisions in the Securities Act.[11]

The description of "conflicts of interest" in *Capital Gains* is not particularly well-suited to addressing the "material conflicts of interest" standard in Reg. BI. The language of *Capital Gains* which is quoted in the Reg. BI release is not explicitly used by the Supreme Court to define "material conflicts of interest". It is used to describe an investment adviser's obligations to its clients, as follows: "The Investment Advisers Act of 1940 thus reflects a congressional recognition 'of the delicate fiduciary nature of an investment advisory relationship,' as well as a congressional intent to eliminate, or at least to expose, all conflicts of interest which might incline an investment adviser—consciously or unconsciously—to render advice which was not disinterested."[12]

The SEC's stated purpose in adopting Reg. BI is to create a best interest standard that applies to broker-dealers and is narrower than the fiduciary standard that applies to RIAs. A major part of this is the requirement that "material" conflicts be disclosed in the context of a broker-dealer relationship, not the more encompassing standard applicable to fiduciaries.[13]

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[6] *See* Reg. BI Release at 21602.

[7] 375 U.S. 180 (1963).

[8] Reg. BI Release at 21603-21604.

[9] 426 U.S. 438 (1976).

[10] 485 U.S. 224 (1988).

[11] See, for example, Securities Act Rule 405 (17 CFR 230.405) which provides in relevant part: "The term *material,* when used to qualify a requirement for the furnishing of information as to any subject, limits the information required to those matters to which there is a substantial likelihood that a reasonable investor would attach importance in determining whether to purchase the security registered."

[12] *Capital Gains*, 375 U.S. at 191-92.

[13] The Reg. BI release states that "Limiting the obligation to 'material' conflicts is consistent with case law under the antifraud provisions, which limit disclosure obligations to 'material facts,' even when a broker-dealer is in a relationship of trust and confidence with its customer. We believe that expanding the scope of the obligation more broadly to cover *any* conflicts a broker-dealer may have would inappropriately require broker-dealers to provide

Defining material conflicts as in *Capital Gains* is likely to result in the very thing that the Commission has declared its intent to avoid: "...lengthy disclosures that do not meaningfully convey the material facts and material conflicts of interest and may undermine the Commission's goal of facilitating disclosure to assist retail customers in making informed investment decisions."[14] Because the proposed interpretation fails to separate conflicts that are of no consequence from those that would reasonably impact recommendations, firms would have to develop disclosures that would identify every possible conscious *and unconscious* conflict and force investors to sift through extensive conflict disclosures to find the ones they may actually care about.

Consistent with the SEC's objective of capturing only those conflicts that are "material" as opposed to "*any* conflicts of interest" that a broker-dealer may have with a retail customer, we believe that the SEC should use the well-established definition of "materiality" set forth in *Basic* for purposes of the federal securities laws (*i.e.*, the significance that a reasonable investor would place on the withheld or misrepresented information), rather than to adopt an overbroad standard that does not even use the word "material" and would result in disclosures that may not be relevant or useful to an average investor. We would also note that in the adopting release for the 2010 amendments to Form ADV, the Commission explained that information is "material" if "there is a substantial likelihood that a reasonable investor...would have considered the information important."[15]

Defining "material conflicts of interest" in Reg. BI based on these precedents would have numerous benefits to investors, the industry, and the SEC. From the investor perspective, this formulation would align with two of the SEC's key goals in adopting Reg. BI: Meeting consumer expectations in their relationships with financial professionals and providing investors with information pertinent to their investment decisions while avoiding the problem of over-disclosure.[16] For the securities industry, using the *Basic* definition would achieve legal certainty by employing a standard with which it is already familiar, and for which an existing legal framework to draw from when developing a compliance plan, including policies, procedures and training already exists. Similarly, the principle underlying this approach – that investors should have access to the information they need to make informed investment decisions – has always guided the SEC, both in terms of providing compliance assistance to firms and financial professionals, and with respect to examinations and enforcement.

To avoid legal uncertainty with respect to such an important concept, we also believe that the Commission should define the term "material" in the final rule. The proposed definition is

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information regarding conflicts that would not ultimately affect a retail customer's decision about a recommended transaction or strategy and might obscure the more important disclosures." Reg. BI Proposing Release at 21603-21604 (emphasis in original).

[14] Reg. BI Proposing Release at 21604.

[15] Amendments to Form ADV, Investment Advisers Act Release No. 3060, 75 Fed. Reg. 49234, 49237 (Aug. 12, 2018), *available at* https://www.sec.gov/rules/final/2010/ia-3060.pdf.

[16] *Basic,* at 231. (The Court sought to avoid setting too low a standard of materiality, which might lead to "an avalanche of trivial information – a result that is hardly conducive to informed decision making.").

described in the proposing release, but the standard for materiality is critical to compliance with the conflict of interest obligation and therefore should be explicitly stated in the final rule rather than simply being described. We also believe that the Commission should clear up any confusion about the definition of materiality with respect to RIAs by clarifying that the standard recommended herein applies to RIAs in a manner identical to that for broker-dealers. Consistency in this regard would be of particular importance for dually-registered firms and financial professionals who might otherwise be faced with situations in which a particular conflict is material when acting as a broker-dealer but not as an RIA (or vice versa).

D. The Duty to Mitigate Conflicts Should be Limited to Individuals or Entities for Whom Conflicts Actually Exist

The Commission seeks to create a standard that focuses on whether a conflict "taints" a recommendation in a material way, and in which the focus is on significant financial conflicts of interest. However, the application of this standard is still difficult when applied to conflicts of interest of associated persons as distinct from the firm at large. We therefore suggest that disclosure of conflicts of associated persons be limited to those that affect the financial compensation of the associated person. This is consistent with views expressed by FINRA in 2013[17], which specifically identified financial compensation as the primary source of conflicts of interest for associated persons. This would be consistent with the approach of allowing firms to rely on a risk-based compliance and supervisory system instead of a detailed review of each recommendation of a securities transaction or securities-related investment strategy to a retail customer– which is an approach we endorse.[18] A material conflict of interest of an associated person relating to a recommendation should be limited to conflicts relating to that individual's financial compensation.

To the extent that the SEC believes there are conflicts of associated persons that do not arise out of financial compensation but that are substantive enough that they must be disclosed, we ask that they be identified. Providing more definitive guidance regarding specific conflicts will facilitate the creation and implementation of policies and procedures under both the disclosure and conflict of interest obligations of Reg. BI. In particular, we request that the Commission consider guidance regarding the following issues:

- Commission payment grids or payout arrangements in which the representative receives a larger percentage of the revenue applicable to a specific transaction after reaching a specified level of annual revenue, or "gross production". Most broker-dealers maintain what are referred to as "neutral grids", in which advisers receive the same specified percentage of the sales-related compensation regardless of the product recommended. So long as the percentage of the revenue that the representative

[17] FINRA Report on Conflicts of Interest (October, 2013).
[18] Reg. BI Proposing Release at 21618.

receives is not dependent on the sale of any particular product, neutral grids should be specifically deemed acceptable.

- Differential compensation arrangements based on the product recommended. So long as the firm can demonstrate that its processes and procedures appropriately manage differential compensation for different products, Reg. BI should explicitly recognize this as consistent with the best interest of the investor. We endorse the notion that the compensation payable in connection with substantially identical products should be substantially equivalent, but this should be left to the good faith determination of the firm.

- Payments that are received by the firm but that are not directly shared with the associated person. Many broker-dealers receive what are referred to as "revenue-sharing" or marketing assistance payments from product sponsors such as mutual fund or annuity issuers.[19] The representative making the recommendation to the customer does not generally receive any portion of this revenue, and as such we submit that no actual conflict of interest exists.

Without such limitations and guidance, firms will bear the enormous burden of trying to monitor all potential conflicts of interest of thousands of associated persons relating to tens of thousands of securities that may be the subject of any given recommendation. We submit that any incremental level of investor protection is more than offset by the cost of developing systems to monitor these largely illusory conflicts.

III. Form CRS

A. Form CRS Represents the Most Effective Method for Delivery of Relevant and Useful Information to Investors

We believe that a document similar to Form CRS is the best method to deliver relevant and understandable information to investors regarding their relationship with their financial adviser. Indeed, Cetera has advocated publicly for this on several occasions. A concise, plain English document that describes the primary features of the adviser/client relationship, explains the legal obligations and compensation arrangements, and sets forth the conflicts of interest that exist in the relationship gives investors the information that they actually need to make decisions about which adviser to hire and what type of account is best for them. Under the current regulatory regime, customers who wish to obtain all of this information are required to go to multiple sources that are not always easy to locate. Clients who have relationships with RIAs receive a Form ADV which contains much of the information in the proposed Form CRS, but Form ADV is a much longer and more legalistic document. More importantly, Form ADV generally does not compare an advisory relationship to a brokerage relationship. Given the fact that most financial advisers offer both

[19] See, for example, attached Appendix 4, which describes certain arrangements between Cetera and product sponsors.

brokerage and advisory service models, a threshold question for most investors is which arrangement is best suited to their needs and circumstances. No such document making this comparison currently exists. We applaud the SEC for recognizing this and creating multiple template versions of the Form CRS.

The Proposing Release for Reg. BI has taken the somewhat unusual step of including a survey form for investors to use in submitting their views on the design and content of the SEC Form CRS templates. Given the centrality of Form CRS in Reg. BI, we believe that this is an important issue, and agree that the SEC's effort is worthwhile. In order to help determine if this information would be useful to investors, Cetera conducted a survey of investors to get their reaction to the Form CRS proposed for dual registrants.[20]

The findings of the Cetera Customer Survey include the following:

- The large majority of respondents found that Form CRS was helpful to them in understanding the various types of relationships offered by financial advisers. They found it to be appropriate in length and level of detail;

- More than 80% of investors who have an existing relationship with a financial adviser stated that they knew more about their relationship with the adviser after reading the Form CRS;

- A substantial majority of investors stated that having access to the Form CRS made it more likely that they would engage with a financial adviser, either now or in the future. This is an important finding. Multiple studies have shown that investors who engage with financial advisers have better investment results and a higher level of confidence in the decisions they make about investing than those who do not. Anything that makes investors more likely to retain a financial adviser is a positive thing; and

- With regard to the content of the Form CRS, substantial majorities of investors stated that virtually all of the items of information included were important, relevant, and necessary to their determination about which adviser to hire. Similar majorities stated that no important categories of information were missing.

We will be interested to hear what the Commission concludes after reviewing the results of the investor survey included in the Reg. BI release, and are happy to share the results of our work to further illuminate the discussion.

B. Form CRS Should be the Preferred Transmission Method for Disclosure of All Aspects of the Relationship Between the Adviser and the Client

The Proposing Release for Reg. BI contains an extensive discussion of the uses and limitations of Form CRS, but it leaves several questions unanswered. In particular, it speaks

[20] Survey of 800 individuals, completed in June, 2018 (the "Cetera Customer Survey").

about the concept of "layered" disclosure, which we understand is intended to account for the fact that broker-dealers often provide information about their relationships with customers, including conflicts of interest, in multiple places. However, the Proposing Release for Reg. BI does not make clear how the various layers relate to each other or to the Form CRS. It is the stated intent of the SEC to make Reg. BI a principles-based regime, in which financial advisers have flexibility to design systems that are suited to their business models and relationships with clients, and we endorse this approach. However, with respect to the multi-faceted or layered disclosure regime, we fear that the lack of specificity will do more harm than good. We have several suggestions in that regard:

- Form CRS should be the primary vehicle for delivery of information about the customer relationship, compensation, and conflicts of interest of the adviser. Subject to the discussion below, the objective should be to give the investor a comprehensive, one-stop point of reference for all material aspects of their relationship with the adviser.

- Form CRS should be delivered to the customer at or prior to the time at which an account is established, either electronically or in hard copy. However, firms should not be required to deliver a new or amended Form CRS to clients except in limited circumstances, in particular when the client establishes a different type of account than they already have. (For example, if a customer has an existing brokerage account and is considering establishing an advisory account, the firm should be required to furnish the appropriate version of the Form CRS at that time.)

- Form CRS should be limited in length, but should contain references to other sources of disclosure and information about the firm, the adviser, their relationship, and material conflicts of interest. Firms should be permitted to incorporate other information in Form CRS by reference without reproducing the specified information in its' entirety, so long as the location is reasonably accessible to the public and the other sources of information are sufficient to meet the standards of Form CRS.

- Reg. BI should not create new or additional transaction-level disclosure obligations for broker-dealers. Existing rules in combination with Form CRS are sufficient.

- Broker-dealers and RIAs should be permitted to publish amendments to Form CRS on public websites instead of delivering them to customers. This is sometimes referred to as "access equals delivery". Business practices, compensation methods, and conflicts of interest change and evolve over time, but most of these changes are incremental and not necessarily material to investors as they consider their ongoing relationship with the financial adviser. Reg. BI should explicitly allow firms to publish updates or amendments to their Forms CRS on public websites or other similarly available outlets, and should not require delivery of a new Form CRS unless the amendments are so material that they fundamentally change the nature of the relationship between the adviser and the client. This method of notice is common with respect to certain practices, such as revenue-sharing payments from product

sponsors. So long as the nature of a given compensation practice or conflict is disclosed in the initial Form CRS, firms should be allowed to deliver updates or amendments via websites or similar means, without a requirement to send a new notice directly to clients.

- Broker-dealers and RIAs should be permitted to deliver Forms CRS to customers through appropriate electronic means. At present, SEC rules regarding electronic delivery of documents to investors are not consistent. With a few notable exceptions, customers must affirmatively consent to receive documents through electronic means, or the firm must furnish all required documents in paper copy. We acknowledge that delivery of hard-copy documents has been the standard in the securities industry for a long time, and we are not suggesting that the Commission should revisit all aspects of its policy regarding electronic delivery at this time. However, we believe that adoption of Reg. BI and the Form CRS represents something of a watershed moment in the development of securities regulation. This is a large-scale restructuring of the regime applicable to adviser-client relationships, and should take into account considerations that might not otherwise come into play. Specifically, electronic delivery of all types of documents is rapidly becoming the norm in American commerce. In the past decade, acceptance of electronic delivery by consumers has increased markedly. Electronic delivery is safer, timelier, and more reliable than paper documents delivered via regular mail. The chances of paper mail being lost, stolen, misdirected, or otherwise misplaced is starkly higher than with electronic documents. Paper documents that are rarely kept by recipients, and use resources that could more appropriately be used elsewhere. Reducing the use of paper is also far more environmentally-friendly.

  It has been estimated that the securities industry spends an aggregate of $600 million per year on delivery of paper documents. Given our proposal that Form CRS be available at all times on public websites or other similar facilities, we suggest that the resources that are currently devoted to preparation and mailing of paper documents can be used much more productively elsewhere.

The Commission has an historic opportunity to take a large step toward the future by explicitly allowing electronic delivery of Forms CRS, subject to the right of the client to opt out and request paper documents. It should seize the moment.

C. Form CRS Should Include Disclosures Regarding Conflicts of Interest in Addition to Those Included in the Current Draft Version.

As noted above, we believe that Form CRS is a positive step in creating a more robust and comprehensive regime for delivery of information to investors. We suggest addition of information regarding three other specific matters:

- Whether or not the firm has established standards for the minimum or maximum dollar amount of various account types;

- Whether the firm makes transition assistance payments to advisers in connection with their affiliation with the firm, and if the individual adviser has received such payments in connection with his or her affiliation. We do not believe it is necessary to state the specific amount or nature of any transition assistance payments, but the Form CRS should alert the customer to the fact that the firm engages in the practice and allow them to ask the adviser questions about any such arrangements if they believe it is relevant to their decision to retain them and

- Whether or not individual representatives of the firm offer securities - related services through another entity that is not affiliated with the broker-dealer or RIA that is making the disclosure. For example, it is common in some business models for representatives of broker-dealers to operate RIAs independently from the broker-dealer.[21] This may involve different compensation methods, custodians or other service providers, and different conflicts of interest and mitigation techniques. These should be explained to clients at the outset of the relationship.

In addition, the requirement to deliver a Form CRS should be prospective, as of the effective date of Reg. BI or any other companion regulation. We assume that this is the intent of the Commission in adopting Reg. BI, but have not identified a specific statement to that effect in the Proposing Release.

D. The Definition of "Retail Investor" in Form CRS Should Be Harmonized with the Definition of "Retail Customer" in Reg. BI, and Institutional Investor Relationships Should Not Require Delivery of a Form CRS.

We recommend that the definition of "retail customer" in Reg. BI be harmonized with the proposed definition of "retail investor" in Form CRS, specifically in its limitation to natural persons. A retail investor that receives Form CRS may assume that Reg. BI applies to them despite the fact that it only applies to specified persons. Any recipient of a Form CRS would have an argument that Reg. BI should apply to them based solely on the language of the Form CRS. For example, if a customer has an individual account that she uses for her sole proprietorship business, she would not fall under Reg. BI's definition of a "retail customer" since the purpose of recommendation is not for personal, family, or household use. However, she would be considered a "retail investor" for purposes of Form CRS. If a broker-dealer sends her a Form CRS stating that it owes her a best interest obligation, the broker-dealer may assume obligations established by Reg. BI that it would not otherwise have.

Given the links between Reg. BI and Form CRS, the definition of "retail customer" and "retail investor" should be harmonized to the greatest degree possible. Both should be limited to natural persons and subject to an institutional investor exemption. In that regard, we further recommend that the proposed definition of "retail investor" in Form CRS exclude an "institutional investor" as defined under FINRA Rule 2210. Such investors are already subject

[21] See FINRA Notices 94-44, 96-33 and 18-08.

to a distinct institutional suitability standard under FINRA Rules and are not the intended beneficiaries of Proposed Reg. BI's best interest obligation.

E. The SEC Should Not Restrict the Use of the Titles "Advisor" or "Adviser" and Should Provide Practical Flexibility Regarding Use of Titles.

The Commission proposes to restrict the ability of registered representatives of a broker-dealer to use the titles "advisor" or "adviser", in the interest of reducing investor confusion. We believe that this distinction is largely semantic and not of real substance, and we do not endorse this approach.[22] The title "financial advisor," for example, is in extremely common use at broker-dealers, and is perfectly descriptive of the services provided by typical broker-dealer representatives. They advise customers as to their finances, and refer to themselves "financial advisors" because that is what they do. We also believe that the large majority of customers have become accustomed to these monikers and would be confused if the advisers with whom they have worked for many years suddenly changed the way they refer to themselves.

Investors are apparently confused about the different services, fee models, conflicts, and legal standards applicable to broker-dealers and RIAs.[23] Restricting use of the title "advisor," however, will do nothing to help investors understand these differences. Such confusion should be appropriately addressed through clear, concise and simple disclosure to the investor about the specific client relationship, which is precisely what Form CRS is intended to accomplish.

The Commission alternatively casts the confusion over the title "advisor" as investors believing they are getting the benefit of a fiduciary standard when they are not. We believe that Reg. BI solves for that confusion as well. Although the proposed best interest standard for broker-dealers is not labeled as fiduciary in nature, it sets forth clear standards, including the duty of care. Collectively, Reg. BI and Form CRS obviate any perceived need to restrict broker-dealers use of the title "advisor."

IV. Additional Requirements for RIAs

The Commission has requested comment regarding the possibility of enhancing regulation of RIAs.[24] This request focuses on three specific topics: Licensing and continuing education, provision of account statements, and financial responsibility. We believe that additional standards are appropriate in each of these areas.

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[22] We do not oppose restrictions on the use of the title "investment advis[e/o]r" which is a defined term under the Advisers Act.

[23] SEC Staff Study on Investment Advisers and Broker-Dealers, available at https://www.sec.gov/news/studies/2011/913studyfinal (The "Section 913 Study".)

[24] 83 Fed. Reg. 21203.

One of the primary findings of the Section 913 Study was that where investment advisers and broker-dealers perform the same or substantially similar functions, they should be subject to the same or substantially similar regulation. The Section 913 Study included an analysis of several topics where regulations differ between broker-dealers and RIAs, including advertising and communications with the public, the use of finders and solicitors, remedies, supervision, licensing and registration of firms, continuing education requirements, and books and records.[25] There are substantive differences between the services that broker-dealers and RIAs provide to their clients, and as discussed herein, there are areas where regulations should be substantively different. However, with respect to these specific issues, we agree with the conclusions of the Section 913 study, and believe that the requirements for licensing and continuing education, provision of account statements, and financial responsibility should be harmonized to a greater extent. We offer the following comments with respect to each:

A. Licensing and continuing education requirements. - At present, the Advisers Act has no requirements for either licensing of IARs or continuing professional education. Licensing, and more specifically qualification examinations, are designed to assure the investing public that the individuals whom they employ to give them financial advice possess a baseline level of competence to perform these services. We believe that much of the value that advisers bring to their clients comes from experience, and that the content in qualification examinations for IARs should be established at a level that is consistent with new entrants to the business. Continuing education is designed to augment and heighten the knowledge of individuals who have been in the industry for some period of time. This may cover changes to laws or regulations, additional product knowledge, or other related developments. Continuing education serves the same purpose as requiring qualification examinations: To assure the public that their advisers maintain a certain level of skill and competence. We are not aware of any reason why RIAs should be subject to lesser standards in this area than representatives of broker-dealers.

We have some specific suggestions as to content and timing, including the following: To the extent that a representative is dually registered with FINRA and the SEC, the FINRA continuing education requirements (existing FINRA Rule 1250) should satisfy such a requirement.[26] FINRA-registered representatives have multiple requirements with respect to continuing education. They must complete a "Regulatory Element" designed and administered by FINRA at regular intervals. In addition, they must complete numerous firm-specific educational requirements on an annual basis, including "Firm Element" training, an Annual Compliance meeting, and training with respect to Anti-Money

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[25] *Section 913 Study* at 130-139.

[26] This rule will be superseded by FINRA Rule 1240 on October 1, 2018.

Laundering ("AML"), all of which are designed and delivered by the firm. This gives the firm the ability to tailor the content and delivery method to its individual business model. Investor protection will be enhanced if SEC-registered RIAs are subject to the continuing education requirements that are effectively equivalent to those of broker-dealers. We believe that the SEC should work with FINRA and the states to establish content for continuing education courses and attendance requirements, including topics to be addressed and methods of delivery.

B. Delivery of account statements. - The Commissions has requested comments regarding whether or not retail clients of IA clients should receive account statements, directly or via the client's custodian. We believe that in most cases, RIAs either send monthly or quarterly account statements to customers or direct custodians of customer to do so, but there is no current SEC requirement. The SEC should address this gap through rulemaking.

C. Financial Responsibility requirements. - The Commission has requested comment on whether it should adopt rules regarding financial responsibility for RIAs, possibly similar to those applicable to broker-dealers such as Rule 15c3-1 (net capital) and 15c3-3 (customer protection). Similar to licensing and continuing education, these rules would enhance investor protection and increase investor confidence in providers of financial advice. We support rulemaking in these areas for that reason.

The Commission has also noted that many "investment advisers have relatively small amounts of capital, particularly compared to the amount of assets that they have under management." Strengthening capital requirements for RIAs would undoubtedly benefit their clients since it would reduce risk and increase investor confidence. Investors who have been harmed by RIAs will benefit as well since the SEC noted that "when we discover a serious fraud by an adviser, often the assets are insufficient to compensate clients for their loss." There have been numerous recent instances in which clients of RIAs have suffered losses in connection with fraudulent activity conducted by IARs.[27] Requiring RIAs to hold more capital and obtain fidelity bonds would better protect investors. We suggest that the Commission should consider further comments and rulemaking to determine the appropriate level and terms for fidelity bonds coverage for RIAs, taking into account the size and nature of their business, whether or not they exercise discretion over customer funds and securities, and other relevant criteria.

V. Effective Date for New Regulations

Any new standard of conduct applicable to broker-dealers would raise a variety of logistical issues for the SEC, FINRA, and the securities industry. In order to comply with these

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[27] See, for example, Kimberly Pine Kitts, SEC Litigation Release LR-24208 (July 19, 2018).

requirements, firms will be required to develop extensive infrastructure, policies and procedures. They will need sufficient time to implement training programs and to build systems to comply with any standard of conduct that is adopted. We suggest that there be an implementation period of at least 24 months from the date on which any final regulation is approved until it is effective.

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We appreciate the opportunity to provide these comments to the Commission as it considers adoption and implementation of standards of conduct applicable to relationships between financial advisers and clients. As mentioned above, we believe that the approach that the SEC has adopted is constructive, and subject to our comments herein, we support it. We welcome an opportunity to discuss these views with you further, or to provide any additional information that the Commission may find useful. Please feel free to contact either me or Mark Quinn, the Director of Regulatory Affairs at Cetera, if we may offer any assistance. Mr. Quinn may be reached at [redacted] or [redacted].

Sincerely,

Robert J. Moore
Chief Executive Officer

Appendix 1

Disclosures to Customers and Conflict Management at Cetera Broker-Dealers

Representatives of independent broker-dealer firms (IBDs) such as the broker-dealer and RIA affiliates of Cetera Financial Group ("Cetera") tend to engage with clients in a slightly different way than advisers who are affiliated with firms in other channels such as wirehouses, discount brokers, or bank or insurance company affiliates. Representatives of Cetera often specialize in holistic financial planning that is intended to cover all aspects of their client's financial lives, for major purchases such as homes, education funding for their children, and retirement planning for themselves. Most advisers affiliated with Cetera firms act as both representatives of a broker-dealer and Investment Adviser Representatives (IARs). In many cases, their clients maintain both brokerage and fee-based advisory accounts with them.

Advisory services range from financial planning, which is generally performed for an hourly or flat fee, to discretionary asset management with compensation based on the value of the assets under management. Cetera firms do not sponsor proprietary investment products such as mutual funds, annuities, or alternative investments, do not provide investment banking or related advisory services, or conduct proprietary trading for their accounts aside from what is referred to as "riskless" principal trading in corporate and municipal debt securities. Cetera firms generally do not maintain inventory of securities for sale or trading for their own account.

Advisers affiliated with Cetera are independent contractors and not employees of the firm. They maintain their own offices and staff and pay for all of these expenses themselves. They generally receive a relatively large percentage (on average, approximately 90%) of the revenues (either sales charges or advisory fees) paid by a client. The percentage of the revenue received by the adviser varies slightly according to the security purchased or service provided to the client. In general, advisers receive the same percentage of the revenue attributable to all packaged products (mutual funds, annuities, and illiquid alternative investments), and the sales charge paid by a client is generally the same within a given product category. (For example, sales charges on all mutual funds are usually equal, but may differ from those for annuities or illiquid alternatives.) Advisers may receive a larger percentage of revenue as they reach specified levels of annual revenue, but these are always "product agnostic", meaning that the higher tiers are based on total revenue rather than in connection with any specific product or product type. Under some circumstances, advisers may qualify for incentive trips or clubs sponsored by the broker-dealer, but these are based on total annual revenue as opposed to revenue attributable to any given product or category.

Customer Disclosures

Cetera is the corporate parent of six broker-dealers and five RIAs. When a prospective client meets with a representative of a CFG firm, they receive several different disclosures or items of information about the services provided by the firm and the adviser, how they are compensated, and conflicts that may result from the way the firm and the adviser are paid. At the outset of the relationship, the client receives a Document entitled "Investor Rights" (see attached Exhibit 1.) This describes certain rights and responsibilities that both the firm and client have to each other. The client also receives a document which contains disclosures regarding compensation that they

will pay in connection with transactions in their account, risks inherent in investing, payments that the firm and/or advisers may receive from third parties such as product sponsors, and factors to consider in selecting the type of account (brokerage, advisory, or both) that they may wish to maintain. (See attached Exhibit 2.) If the client elects to open an advisory account, they receive a Form ADV Part 2A for the firm and Form ADV Part 2B for the individual adviser. (See attached Exhibit 3.) These contain extensive information about the background of the firm and the adviser, the advisory services that they provide, costs and expenses in connection with their accounts, and conflicts of interest that may result from their relationship with the firm and the adviser.

Many clients of the Cetera firms have savings in employer-sponsored retirement arrangements such a 401(k) plans. Upon retirement or other separation of service from the employer, they may elect to "roll over" these assets into an IRA account. If they discuss a rollover from a qualified plan account to an IRA, they receive a brochure entitled "Things to Consider before Making an IRA Rollover" (see attached Exhibit 4). This document describes the options available to clients in connection with rollovers, the costs and expenses that they may incur, and the advantages and disadvantages of each option.

The Cetera firms deliver numerous other types of informational documents in connection with various types of securities such as structured notes (see attached Exhibit 5) and variable annuities (see attached Exhibit 6). These documents are provided in addition to the prospectus or other offering document for any given security such as mutual funds or annuities.

In addition to documents that are delivered to clients in connection with purchases of specific products, the Cetera firms maintain public websites that contain additional information regarding various business practices. Among other things, the firm websites contain disclosures regarding payments that the firm receives from product sponsors (see attached Exhibit 7), how client information is handled (see attached Exhibit 8), and hyperlinks to other sources of information from FINRA and the SEC (see attached Exhibit 9). The firm websites also include a link to the FINRA BrokerCheck website, which they can access if they wish to receive additional information about the firm or their adviser.

The regime described above is intended to provide clients and prospective clients with the information that they need to make informed decisions about which adviser they wish to engage with, what type of relationship they wish to have, how both the firm and the adviser are compensated, and potential conflicts of interest that may arise as a result of those factors.

Identification and Management of Conflicts of Interest

In addition to the disclosures provided to clients regarding their relationship with the firm and its representatives, the Cetera firms maintain an extensive set of policies governing the activities of advisers. Since we do not sponsor proprietary investment products, provide investment banking services, or conduct proprietary trading with customers, conflicts between the interests of customers and those of the firm are substantively different from those experienced by wirehouse firms or retail distributors that are affiliated with vertically integrated firms that sponsor investment products or engage in similar activities. Most of the conflicts that may exist for us

are related to compensation that representatives receive in connection with purchases of securities by customers or payments from third parties. As discussed above, all of these are disclosed to customers at the time of establishment or their account or on an ongoing basis. In addition to disclosure, we have a variety of polices and processes to manage or mitigate potential conflicts, including the following:

- **Payout grids** – Our payout grids for representatives are neutral with respect to the product sold. Representatives are often eligible to receive a higher percentage of the revenue applicable to given transactions after they have generated higher levels of total annual revenue, but all such calculations are based on total annual revenue rather than revenue within a given product category. In general, the percentage of revenue received by the representative is not retroactive as they reach higher revenue tiers.

- **Firm recognition and clubs** – Advisers who generate larger amounts of revenue may be invited to join clubs based on that and other criteria. In many cases, members of these clubs are eligible to attend firm gatherings, sometimes referred to as incentive trips. The criteria for inclusion in these groups is product-neutral, meaning that all revenue is considered equal, and no product or product category receives additional weight for purposes of qualification. These incentives are largely based upon the overall level of customer assets held at the firm, and therefore do not create material conflicts of interest for the representative or the firm.

- **Selling compensation which varies according to the product purchased by the customer** - Cetera firms have substantially levelized compensation within a product category. For example, the sales charge applicable to all variable annuities or all mutual funds are generally equal. The sales charges often differ across product categories, but the differences are generally based on qualitative differences between products such as licensing and education requirements, complexity of the product, time and expertise involved in explanation to the customer, and ongoing servicing requirements.

- **Payments and reimbursements from third parties –**

    - Cetera firms receive marketing assistance payments from sponsors of investment products, often referred to as "revenue-sharing payments". These payments are retained by the firm and not shared with the adviser who makes the recommendation to the client. Since the adviser who makes the recommendation does not reactive any portion of the revenue-sharing payment, we do not believe that an actual conflict of interest exists in this instance. Notwithstanding that, revenue-sharing payments are disclosed at the time that a customer establishes a relationship with us and are available at all times on the firm's website.

    - Cash and non-cash compensation – Both the Cetera firms and individual advisers receive marketing support from products sponsors. This often takes the form of reimbursement for expenses incurred by the firm or the advisers in connection with seminars, educational meetings, or other client-focused events.

Reimbursement is limited to the actual cost of the event and is subject to limitations established by the firm regarding the cost, and all proposed events must be submitted and approved by the firm in advance in order to be eligible for reimbursement. FINRA rules established a framework for management of marketing expenses and are binding on all FINRA member firms.

- Gifts and Entertainment. FINRA rules set forth limits on FINRA members and advisers with respect to receipt of gifts and entertainment from product sponsors. There are specific limitations on the type and amount of these expenditures, which we believe constitutes an effective conflict mitigation method.

- Due diligence meetings – Sponsors of investment products conduct educational meetings for broker-dealers and advisers to allow them to familiarize themselves with the product offerings and meet their obligations under FINRA Rule 2111 regarding suitability obligations to customers. The product sponsors may reimburse the firm or representatives for the cost of attending such meetings. FINRA rules contain specific limitations on the manner and location of due diligence and educational meetings. In particular, they are generally conducted at the offices of the product sponsor, contain only educational and business-related activities and do not include social aspects such as entertainment. If an adviser brings a guest to the meeting, the representative or guest is required to pay for the cost of attendance without reimbursement by the sponsor. Attendance by ay representatives is subject to advance approval by the firm.

Taken together, the disclosure and conflict mitigation regimes comprise both a system and an environment that is designed to fully inform and protect the interests of clients as they do business with us.

Exhibit 1

first allied

INVESTOR RIGHTS

As an investor, you have certain rights and responsibilities. They are outlined as follows:

Your Rights

- You should be treated in a fair, ethical and respectful manner in all interactions with First Allied and our employees and affiliates.
- You have the right to competent and courteous service and advice (if provided) at a fair price.
- You have the right to clear and accurate descriptions of your transactions.
- You have the right to know commissions and fees associated with your accounts.
- Your statement should provide timely and accurate account and transactional information and should reflect all positions held.
- You should be provided with First Allied policies and practices for protecting the privacy of nonpublic, personal information.
- You should expect our assistance in helping you clarify your investment goals and risk tolerance.

- You should expect our assistance in setting realistic expectations about the long-term performance and associated risk of different securities.

- You should be provided with responsible investment recommendations based on your objectives, time horizon, risk tolerance, and other factors as disclosed by you.

- You have the right to fair consideration and a prompt response from First Allied if a problem with your account arises.

- First Allied should have a clearly defined process for raising and resolving a complaint and we should provide you with information about the process.

- You should be apprised of alternatives should we be unable to resolve a dispute to your satisfaction.

Your Responsibilities

- You should carefully read sales literature, prospectuses, and/or other offering documents, when available, before making purchases. You should carefully consider all investment risks and/or considerations contained in the documents.

- You should understand that all investments have some degree of risk and that it is possible to lose money on any investment.

- Review all transaction confirmations and account statements or reports carefully and promptly. Report any errors or any questions you have to your financial consultant immediately.

- You should have cash or available margin buying power in your account for payment for the purchase of securities by settlement date.

- If seeking investment advice, you are responsible for providing accurate information about your financial status, goals, and risk tolerance to ensure that appropriate recommendations are provided.

- You should promptly bring problems or questions concerning accounts to the attention of First Allied or your financial consultant.

- You should promptly notify your financial consultant whenever there are significant changes in your investment objectives, risk tolerance, net worth, or liquidity needs.

- You should make certain that you understand the correlation between risk and return.

- You should consult an attorney or tax advisor for specific tax or legal advice.

- You should review your portfolio holdings on a regular basis (at least quarterly) and whenever your financial circumstances change. You may want to make appropriate changes based on your investments' performance and your current objectives.

- If you have any holdings in mutual funds, you should notify your financial consultant about similar mutual fund holdings you have at other broker/dealers or directly with the mutual funds, so that your financial consultant can ensure that you receive any applicable "breakpoint" discounts.

- If you choose automated channels for your trading needs (e.g., Internet or phone), you are fully responsible for your investment choices.

- You should carefully consider the validity and reliability of investment information obtained from all sources, especially unsolicited information obtained over the Internet.

First Allied
655 West Broadway, 12th Floor
San Diego CA 92101
Phone: 800-499-5489

Exhibit 2

First Allied Securities, Inc.
First Allied Advisory Services, Inc.

Important Information about Your First Allied Account

first allied

Thank you for allowing First Allied to service your account. Please read this document carefully, as it contains important information about our policies and procedures, the responsibilities of your financial advisor, as well as your rights and responsibilities as an investor. Once you read this document, please do not hesitate to contact your financial advisor if you have any questions. First Allied and its affiliates offer financial services, including brokerage, advisory, and insurance products and services, through its affiliated entities. First Allied affiliated entities are collectively referred to herein as "First Allied" or "the firm."

INVESTOR EDUCATION-CHOOSING INVESTMENTS

Like every investor, you want to choose investments that will provide the growth and income you need to meet your financial goals. To do that, it is important to understand what your investment choices are and how different types of investments put your money to work, and at risk. Risks and potential returns vary greatly from investment to investment. First Allied is committed to supplying clients with the information they need to make informed investment decisions. Please be aware of and knowledgeable about the investments you purchase through First Allied, and visit the firm's website section on policies and disclosures at www.firstallied.com/policies-disclosures, in order to find important information to consider when investing. Additionally, the Financial Industry Regulatory Authority, Inc., (FINRA), is a self-regulatory organization one of whose main goals is to protect the investing public. FINRA publishes information to provide the investor with the tools needed to avoid problems in today's complex world of investing. First Allied strongly urges clients to protect themselves and take advantage of the important investor education materials available from FINRA at www.finra.org/investors/alerts. The FINRA website contains information on specific types of investments that you may purchase through First Allied.

RISKS

Many risks are inherent when investing in securities. We would like to make you aware of a few of the more hazardous ones.

Fast-Market Risks. A fast market is characterized by wide price fluctuations and heavy trading. It often comes as a result of an imbalance in trade orders (all sells and no buys, for example), and can be brought on by such events as a dearth of market-makers, a company news announcement or strong analyst recommendation. Several risks are inherent in a fast market, including execution prices differing from quotes, executions and quotes delayed, and orders filled in segments.

Margin Risks. A decline in the value of securities or a change in maintenance requirements may cause you to provide additional funds to avoid the forced sale of securities in your account. The clearing firm reserves the right to change maintenance requirements at any time. Therefore, when trading on margin, you should keep in mind the impact that a potential change may have on your account. Additionally, margin interest will add to losses or significantly reduce earnings.

Day-Trading Risks. Day trading is generally understood to be an overall trading strategy characterized by regular multiple intra-day orders to purchase and sell the same security or securities. Day trading is not generally appropriate for someone with limited resources, limited investment or trading experience, or low risk tolerance. Several risks are inherent in day trading, and you could lose all of the funds that you use for day trading. You should not fund day-trading activities with money that you cannot afford

to lose, including retirement savings, student loans, second mortgages, emergency funds, funds set aside for purposes such as education or home ownership, or funds required from current income to meet your living expenses. Be cautious of claims of large profits. First Allied may not have adequate systems capacity to permit day-trading activities (please also see Fast-Market Risks above). Day trading usually includes aggressively trading your account, and commissions on each trade may add to your losses or significantly reduce your earnings. Day trading on margin or short selling may result in losses beyond your initial investment (please see Margin Risks above). Short day trading also may lead to extraordinary losses, because you may be required to purchase securities at a disadvantageous price to cover a short position.

YOUR RIGHTS AND RESPONSIBILITIES

We believe that the needs of our investors should always come first. As an investor, you have certain rights and responsibilities. They are outlined as follows:

Your Rights:

- You should be treated in a fair, ethical and respectful manner in all interactions with First Allied and our employees and affiliates.
- You have the right to competent and courteous service and advice (if provided) at a fair price.
- You have the right to clear and accurate descriptions of your transactions.
- You have the right to know commissions and fees associated with your accounts.
- Your statement should provide timely and accurate account and transactional information and should reflect all positions held.
- You should be provided with First Allied policies and practices for protecting the privacy of nonpublic, personal information.
- You should expect our assistance in helping you clarify your investment goals and risk tolerance.
- You should expect our assistance in setting realistic expectations about the long-term performance and associated risks of different securities.
- You should be provided with responsible investment recommendations based on your objectives, time horizon, risk tolerance and other factors as disclosed by you.
- You have the right to fair consideration and a prompt response from First Allied if a problem with your account arises.
- First Allied should have a clearly defined process for raising and resolving a complaint, and we should provide you with information about the process.
- You should be apprised of alternatives if we are unable to resolve a dispute to your satisfaction.

Your Responsibilities:

- You should carefully read sales literature, prospectuses, and/or other offering documents, when available, before making purchases. You should carefully consider all investment risks and/or considerations contained in the documents.
- You should understand that all investments have some degree of risk and that it is possible to lose money on any investment.
- Review all transaction confirmations and account statements or reports carefully and promptly, and report any errors or any questions you have to your financial consultant immediately.
- You should have cash or available margin buying power in your account for payment for the purchase of securities by the settlement date.

- If seeking investment advice, you are responsible for providing accurate information about your financial status, goals and risk tolerance to ensure that appropriate recommendations are provided.
- You should promptly bring problems or questions concerning accounts to the attention of First Allied or your financial consultant.
- You should promptly notify your financial consultant whenever there are significant changes in your investment objectives, risk tolerance, net worth or liquidity needs.
- You should make certain that you understand the correlation between risk and return.
- You should consult an attorney or tax advisor for specific tax or legal advice.
- You should review your portfolio holdings on a regular basis (at least quarterly) and whenever your financial circumstances change. You may want to make appropriate changes based on your investments' performance and your current objectives.
- If you have any holdings in mutual funds, you should notify your financial consultant about similar mutual fund holdings you have at other broker/dealers or directly with the mutual funds, so that your financial advisor can ensure that you receive any applicable "breakpoint" discounts.
- If you choose automated channels for your trading needs (e.g., Internet or phone), you are fully responsible for your investment choices.
- You should carefully consider the validity and reliability of investment information obtained from all sources, especially unsolicited information obtained over the Internet.

CONFLICTS OF INTEREST: OUR RELATIONSHIP WITH MUTUAL FUND COMPANIES, INSURANCE COMPANIES AND OTHER PRODUCT SPONSORS

As an investor, it is important that you have a well-thought-out investment plan to help you meet your investment goals. It is also important for you to understand the sales compensation and certain other fees associated with your investment and the potential conflicts of interest First Allied Securities, Inc. ("First Allied") and your financial advisor may have when offering and recommending investments to you.

First Allied offers a wide variety of investment products, including mutual funds, variable contracts, 529 college savings plans, and direct participation programs and non-traded real estate investment. Product sponsors for these products may compensate First Allied in various amounts for marketing, selling, processing and maintaining your investments in these products and to reimburse expenses for due diligence. These product sponsors also compensate First Allied for training and educating our financial advisors, employees and investors.

These compensation arrangements are described in more detail in the prospectus and Statement of Additional Information (SAI) for each mutual fund, in variable insurance contracts, in the plan document for 529 college savings plan, or in other documents prepared by the product sponsor. Please contact your financial advisor for an offering document, which contains more complete information on the investment's objectives, charges, fees, risks and expenses. Please read and consider the information in the offering document carefully before investing.

First Allied has a document available on its website entitled Strategic Partners Disclosure: From Sponsors of Mutual Funds, Variable Insurance Contracts, 529 College Savings Plans and Direct Participation Programs and Non-Traded Real Estate Investment Trusts. The document is intended

to help you understand the various forms of compensation that First Allied and your advisor earn when you purchase a mutual fund, variable insurance contract, 529 college savings plan, direct participation program or a non-traded real estate investment trust. These various forms of compensation create potential conflicts of interest, and it is important for you to assess potential conflicts of interest before making an investment decision. To access the document online please go to www.firstallied.com and click on Policies and Disclosures link located on the bottom of the homepage or send a written request to have a copy mailed to you at: First Allied Securities, Inc, Attn: Compliance Department, 655 W. Broadway, 12th Floor, San Diego, CA 92101. For more information, call your financial advisor or the corporate office at 800-499-5489.

BROKERAGE OR ADVISORY: WHICH TYPE OF ACCOUNT IS RIGHT FOR YOU?
At First Allied, we offer both brokerage and advisory accounts. Your First Allied financial advisor may offer you brokerage services, advisory services, or both depending on the services that he or she is able to offer and your investment goals and objectives. It is important for you to understand that the differences between our brokerage services and advisory services are significant, and that there are important considerations to take into account in determining which type of service is appropriate for your needs.

Brokerage Services
Our brokerage services are provided to you through First Allied Securities, Inc. ("FASI"), a broker-dealer registered with the Securities and Exchange Commission and member of the Financial Industry Regulatory Authority ("FINRA") and Securities Investor Protection Corporation ("SIPC"). If your financial advisor is a registered representative of FASI, he/she is authorized to accept orders and execute securities transactions based on your instructions. In an effort to facilitate these instructions, your financial advisor may also make recommendations to buy, sell or hold securities or other investment products.

In a brokerage relationship, you will typically pay a commission to FASI on each transaction (purchase or sale) in your account. The amount of the commission varies depending on the security or product bought or sold. For certain purchases, you may be charged an "upfront" sales load, paid out of the invested funds. Because sales loads differ between products, we encourage you to read the product's prospectus before investing. In addition to commissions and sales loads, FASI may also receive "trail commissions" (often referred to as 12b-1 fees) and mark-ups/markdowns. Your financial advisor will receive a portion of each of these charges for which FASI is paid.

In brokerage relationships, neither FASI nor your financial advisor has a fiduciary obligation to you under applicable law. However, when making recommendations to you, your financial advisor is obligated to ensure that each transaction is suitable for you based on your investment goals and objectives, financial and tax status, and other financial information you have provided to us.

The disclosure obligations that FASI has to you in connection with a brokerage relationship is more limited than for advisory relationships, as discussed further in this document.

Advisory Services
Our advisory services are offered through First Allied Advisory Services, Inc. ("FAAS"), an investment adviser registered with the Securities and Exchange Commission. If your financial advisor is an investment adviser representative

of FAAS, he/she is authorized to provide you with investment advice in the form of portfolio management, asset allocation recommendations, consulting, financial planning, or other approved advisory programs and services.

In an advisory relationship, you will typically pay a fee to FAAS for advice rendered. This fee may be a flat amount, an hourly fee, or based on the size of one or more investment accounts that you maintain. The amount of the fee will be negotiated between you and your financial advisor prior to the delivery of any advice and will be specified in an investment advisory agreement. This agreement will also stipulate the services to be delivered, the time period over which you will receive these services, and any limitations to the services.

In addition to the information contained in the investment advisory agreement, you will also receive a disclosure brochure that will detail important information about FAAS, including its business dealings and offerings, disciplinary history, affiliations and conflicts of interest. Before entering into an advisory relationship with FAAS, your financial advisor will deliver our disclosure brochure, as well as a supplement which will detail important information about your financial advisor.

In an advisory relationship, both FAAS and your financial advisor have an obligation to act in your best interests. In meeting this standard we will endeavor to make sure that:

- The advisory services for which you have contracted are suited to your investment goals and objectives;
- We have disclosed all material conflicts of interest and compensation arrangements for us and our affiliates; and
- We do not unfairly advantage one client to the disadvantage of another.

Factors to Consider When Deciding Between a Brokerage or Advisory Relationship

There are many things to consider when selecting what type of relationship you want to have with your financial advisor. Below, we have listed several relevant factors and classified them under the appropriate relationship type. Please note that these are among the factors that you should consider, and that this listing is not intended to be all-inclusive.

Brokerage	Advisory
You prefer paying a commission, sales load, or mark-up/mark-down for each transaction that you place.	You prefer paying an all-inclusive fee for the management of your account. In some instances, there may be a charge for each transaction to cover the cost of the transaction, but this charge is usually much less than a normal commission, sales load, or mark-up/mark-down.
You intend to follow a "buy and hold" strategy for a significant period of time, and do not wish to receive ongoing advice about your investments from your financial advisor.	You expect to have an actively-managed portfolio with frequent rebalances and/or a number of security positions.
You want to make some or all of the investment decisions for your account and need someone to execute the trades.	You want or need a financial advisor or third-party to make investment decisions in your account according to your investment goals and objectives.
It is important to you that your financial advisor is required to be sure each recommendation made is suitable for you only at the time of the recommendation.	It is important to you that your financial advisor has an obligation to act in your best interests, as set forth in our Form ADV, investment advisory agreements, and other related disclosures.

In some cases, a brokerage relationship may cost you more than an advisory relationship. However, in other cases, an advisory relationship may cost you more. There are many factors that you should consider in light of your unique circumstances, including but not limited to:

- how long you plan to invest;
- the number and frequency of purchase and sale transactions you anticipate in your account;
- how often your investment goals and objectives change;
- changes in your personal financial situation over the course of the relationship; and
- the performance of your investments.

Ultimately, you may decide that you would be best served having both a brokerage and an advisory relationship with First Allied. Your financial advisor can discuss your specific situation with you and help you determine how to proceed.

OUTSIDE BUSINESS AND APPROVED PRODUCTS

Your financial advisor is an independent contractor and not an employee of First Allied. While your financial advisor's securities business is conducted through First Allied, as an independent professional he or she may engage in outside business activities that are not conducted through First Allied or under its supervision. In connection with such outside, non-securities business, please note that your financial advisor is not acting as an agent of First Allied, and that all non-securities goods and services offered are not authorized or recommended products or services of First Allied. First Allied only accepts responsibility for authorized approved securities conducted through us. For a complete list of First Allied approved products and sponsors, please visit our website at www.firstallied.com/financial-solutions/-products-services, or contact First Allied's Compliance department to discuss specific products should you have questions.

Please remember that all checks for investments should include your account number and must be made payable to the clearing and custody firm of your account or other approved product sponsor.

Checks should not be made payable to First Allied, your financial advisor, or any other person or entity. Any questions concerning the conduct of your account should be addressed to your financial advisor, and you should feel free to raise concerns with the First Allied corporate office.

ORDER FLOW AND ROUTING

In some cases, First Allied receives compensation for directing orders to particular brokers, dealers or market centers for execution. This compensation may include monetary payments, research, clearance, custody, products or services; reciprocal agreements for the provision of order flow; adjustment of First Allied's unfavorable trading errors; orders to participate as underwriter in public offerings; stock loans or shared interest accrued; discounts, rebates, reductions, or credits for fees, expenses, or other financial obligations of First Allied. Without specific instructions from you, First Allied routes listed and over-the-counter (OTC) trading orders to market centers according to pre-determined algorithms. For certain orders, First Allied may deviate from the algorithm selection method in an attempt to secure prices superior to the National Best Bid or Best Offer [NBBO] at the time the order was received.

These market centers execute such orders to purchase or sell at the NBBO. In order to provide opportunities for execution of orders in listed securities

at prices superior to the NBBO at the time the order is received, First Allied allows the market center to hold the order for up to 60 seconds after receipt to determine if better prices are available. OTC orders are routed to be executed at the NBBO or better.

Each calendar quarter, First Allied makes publicly available a report on our routing of non-directed orders in equity and option securities to market centers on behalf of our customers. The information can be found on First Allied's website at www.firstallied.com, or a written copy will be furnished upon request by contacting our Client Services department at 619-702-9600.

ABOUT YOUR STATEMENTS AND CONFIRMATIONS

First Allied has an agreement with our clearing firms and product sponsors to custody certain accounts on your behalf. Your confirmations and statements are generated by the clearing firm or product sponsor and contain important information about your account. Please review these upon receipt. The confirmations have information about each of your transactions, including whether the order was solicited or unsolicited.

What is a solicited order? Whenever you follow a transaction recommendation made by your financial advisor, the order is considered solicited. An order resulting from a research report or a written communication by your financial advisor is also considered solicited. Orders not recommended by your financial advisor are marked as unsolicited or "un." If an order is not marked, we will consider it to be a solicited trade. If you find any mismarked orders or other discrepancies on your confirmations, notify your financial advisor to make arrangements for a new confirmation to be sent to you.

If you are opening an investment advisory account, you will receive notification of the account number directly from the custodian, who will also provide you with monthly or quarterly statements of the account holdings. Depending on the investment advisory platform you have selected, you may also receive reports of the performance of your account prepared by First Allied. We urge you to review both documents and compare the holdings listed on the custodian's statement to those listed on the First Allied report. If you note any discrepancies, please contact us at 619-881-5148.

IMPORTANT INFORMATION REGARDING CONSOLIDATED REPORTS

As a service to our clients, First Allied financial advisors may provide documents that consolidate information regarding a customer's various financial holdings (typically referred to as "consolidated reports"), which offer a broad view of clients' investments, may include assets held away from the firm and its custodians, and may provide account balances, valuations and performance data. These communications may supplement, but do not replace, the customer account statements provided by the custodial firm and direct product sponsors, which are prepared and disseminated through a separate process.

Always rely upon the customer account statements provided by the custodial firms and direct product sponsors. When viewing consolidated reports, it is critical that clients understand that First Allied has not produced or verified all of the data contained therein, including the valuation of assets held away. In addition:

- The report is provided as a courtesy to the customer for informational purposes, and may include assets that the firm does not hold on behalf of the customer and which are not included on the firm's books and records.

- Assets held away may not be covered by SIPC.
- We believe the data sources to be reliable; however, the accuracy and completeness of the information is not guaranteed, as it is a compilation of information from various financial sources (mutual funds, direct participation programs, correspondent brokers, etc.). In the event of any discrepancy in valuation, the custodian and sponsor's valuation shall prevail.
- Clients should be receiving monthly or quarterly statements directly from the clearing firm(s) and/or product sponsor(s), and should compare the holdings listed on the custodian's statement to those listed on the consolidated report.
- Performance data quoted represents past performance and does not guarantee future results. The investment return and principal of an investment will fluctuate so that an investment, when sold or redeemed, may be worth more or less than the original cost.
- The values represented in the consolidated report may not reflect the true original cost of the initial investment. Calculations and data provided should not be relied upon for tax purposes, and clients should use original confirmations and 1099s instead.
- If clients have any questions regarding their consolidated report or note any discrepancies between the consolidated report and the monthly or quarterly statements received from the custodian or product sponsor, clients should immediately contact their financial advisor or First Allied's home office.

FORWARDING CHECKS TO CLEARING FIRM/PRODUCT SPONSOR(S)
Please be advised that First Allied Securities, Inc. has a policy of reviewing and approving (i) customer applications for new accounts, and (ii) customer transactions of certain product types, before any applications and payments are forwarded to the firm's carrying broker-dealer or the product issuer, as applicable. Such reviews may take up to seven business days after the principal reviewer receives completed and correct applications for these transactions. During these reviews, the firm will safeguard customer payments, but customer funds will not be deposited or invested.

FIRST ALLIED SECURITIES, INC.
BUSINESS CONTINUITY DISCLOSURE STATEMENT
First Allied (or the firm) is providing you with this information to inform you of its ability to respond to certain business disruptions. First Allied is a full-service broker/dealer that introduces its accounts on a fully disclosed basis to clearing firms to facilitate its receipt and execution of securities transactions. However, all custody of assets is maintained by their fully disclosed clearing firms, mutual fund transfer agents and insurance carriers.

Consistent with its business continuity plan, First Allied maintains backups of all systems and all data. Using these backups, the firm intends to continue its business in the event of a significant business disruption. Nevertheless, there are some disruptions that may render the firm unable to continue business. Under such circumstances, First Allied will ensure that clients will be able to access their funds and securities within a reasonable amount of time directly from their clearing firms, mutual fund transfer agents and insurance carriers.

To receive up-to-date information during a significant business disruption, clients may call the firm's emergency telephone number at 800-403-3413, or visit www.firstallied.com and read the emergency information posted at the top of the home page.

The following describes specific disruption events and First Allied's intended response to these corresponding general business continuation events. However, clients should note that these responses are subject to modification and, depending on the severity of a specific event, First Allied cannot guarantee that it will be able to follow the stated course of action.

If these responses are modified, First Allied will post the updated disclosure statement on its website. Alternatively, clients may request that the firm send them a copy of the updated disclosure statement by mail by contacting the firm as follows:

First Allied Securities, Inc.
Attn: Business Continuity Planning
655 W. Broadway, 12th Floor
San Diego, CA 92101

A Disruption to a Single Building
This disruption may be caused by physical damage, technology problems, or an inability to have personnel arrive at the office. Because some buildings, such as the corporate office, are more critical to the firm's operations, First Allied's ability to resume business following a disruption to a specific building depends on the building affected. If the location is non-functional, First Allied has access to duplicative systems and other processes that will be run from a separate building. The firm expects only minimal delays from the transfer of operations. If there is a disruption to the corporate office, First Allied expects that operations could be disrupted for up to two hours.

A Firm-Only Business Disruption
In the event that there is a significant business disruption to the firm's internal primary systems, First Allied will transfer its operations to its backup facilities. In this process, clients may experience a minor delay in reaching the firm due to increased phone calls, technology delays, or other minor difficulties arising from the transfer of operations. First Allied expects that any delay will be less than two hours. Nevertheless, the unlikely failure of the phone system could result in a delay of up to four hours.

A Business-District, City-Wide, or Regional Disruption
In the event that there is a significant business disruption that affects the business district, city or region where any of the firm's primary systems are located, First Allied will transfer its operations to its backup facilities. In the process, clients may experience a minor delay in reaching the firm due to increased telephone calls, technology delays, or other minor difficulties arising from the transfer of operations. First Allied expects that any delay will be less than two hours.

THE USA PATRIOT ACT
In response to the attacks on the United States on September 11, 2001, Congress approved the USA PATRIOT Act. The PATRIOT Act is designed to detect, deter and punish terrorists in the United States and abroad who use or attempt to use the United States financial system to aid in their activities. The Act imposes new requirements for brokerage firms and financial institutions, requiring stricter controls and more comprehensive programs to identify money laundering. As part of these new requirements, First Allied designated a special compliance officer for our anti-money laundering program who sets up employee training, conducts independent audits, and establishes policies and procedures to detect and report suspicious transactions.

As part of our program, you may be asked by your financial advisor or by us to provide various identification documents or other information. In addition, your financial advisor may inquire about and/or request supporting documentation concerning the source of funds deposited in your account. Until we receive this information, we may be unable to open or modify an existing account, or effect any transactions, including withdrawals of funds.

ADDITIONAL INFORMATION

First Allied has a Client Services department that is available to answer your questions and address your concerns if your financial advisor or branch manager is unable to. Please contact us at 619-702-9600, or you may write us at our corporate office:

First Allied Securities, Inc.
Attn: Client Services
655 West Broadway, 11th Floor
San Diego, CA 92101

Should you wish to initiate a formal customer complaint regarding the handling of your accounts because of a dispute that could not be satisfactorily resolved directly with your financial advisor, you may call our dedicated complaint phone line at 619-702-9754. For more information about SIPC coverage, including the SIPC brochure, visit www.sipc.org/news-and-media/brochures, or by calling SIPC at 202-371-8300.

First Allied offers securities through First Allied Securities, Inc., a registered broker/dealer, member FINRA/SIPC. Advisory services are offered through First Allied Advisory Services, Inc., a registered investment adviser. For more information, please visit www.firstallied.com.

Exhibit 3

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FORM ADV PART 2A
FIRM BROCHURE

First Allied Advisory Services, Inc.
655 W. Broadway, 12th Floor
San Diego, CA 92101
800-499-5489
http://www.firstallied.com

This brochure provides information about the qualifications and business practices of First Allied Advisory Services, Inc. If you have any questions about the contents of this brochure, please contact us at 800-223-0989. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

First Allied Advisory Services, Inc. is a registered investment adviser. Registration of an investment adviser does not imply a certain level of skill or training.

This brochure details important disclosure information about certain programs that we offer. We do offer other programs that are not discussed in this brochure.

Additional information about First Allied Advisory Services, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

Published on July 10, 2018

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Item 2- Summary of Material Changes

The following items explain material changes that you should be aware of as a current or prospective client of First Allied Advisory Services, Inc. advisory programs or services. If you would like a full copy of any of our current Form ADV disclosure brochures at no cost to you, please contact your advisor or First Allied Advisory Services at 800-223-0989.

Summarized below are the material changes that have been made to our Form ADV disclosure brochures since our March 2017 annual amendment:

- **Executive Officer Update** – First Allied Advisory Services, Inc.
  Effective March 1, 2018, Brett Harrison was named Chief Executive Officer of First Allied Advisory Services, Inc.

- **Executive Officer Update** – First Allied Advisory Services, Inc.
  Effective March 1, 2018, Mimi Bock was named President of First Allied Advisory Services, Inc.

- **Executive Officer Update** – First Allied Advisory Services, Inc.
  Effective March 1, 2018, Kevin Keefe is no longer Chief Executive Officer of First Allied Advisory Services, Inc.

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Item 3- Table of Contents

Item 2- Summary of Material Changes 2
Item 3- Table of Contents 3
Item 4- Advisory Business 4
Item 5- Fees and Compensation 8
Item 6- Performance-Based Fees 14
Item 7- Types of Clients 14
Item 8- Methods of Analysis, Investment Strategies and Risk of Loss 14
Item 9- Disciplinary Information 15
Item 10- Other Financial Industry Activities and Affiliations 16
Item 11- Code of Ethics, Participation or Interest in Client Transactions and Personal Trading 18
Item 12- Brokerage Practices 18
Item 13- Review of Accounts 19
Item 14- Client Referrals and Other Compensation 20
Item 15- Custody 21
Item 16- Investment Discretion 21
Item 17- Voting Client Securities 21
Item 18- Financial Information 21

Item 4- Advisory Business

Background

First Allied Advisory Services, Inc. ("FAAS"), a Delaware corporation, is an investment adviser registered with the Securities and Exchange Commission ("SEC"). Being registered does not mean that FAAS is endorsed by any regulatory authority; it simply means that FAAS is required to follow the rules established by the SEC. Representatives of FAAS' investment adviser are required to be registered for advisory business in the state of their principal place of business. For advisory business in Texas, the investment adviser representative would also be required to be properly registered in that state prior to the solicitation of any advisory business in that state. Throughout the remainder of this text, "we," "us," and "our" refers to FAAS.

Most representatives of FAAS are also registered as independent contractor registered representatives with First Allied Securities, Inc. ("First Allied"), an affiliated registered broker-dealer, registered municipal advisor with the SEC, and member FINRA/SIPC, which allows them to offer brokerage products and services to clients. Compensation for brokerage products and services is a commission based on each transaction executed. Representatives of First Allied are registered to conduct brokerage business in each state where clients reside. Some representatives of FAAS are also registered with affiliated broker-dealers or registered investment advisers, or unaffiliated registered investment advisers. Please see the representative's Form ADV Part 2B for specific information about the companies each individual is registered with.

FAAS was founded in 2007 and is owned by First Allied Holdings, Inc. ("Holdings"). On September 25, 2013, a majority interest in Holdings, was purchased by RCS Capital Holdings, LLC, a member of the American Realty Capital group of companies, from several private equity funds controlled by Lovell Minnick Partners, LLC. On May 23, 2016, RCS Capital Corporation ("RCS"), had a change in ownership and a name change. As a result of this change, RCS is no longer a publicly held corporation. Instead, RCS is a privately held corporation owned by a group of companies. The RCS name has changed to Aretec Group, Inc. Holdings is also the parent company of First Allied Securities, Inc., FASI Insurance Services, Inc., First Allied Retirement Services, Inc., and other affiliated entities that offer financial products and services (see Item 10- Other Financial Industry Activities and Affiliations).

FAAS is not a custodian of any accounts. Accounts are custodied at Pershing, LLC ("Pershing"), Fidelity Investments ("Fidelity") or other approved custodians. The use of other custodians is limited, and may be allowed on a case by case basis with the approval of our management team and may only be approved for certain representatives. The majority of FAAS' advisory accounts are introduced to custodians through First Allied.

Our Corporate Structure

FAAS has approximately 588 producing investment adviser representatives ("IARs") as of December 31, 2017. Our producing IARs are independent contractors and business owners. Each IAR is responsible for maintaining his own client relationships. The IARs contract with us to utilize our advisory programs in an effort to help their clients meet financial goals and needs. We provide services to you through these advisory programs.

You pay us fees for our programs and services. We pay a portion of these fees to your IAR. The IAR's share of the fee may vary from one advisory program to another. This presents a conflict of interest for our IARs because they may have an incentive to recommend advisory programs that may be more profitable to them. Additional information about this conflict of interest is included on page 10. The fees we retain may also be different between IARs, depending on their agreement with us.

Our back office operations are split between San Diego, CA, El Segundo, CA, Des Moines, IA, and St. Cloud, MN. Our IARs have branch offices across the United States. Each of our IARs is supervised by another individual registered with our firm. The supervisor is called a designated registered principal ("DRP") or designated supervisory principal ("DSP"). DRPs are registered individuals that have contracted to work with us, and are often producing IARs and representatives themselves. DSPs are our employees and are generally located in our San Diego, CA, office.

Devotion of Resources

Most FAAS IARs are independent contractor registered representatives with First Allied. If your IAR is a registered representative, he may divide his time between broker-dealer activities and advisory activities and have responsibilities to both FAAS advisory clients and First Allied brokerage clients. Depending on your IAR's individual business mix and client base, he may spend more or less time devoted to broker-dealer activities than other IARs. In addition to broker-dealer activities and responsibilities, your IAR may also be engaged in one or more outside business activities. These outside activities may or may not be related to the financial industry. Your IAR will provide you with a copy of his Form ADV Part 2B brochure supplement, which describes his business background and material outside business activities.

Our Advisory Activities

Through our IARs, we offer a variety of investment advisory programs and services for a fee. The following list includes some of our more common offerings:

- Assistance in selecting a portfolio manager
- Ongoing evaluation and review of portfolio managers
- Evaluation and review of portfolio composition
- Management of accounts
- Financial planning
- Consultation on client assets

- Active portfolio management

Portfolio management includes designing and implementing a portfolio through buying and selling stocks, bonds, mutual funds, options, managed futures, insurance products, private placements, and other securities. Our representatives, including your IAR, may personally buy and sell the same securities that you buy and sell. This conflict of interest is discussed fully in Item 11- Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

Our IARs are permitted to offer you advisory programs that are managed by the IAR, other FAAS IARs, or by unrelated third-party managers. IARs may rely on research or model portfolios provided by an affiliated third-party manager, Cetera Investment Management LLC ("CIM").

We consider your investment goals and needs when recommending any advisory program or service. Your IAR will collect information from you regarding your risk tolerance, investment objective(s), and investment time horizon and other factors that will assist us in determining your investment objective for each account. You may have multiple accounts with us, with differing investment objectives, particularly if you intend to use certain accounts for specific purposes (such as transferring assets to a young child, many years in the future). If you would like multiple accounts to be managed under one investment objective, please ask your IAR to discuss the advisory programs we offer on the Guided Portfolio Solutions and My Advice Architect platforms, which are described in other brochures.

Our intention is to provide you with programs and services that will help you to meet your goals and needs. We will gather personal information when helping you choose a program or service. This information may include:

- Your investing experience
- How soon you need the money
- Your retirement goals
- Your current financial situation and future needs
- Your annual income
- Your ability to lose money
- Your ability to withstand market fluctuation
- Your personal instructions on how to invest

Please contact your IAR if this information changes so that your IAR can review your existing accounts to see if any changes need to be made. We encourage you to meet with your IAR annually to review your portfolio(s). You may impose reasonable investment restrictions in any of our advisory programs by written notification to and acceptance of both us and the third-party manager (if applicable).

We offer both wrap and non-wrap programs. A wrap program is one in which you pay a single "wrapped" fee for both investment advisory and brokerage execution services. This wrap fee is not based on the number of transactions made in your account. It is based on the size of the account(s) we manage for you. If you invest in a non-wrap program, you may be subject to charges for each transaction in addition to the advisory fee. Because wrap programs do not have fees or charges associated with each transaction, wrap fees may be greater for similar services than non-wrap fees. Clients paying wrap fees may pay a higher percentage of the account value on an ongoing basis for similar services as non-wrap clients. Non-wrap clients may pay a higher or lower overall fee for the same services, depending on the number of trades in their account during a billing period. Clients may request fee information on similar programs from their IAR.

Our IARs may also host or offer education seminars to clients and prospective clients. In certain cases, these seminars may be "sponsored" by unaffiliated or affiliated companies who reimburse our IARs for the cost of these events. For more information about these reimbursements, please reference Item 14- Client Referrals and Other Compensation. Clients and prospective clients are not charged fees for attending educational seminars hosted by our IARs.

Information on All Advisory Programs

Regardless of which advisory program or service you choose, your IAR will work with you to collect suitability information that will aid in the creation of recommendations. This suitability information is maintained on internal systems and documents. Your IAR is required to submit the completed suitability information to his supervisor for review and approval. It is your responsibility to notify your IAR if your financial circumstances change so that your IAR may work with you to determine if a change in your investment(s) may benefit you. Regardless of the program chosen, your IAR is responsible for ongoing review of your account(s), regular communication with you, and determining that the portfolio selected is appropriate for you based on your investment objective(s). Our IARs provide investment advice only with respect to limited types of investments.

Custody of all accounts will be at Pershing, Fidelity or another approved custodian. The custodian will provide you with confirmations of all transactions and monthly or quarterly account statements. You may have the option of directing the custodian to not send you trade confirmations. This suppression will not impact the delivery of account statements.

Certain of the non-wrap programs that we offer are described below. Other non-wrap programs and wrap fee programs that we offer are described in separate brochures that your IAR can provide to you upon your request. Some non-wrap programs that we offer are similar to the wrap programs that we offer. Your IAR will work with you to decide which program will best serve your needs.

My Advice Architect Program

FAAS is a co-sponsor to the My Advice Architect Program (Program) and is responsible for supervising the activities of the

investment adviser representatives who use the Program for clients. For a more detailed description of the Program and the role of FAAS and its investment adviser representatives, please see our affiliate's and Cetera Advisory Services' Form ADV Part 2A.

Prime Asset Management ("PAM") Program

The PAM program allows your IAR to manage your assets with limited or full trading authorization. This trading authorization may be limited to investment company securities (limited trading authorization) or extend to any security traded on a national or regional exchange (full trading authorization). IARs who wish to have full trading authorization in your account must receive your written permission on the management agreement.

Since PAM program accounts are managed by our IARs, we require that an investor profile be completed prior to the opening of any PAM program account. In addition to the responsibilities listed above, when you invest in the PAM program, your IAR will be responsible for selecting the investments in the account as necessary.

The minimum account size for the PAM program is $25,000. Under certain circumstances, this minimum can be waived by us. You should know that we offer a wrap version of the PAM program as well. Your IAR should consider which version of the PAM program would suit you better.

Planning/Consulting Program

Our Planning/Consulting program allows your IAR to offer you financial planning and/or investment consulting services for a flat or hourly fee. For certain consulting services, your IAR may receive an asset-based fee, or a percentage of a given account value, instead of a flat or hourly fee. The amount and type of fee you will pay as well as the type of services to be provided in the Planning/Consulting program will be detailed on the investment advisory agreement and invoice you sign.

Financial plans are generated by planning software created by third-party vendors. Certain vendors are contracted through us. Your IAR is compensated at the same rate regardless of which planning software is used. Depending on which planning software is utilized, your IAR may be responsible for manual collection of various financial data from you in order to input the information into the software. Other planning software allows you to set up a download of your account information. Your IAR is only permitted to consider the purchase or sale of securities that are approved by us, with the exception of recommendations on allocations related to your employer-sponsored retirement plan. As a result, your financial plan may not be comprehensive. You may choose to retain your IAR to provide updates to the financial plan. In this case, you and your IAR would enter into a new advisory agreement.

Consulting services include providing recommendations to you for your employer-sponsored retirement plan, written allocation recommendations, estate distribution, and initial consultation services. These consulting services are typically offered outside of the scope of the management of specific accounts. All consulting services offered in the Planning/Consulting program must be related to the financial industry.

Plan Advice and Consulting Program

Retirement plans subject to the Employee Retirement Income Security Act of 1974 (ERISA) may retain an investment adviser representative of FAAS to provide advisory and consulting services to your retirement plan. In providing these services, First Allied Advisory Services may act as a fiduciary, as defined under Section 3(21)(A)(ii) of ERISA, and as a fiduciary will adhere to the provisions outlined by ERISA to provide the highest standard of care to qualified retirement plans.

Fiduciary services available under the program include:

- Investment policies and objectives – Reviewing and assisting in establishing investment policies and objectives on behalf of the plan and its related trust, which may reasonably include restrictions on the plan's investments.
- Preparation of Investment Policy Statement (IPS) – In consultation with the plan sponsor concerning the investment policies and objectives for the plan, an investment adviser representative may assist the plan sponsor in developing an IPS that is consistent with the requirements of ERISA. Cetera Advisor Networks cannot guarantee that the plan's investments will achieve the objectives in the IPS.
- Investment recommendations – An investment adviser representative may recommend, for selection by the plan sponsor, core investments to be offered to plan participants consistent with the plan's IPS or other relevant guidelines and ERISA. The IAR may also recommend investment replacements if existing investments are no longer suitable.
- Investment manager recommendations – An investment adviser representative may recommend "investment managers" within the meaning of ERISA Section 3(38) on behalf of the plan, or designated investment managers to be offered as investment options for plan participants, as applicable. The investment adviser representative may also recommend replacement managers if existing managers are no longer suitable.
- Investment monitoring - An investment adviser representative may meet with the plan sponsor on a quarterly basis, or at such other times as the investment adviser representative and plan sponsor may mutually agree, to review the performance of the plan's investments or investment managers, as applicable, in accordance with the plan's IPS or other relevant guidelines and ERISA.

- Selection of a Qualified Default Investment Alternative – An investment adviser representative may recommend to the plan sponsor an investment fund product or model portfolio meeting the definition of a "Qualified Default Investment Alternative" (QDIA) in DOL Regulation §2550.404c-5(e)(3). If applicable, the guidelines for the QDIA shall be reflected in the IPS.

The firm cannot guarantee that a plan's investments will achieve the objectives in an investment policy statement.

Non-fiduciary consulting services may consist of:

- Charter for a fiduciary committee – In consultation with the plan sponsor, an investment adviser representative may assist in developing a charter for the plan sponsor's fiduciary investment committee for the plan and assist in the structure and composition of the committee.
- Education services to a fiduciary committee – An investment adviser representative may provide education for selected employees of the plan who are serving on the plan's fiduciary investment committee. Such education may include guidance concerning their fiduciary roles on the committee, including their investment-related duties under the plan, at times mutually agreeable to the parties.
- Performance reports – An investment adviser representative may prepare periodic performance reports for the plan's investments, comparing the performance thereof to benchmarks set forth in the IPS or other such benchmarks as specified in writing by the plan sponsor. The information used to generate the reports will be derived from statements provided by or through the plan sponsor. Investment adviser representatives do not make any investment recommendations, rate of investments or make buy, sell or hold recommendations as part of performance reporting.
- Fee monitoring – An investment adviser representative may assist the plan sponsor with respect to its duties to evaluate the reasonableness of the fees and expenses of the plan's investments or investment managers, as applicable, in accordance with the plan's IPS or other relevant guidelines and ERISA. Upon request, an investment adviser representative may also assist the plan sponsor with respect to its evaluation of the plan's fees and expenses for administrative services.
- Participant education services – An investment adviser representative of the firm may offer investment education to plan participants at scheduled meetings on an annual basis, or such other times as the investment adviser representatives and plan sponsor may mutually agree, in accordance with the Department of Labor's exclusions for investment education from its definition of a recommendation as set forth in 29 CFR Section 2510.3-21(b)(1) and (2). An investment adviser representative may provide non-fiduciary education concerning the availability of withdrawals and rollovers from the plan but will not discuss the advisability of withdrawals or rollovers at such meetings.
- Service provider recommendations – In the event the plan sponsor chooses to select a new record-keeper or other administrative service provider to the plan, an investment adviser representative may recommend plan service providers for the plan sponsor's consideration. Such recommendations shall not include investment or allocation recommendations by the investment adviser representative. Upon request, an investment adviser representative will assist the plan sponsor in the preparation and evaluation of requests for proposals, finalist interviews and conversion support.

In performing consulting services, your investment adviser representative and FAAS are acting solely as an agent and at the plan's direction and not as a fiduciary of the plan in performing non-fiduciary consulting services.

Services not offered as part of the Plan Advice and Consulting Program include:

- Custody and trade execution – Taking custody or possession of any plan assets, ensuring that contributions by the plan or from participants are deposited timely with the trustee or custodian for the plan, or executing orders for trades or securities transactions with respect to the plan's assets.
- Employer stock funds and brokerage windows – Providing advice regarding the prudence of plan investments in any employer stock, or providing guidance to participants concerning investments through any brokerage account window under the plan.
- Proxies – Rendering advice on, or taking action with respect to, the voting of proxies solicited on behalf of securities held in trust by the plan, or the exercise of similar shareholder rights regarding such securities.
- Discretionary plan administration – Interpreting the plan, determining eligibility under the plan, distributing plan assets to pay benefits or expenses, determining benefit claim, or making any other discretionary decisions with respect to the administration of the plan.
- Legal or tax advice – Reviewing or amending plan documents for compliance with changes in tax qualification requirements or providing legal or tax advice on matters relating to the plan, including advising on whether plan investments will result in unrelated business taxable income
- Participant advice – Furnishing any fiduciary "investment advice" within the meaning of ERISA to participants relating to any participant-directed investments under the plan. Any personal investment-related services provided by FAAS to individuals, including but not limited to individuals who are plan participants, will be unrelated to the services.
- Regulatory Notices and Reports – Distributing summary plan descriptions, elections, and any other notices required by law to participants, or filing any governmental reports for the plan or client.

Advisor Choice Management ("ACM") Program

The ACM program is used on a very limited basis. The ACM program allows approved IARs to utilize third-party managers to select the investments in client accounts. If your IAR is approved to use the ACM program, it will be disclosed in the Part 2B disclosure document that your IAR will give you upon offering you advisory programs or services.

In the ACM program, we are responsible for trade execution. These accounts are custodied at either Pershing or another approved custodian. We create performance reports on behalf of the third-party manager. These performance reports contain statistical reviews and analyses of the accounts. The IAR is responsible for managing the client relationship in the ACM program. This includes collecting and maintaining suitability information, analyzing the client's investment objective(s), and choosing the appropriate model or strategy for the third-party manager.

Currently, the only approved third-party manager is Coe Capital Management. The minimum account size for the ACM Program is $25,000. However, this minimum can be waived by acceptance from both us and the third-party manager.

Managed Assets

Every year we calculate the amount of assets that we manage. As of December 31, 2017, we managed:

- $5,798,110,787 in discretionary assets
- $40,647,661 in non-discretionary assets

Discretionary assets are the assets with which we have the authority to determine whether to buy or sell securities. This authority is called a trading authorization and is described in more detail in Item 16- Investment Discretion. Non-discretionary assets are assets in accounts that we provide recommendations on, as to the purchase or sale of specific securities. We do not place orders to buy or sell non-discretionary assets without first receiving the client's authorization.

Item 5- Fees and Compensation

Overview

The fees and other charges that you pay for advisory programs or services that we offer will depend on several different factors. The fees for advisory programs are generally based on the "Assets Under Management." This means that the account is charged a fee based on the account balance as of a certain date. The Planning/Consulting program allows for the charging of flat or hourly fees, or the percentage of assets under management (dollar value of assets in the account). These fees are negotiable between you and the IAR offering the service.

Most of our programs that require an account charge an advisory fee, paid quarterly, based on the account's balance on the last day of each calendar quarter (March 31, June 30, September 30, and December 31). If the last day of the calendar quarter falls on a day that the New York Stock Exchange is closed, we use the account balance on the last business day of the calendar quarter to calculate the advisory fee. This fee is generally charged in advance (or pre-paid) for the management to be provided over the next calendar quarter. We will only charge you an advisory fee for the portion of a quarter that the account is under management. For new accounts, we will bill the account when it is opened for the remaining days in the quarter. For accounts that are terminating management during a quarter, we will automatically credit you back for remaining pre-paid fees for the portion of the quarter remaining after management has terminated.

Advisory fees are generally deducted from the account. The account statements you receive from the custodian will reflect the deduction of these fees. Fees are deducted from the client account in the month following quarter end. For some programs, fees may be paid to us by check, as outlined in the advisory agreement. In this case, we will send an invoice to you for the fees owed. Some clients may choose to pay their fees via credit card.

In the PAM and ACM programs, a deposit of $5,000 or more on a single day or withdrawal of $5,000 or more on a single day will cause a re-calculation of the fee owed or refund due and an adjustment of the normal fee charged at the end of the calendar quarter.

Some assets in your managed account may not be included in the calculation of your advisory fee. For example, assets that you recently paid a commission on may be exempt from this advisory fee. In certain situations, we allow you to "hold" the asset in your advisory account, but this asset would not be charged an advisory fee. If your account is billed based on assets under management, the advisory fee is generally split between a program (or platform) fee and a management fee.

Program Fees

The program fee varies depending on which program or service you select. The program fee is an annual percentage of assets under management, billed quarterly. The program fee is paid either to FAAS entirely, or is split between us and a third-party manager. A portion of the program fee is also paid to service providers that we hire to help us administer the advisory program selected, including First Allied. This program fee is not negotiable. However, the program fee may be different based upon your IAR's relationship with us. For example, we may allow your IAR to have a lower program fee because his clients' combined accounts exceed a certain amount of assets under management. If your IAR has a lower program fee, this will not change the total advisory fee you pay, but it may present a conflict of interest (we address this conflict of interest and others in this item). Program fees are subject to change without notice, but these changes do not affect the fee that you pay to us.

Management Fee
The management fee is paid to the IAR servicing the account. You and your IAR will negotiate this fee for each program account and it may not be the same for each account. It may also be different than the fees your IAR has negotiated with other clients, or the fees other IARs have negotiated with other clients for similar services. We retain a portion of the management fee as compensation for various services that we provide to your IAR and to you.

Once negotiated with you, your IAR's management fee is fixed. However, your IAR's costs associated with managing your account may vary depending on the investment choices that he decides are appropriate for your account. This creates a conflict of interest because your IAR has an incentive to manage the account in a manner that will maximize his compensation rather than manage the account without regard to compensation payable to him. This difference in your IAR's compensation will not affect the advisory fee that you pay to us. We help mitigate this conflict of interest by requiring that your IAR adheres to his fiduciary obligation of managing accounts solely based on the best interests of clients and by establishing a maximum advisory fee for each advisory program.

Total Advisory Fee
You and your IAR will agree on your total advisory fee for each account prior to establishing the account. The total advisory fee is the sum of the program fee and the management fee. At any time, you and your IAR may agree to amend the original fee and submit a new advisory agreement with a different fee schedule. There are maximum allowable advisory fees for each program and we will not allow you to be charged more than this amount. The maximum allowable advisory fee will differ between programs, but is consistent for all IARs and all clients in each program. This maximum advisory fee is noted on the investment advisory agreement and in this section.

Fee Schedules
Each advisory program that requires an investment account has its own fee schedule. The fee schedule will outline the program fee and the management fee. Generally, the management fee is negotiable with your IAR. The program fee is paid to us and is non-negotiable. The amount of your advisory fee, as a percentage, may remain the same regardless of the size of your account, or the percentage may decrease as your account balance increases. Your advisory fee will not increase, as a percentage, as your account balance increases.

Ticket Charges
You may pay us ticket charges for transactions in programs described in this brochure. A portion of the ticket charge is paid to the custodian of your account.

Prime Asset Management ("PAM") Program

PAM program accounts are charged an advisory fee, which includes the program fee and the management fee. PAM program accounts are also charged transaction fees to cover brokerage execution services. These transaction fees are outlined below and on the Service Fee Schedule provided to you with your new account paperwork. The transaction fees can be paid by you or by your IAR. The transaction fee is charged to defray the costs associated with trade execution.

Although the transaction fee may be listed as a commission on the trade confirmation, it represents a reimbursement of transaction costs and not a commission. Your IAR will not receive any portion of transaction fees. Your IAR will provide you with this fee schedule before you open your account. Your IAR may charge lower transaction fees than stated on the service schedule. When this happens, your IAR will pay the difference, if applicable. Your IAR may have a different service schedule than other IARs, but you are not disadvantaged if your IAR has a different service schedule than our standard service schedule.

Prime Asset Management (PAM) Transaction Fees	
Listed Equities (<10,000 shares)	$24.00 + $0.02/share per trade
Listed Equities (>=10,000 shares)	$24.00 + $0.015/share per trade
OTC Equities	$24.00 per trade
Options	$24.00 + $1.65 per contract
Corporate Bonds - Listed	$35.00 +$1.00 per bond
Corporate Bonds - Other	$35.00 per trade
No-load Funds, Load Funds at NAV	$24.00 per trade

The following table details the advisory fee schedule for the PAM program. The management fee may be discounted upon agreement with your IAR. Your IAR may have an agreement with us whereby the program fee is less than the amounts listed below.

Account Size	Program Fee (annually)	Management Fee (annually)	Total Advisory Fee (annually)
Up to $250,000	0.18%	1.82%	2.00%
$250,000 - $750,000	0.13%	1.62%	1.75%
$750,000 - $2,000,000	0.09%	1.16%	1.25%
Over $2,000,000	0.05%	Negotiable	Negotiable

Planning/Consulting Program

Fees charged by your IAR may be more or less than fees charged by another IAR. Fees are generally based on the complexity of the planning and/or consulting services provided, the qualifications of your IAR, and the area of the country where your IAR is located. Flat fees generally range from $200 to $10,000. Hourly fees generally range from $100 to $500 per hour. There are situations where a higher or lower fee is charged. All planning and consulting fees are shared between us and your IAR. Fees for planning and/or consulting are negotiable between you and your IAR.

Up to $1,200 of this fee can be paid in advance of planning and/or consultation services being delivered to you. You will not be permitted to pay in excess of $1,200 more than six months before the services are provided. For certain services provided, we may allow your IAR to charge an asset-based, or percentage, fee. This may be allowed for consultation services provided to you in relation to an account that your IAR cannot manage. Fees of this nature require our approval.

Commissions resulting from the sale of products recommended during this engagement are in addition to the fee paid for the planning and/or consulting services. We and your IAR may have a conflict of interest with respect to which securities are recommended during the consultation. We and your IAR may receive securities and/or insurance commissions or other compensation as a result of the implementation of the advice. You are under no obligation to implement the advice with your IAR or with anyone else. If you choose to implement the recommendations with anyone, including your IAR, you will likely incur additional costs to implement.

Advice given to you in the Planning/Consulting program may differ from advice that your IAR gives other clients in this program or clients of our other programs. Your IAR may provide you with advice that may differ from what another IAR would give you, or that another IAR may present to another client in a similar situation. You may receive the same advice elsewhere for lower fees. Neither your IAR nor we are responsible for the implementation of consulting advice unless you retain your IAR to implement the advice.

Plan Advice and Consulting Services

We do not have a standard fee schedule for the Plan Advice and Consulting Program. However, the maximum annual fee that may be charged for asset-based fees is 1.5%. In meetings with your Advisor, an appropriate fee for the advisory and/or consulting services to be provided to the Plan will be discussed. Some of the factors used to determine the appropriate fee are the nature of the services being provided, the time related to providing such services, and the complexity of the Plan. Your fee may be either a one-time project fee; an hourly rate fee payable quarterly in arrears; an annual flat fee payable in equal quarterly payments; an annual asset-based fee payable on a quarterly basis; or an annual asset-based tiered schedule fee payable on a quarterly basis. A flat fee is a specific dollar amount that you will pay for services. Tiered fees refer to fee schedules where, as the value of Plan assets reaches a new threshold, the assets above that threshold are charged successively lower percentages.

Fees are paid for in arrears. This means that a Plan's fees pay for services that the Plan received in the Plan Advice and Consulting Program in the prior quarter. Fees may be paid directly from Plan assets or by the client remitting a check from company assets. If fees will be paid from Plan assets, the Plan authorizes the Plan Custodian to calculate the fee appropriate under the executed Agreement and debit the fee from Plan assets and forward the fees to the Firm for payment to the Advisor. It is the Plan's responsibility to verify the accuracy of fee calculations maybe by the Plan Custodian. The value of Plan assets for fee calculations purposes will be reported by the Plan Custodian. The option to pay by check is available with the Plan selects to pay an annual flat fee, hourly rate or one-time project fee.

Advisor Choice Management ("ACM") Program

For managing the account, the third-party manager is compensated 0.30% to 0.52% annually. The total advisory fee for ACM ranges from 1.70% annually to 2.00% annually, depending on the type of model or strategy chosen and account size. Fees are negotiable. Depending on the securities purchased and sold in the account, it may be less expensive to obtain the third-party manager's management services through an avenue other than the ACM program.

Account Size	Program Fee (annually)	Management fee (annually)	Total Advisory Fee (annually)
First $250,000	0.36% -0.62%	1.38% -1.64%	2.00%
$250,000 to $750,000	0.36% - 0.62%	1.23% - 1.49%	1.85%
Over $750,000	0.36% - 0.62%	1.08% - 1.34%	1.70%

Other Fees

In addition to the fee schedules listed above, there are additional trade related and account maintenance related fees that may apply to your account. The trade related fees are detailed below. For more information relating to account maintenance fees, please refer to the Service Fee Schedule provided to you with your new account paperwork.

Trade Related Fees	
Service Charge	$7.50 per trade
Paper Surcharge Fee - Trade Confirmations (Not applicable for eDelivery of trade confirmations)	$0.75 per printed confirmation
Mutual Fund Systematic Purchases, Redemptions & Exchanges	$1.50 per transaction

Mutual Fund Exchanges	$1.50 per round trip
Mutual Fund Surcharge *Be advised that certain mutual fund families will charge a "mutual fund surcharge" of $10 and/or $18 for the operational processing of funds not in network. Please check with your advisors for a list of fund families that will incur this fee. Fund families subject to this charge may change without notice.	Up to $28.00
Mutual Fund Transaction Fee *Applies to liquidations, no-load purchases and intra family exchanges. Some funds may also charge sales or redemption fees - read prospectus for full details. Oftentimes, you can transact directly with the fund company or its principal distributor without paying First Allied's mutual fund transaction fee. *Ticket charge will be waived for the purchase of mutual fund transactions meeting the Strategic Partners Mutual Fund Ticket Rebate Program's eligibility requirements. Please contact your advisor for information regarding the Strategic Partners Program.	$30.00

All Accounts may invest in mutual funds that make a distribution payment referred to as a 12b-1 fee. The clearing/custodial firm has been instructed to credit any 12b-1 fees received to the client's Account. As a result, neither First Allied nor the Advisor shall receive 12b-1 fees from mutual funds purchased in the Accounts.

We and/or our custodians have agreements in place with certain mutual fund companies to allow for transactions in certain funds to be executed without transaction fees. In some cases, the transaction must meet certain dollar thresholds to qualify for a waiver of the transaction fee. Some mutual fund companies have not entered into these agreements, and as a result, clients may pay a fee for transactions in these fund families. Unless otherwise stated, transactions are effected net of, meaning without, commission. Either you or your IAR may designate certain holdings as ***not*** eligible to be included in the calculation of the advisory fee. Typically, this occurs when your IAR has recently received a commission on the holding.

In addition, your account will be subject to other fees charged by the custodian of your account. Electronic funds and wire transfer fees, transfer taxes, account maintenance fees, margin fees, transaction charges, exchange fees, and odd lot differentials are examples of fees that may be charged by the custodian. These fees are charged by the custodian and are not included in the advisory fee that you pay to us for management of your account. In some cases, certain of these custodian fees may be paid by your IAR, on an account by account basis. Your IAR is not required to pay these fees on your behalf and your IAR may elect to not pay for any or all fees for each of his clients' accounts. First Allied may receive a portion of these fees in its capacity as introducing broker-dealer. An account service schedule detailing all these fees will be provided to you upon account opening.

Based on the activity in your account, you may pay more or less for a managed account than if you had a brokerage account or an account directly with a mutual fund company or annuity company. Your IAR should be able to discuss with you the benefits of opening a managed account versus a brokerage or mutual fund account. If you purchase a variable insurance product through your IAR, he will most likely receive a commission. The commission is earned as compensation for selling the variable insurance product in your IAR's capacity as a registered representative of First Allied.

First Allied has enrolled in Pershing's Fundvest® program, which gives our IARs the ability to purchase more than 4,600 mutual funds on either a no-load basis or a load-waived at net asset value basis. This program is maintained by our clearing/custodial firm, Pershing. Pershing, at their sole discretion, may add or remove mutual funds from the FundVest Program without prior notice. In the FundVest Program, transaction costs are waived on purchases that would normally carry a transaction charge, which may provide your Advisor with an incentive to recommend a FundVest Mutual Fund. This incentive is increased if you have a PAM Account due to the fact that your Advisor may pay the transaction cost.

Mutual funds that participate in Pershing's FundVest Program will be assessed by Pershing a short-term redemption fee if sold within three months. Similar short term redemptions fees may be charged by mutual funds, whether or not they participate in the FundVest Program. These fees are in addition to any Pershing short-term redemption fee. This fee is only applicable for certain Pershing accounts. Your IAR may have the option of paying all or some of these short-term redemption fees on your behalf, as outlined above.

Fixed income transactions may include a commission in the price of the security. This is a principal transaction. We will obtain your signed consent prior to settlement for a principal transaction and disclose to you any compensation we receive for the transaction.

Cash Sweep Program

FDIC Insured Bank Deposit Sweep Account. Under two programs, the FlexInsured Account Program and the Insured Deposit Sweep Account Program, (FDIC-Insured Programs) First Allied permits available cash balances in eligible accounts, including cash balances derived from the sale of securities, dividend payments, interest credited from bonds and cash deposits, to be automatically deposited (swept) into interest bearing deposit accounts at one of more participating program banks (Program Banks). Deposits made through a FDIC-Insured Program are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 at each Program Bank and

up to $2,500,000 for combined deposits at Program Banks. For the purposes of determining available FDIC coverage, funds deposited in a particular Program Bank are aggregated with all other deposits held by you (outside of the FDIC-Insured Programs) in the same insurable capacity at that Program Bank. It is your responsibility to monitor the insurable deposits that you may have with any Program Bank (including deposits outside of the FDIC-Insured Programs). Funds deposited through the FDIC-Insured Programs are not eligible for SIPC protection.

FlexInsured Account Program. The FlexInsured Account is the default sweep vehicle for non-retirement advisory accounts. For its role in offering the FlexInsured Account program, First Allied earns additional compensation in the form of a fee from Participating Banks based on the amount of money on deposit from all FlexInsured Account participants. The fees received by First Allied vary but will never exceed 2% on an annualized basis, as applied across all FlexInsured Accounts. In our discretion, we may reduce our fee and vary the amount of the reductions among clients. Additionally, the fees First Allied receives may vary from Program Bank to Program Bank and will affect the interest rate paid to you. The interest you earn may be lower than interest rates available to depositors making deposits directly with a Program Bank or other depository institutions.

Insured Deposit Sweep Account. The Insured Deposit Sweep Account (IDSA) is the default sweep vehicle for advisory IRAs. For its role in offering the IDSA program, First Allied receives a per account fee each month. The compensation paid to First Allied under the IDSA program does not vary among IDSA participants and is not affected by amounts actually deposited through the IDSA program. First Allied's compensation under the IDSA program is determined by a fee schedule indexed to the current Federal Funds Target (FFT) Rate. The monthly fee paid to First Allied increases and decreases by $0.07 with every 1 basis point (a basis point is equal to 0.01%) change in the FFT Rate. In cases where the FFT Rate is a range of rates, the FFT Rate will be deemed to be the midpoint of the range rounded to the nearest thousandth of a decimal. Using this calculation, First Allied may be paid a maximum monthly per account fee of $17.50. Although it is generally anticipated that First Allied's fee under the IDSA program will be offset by amounts paid by the Program Banks, First Allied reserves the right to withdraw the monthly account fee, or portion thereof, in the event or to the extent that the amount received from the Program Banks and paid over to First Allied is less than Firm's fee for the same period.

Some non-retirement accounts established before May 21, 2018, utilize a money market fund previously designated as an alternative sweep option for non-retirement accounts (Prior MMFs). These Prior MMFs are no longer available as a new sweep selection; however, clients that previously chose the Prior MMFs may continue to use them until a new selection is made. First Allied receives from Pershing distribution assistance in the form of annual compensation up to .78% for assets held in a Prior MMF. For a list of the money market fund options available in the cash sweep program, please consult your Advisor.

The compensation First Allied receives from the FDIC-Insured Programs and the Prior MMFs defrays its costs associated with the FlexInsured Account program and the IDSA program and is also a source of revenue. This compensation presents a conflict of interest to First Allied because First Allied has a financial benefit when cash is invested in the FDIC-Insured Programs and the Prior MMFs. However, this compensation is retained by First Allied and is not shared with your Advisor, so your Advisor does not have a financial incentive to recommend that cash be held in the FDIC-Insured Programs or a Prior MMFs as opposed to investing in securities.

Cash in ERISA accounts is not eligible for investment in the FDIC-Insured Programs. For ERISA advisory accounts, First Allied offers a specific money market fund or funds, which provide a yield on your daily account balances, as a cash sweep default option. First Allied and Advisor do not receive any compensation in connection with cash in ERISA accounts that are swept into any money market fund that First Allied designates for ERISA accounts.

An investment in a money market mutual fund, unlike bank deposits, is not insured or guaranteed by the FDIC or any other governmental agency, and it is possible to lose money by investing in a money market mutual fund. Money market mutual funds are covered by SIPC, which protects against the custodial risk (not a decline in market value) when a brokerage firm fails by replacing missing securities and cash up to a limit of $500,000, of which $250,000 may be cash.

A money market mutual fund generally seeks to achieve a competitive rate of return (less fees and expense) consistent with the fund's investment objectives, which can be found in the fund's prospectus. Rates in the money market fund option offered as a cash sweep option will vary over time and may be higher or lower than the rate paid on other sweep options (including the FDIC-Insured Programs) or other money market mutual funds not offered as a cash sweep option. First Allied may earn more by designating the Flex Insured Account or the IDSA as the default sweep option for your account. Accordingly, First Allied has a conflict in selecting cash sweep options.

For detailed information regarding the terms and conditions of the products, including balance limitations, see First Allied's cash sweep disclosure document entitled Sweep Program General Terms and Conditions or your applicable money market fund prospectus. We may change the products available for your selection.

Loan Advance Accounts

A Tri State Capital Bank (Tri State) pledged account is collateral for a loan held through Tri State. A customer may borrow money from Tri State by pledging securities held and custodied in their Pershing brokerage account. Unlike a margin account, these borrowed funds cannot be used to purchase additional securities. If you decide to enter into loan arrangement with this banking entity, you

should carefully consider the following:

- You are borrowing money that will have to be repaid to the bank.
- Pledge arrangement arrangements are only available for non-qualified accounts.
- You, as the borrower, are using the cash and securities that you own in the account as collateral.
- You will be charged an interest rate that is subject to change.
- Tri State can force the sale of securities or other assets in the pledged account at any time and without notice to cover any deficiency in the value of the securities pledged for the loan. Tri State can decide which securities to sell without consulting you.
- First Allied and our representatives have a conflict of interest when you obtain a loan from Tri State. This conflict occurs because First Allied and the representative will receive a portion of the interest charged on the loan. First Allied reduces this conflict by reviewing the borrower's accounts to determine whether or not the use of Tri State is appropriate and in line with the borrower's goals and objectives.
- Tri State is responsible for reviewing the loan application and any other documents that Tri State may require to obtain the loan. Tri State, in its sole discretion, will determine the credit worthiness of the applicant, including the amount of the loan.
- Prior to establishing a loan with Tri State, you should carefully review the loan agreement, loan application and any other forms required by the bank in order to process your loan.

Prior to establishing a loan with Tri State, you should carefully review the disclosure form provided by First Allied.

Verification of Fees
You are always responsible for verifying that the fee you are charged is accurate. The custodian will not determine whether the fee is properly calculated. Should you find an error, please contact your IAR immediately. If you are not satisfied with the action your IAR takes, you may contact us at the number on the cover of this document.

Conflicts of Interest
Your IAR will receive compensation as a result of your participation in the programs described in this brochure. The amount of this compensation may be more or less than the amount of compensation your IAR would receive if you were to pay separately for investment advice, brokerage, and other services. However, we attempt to design all of our advisory programs with pricing competitive with what a client might pay for investment advice, brokerage, and other services separately.

Your IAR may receive a higher percentage of management fees for certain programs. This presents a conflict of interest in that your IAR may benefit from recommending certain programs based on the difference in compensation he receives rather than selecting investments without regard to compensation payable to him. If your IAR qualifies for reductions in the program fee paid to us, this results in additional compensation to your IAR. To mitigate this conflict of interest, we require that any program you invest in must be suitable for your investment goals and financial needs. If your IAR qualifies for reductions in the program fee paid to us, which results in additional compensation to your IAR, your total advisory fee will not exceed the stated maximum for the programs.

In certain cases, we may be compensated by unaffiliated third-parties based on the amount of assets our IARs may place with them. This represents a conflict of interest in that your IAR may be incentivized to recommend the services of the third-party from which additional compensation may be received. In other cases, your IAR may incur fewer expenses from the third-party as a result of the amount of assets the IAR has placed with the third-party. Generally, the fees that the third-party charges will be lower as the amount of assets that is placed with them increase. Therefore, your IAR may be incentivized to recommend the services of the third-party.

Your IAR may also be registered as an independent contractor registered representative with First Allied. This may create a conflict in that your IAR may be able to choose between offering you advisory programs or services and brokerage products or services. The amount and manner of compensation that your IAR receives in either of these capacities presents a conflict of interest. To mitigate this conflict of interest, we require that any advisory program or advisory service that you are offered is suitable for your investment goals and financial needs. First Allied conducts suitability reviews for brokerage product solicitations.

Furthermore, your IAR may also be registered with other affiliated investment advisers and/or broker-dealers that are part of Cetera Financial Group's network of investment advisers and broker-dealers. This may represent a conflict of interest since your IAR may be incentivized to offer certain services through one entity over another. However, as a fiduciary, your IAR is required to act in your best interest. For more information on Cetera Financial Group, please see Item 10- Other Financial Industry Activities and Affiliations.

Your IAR may have a financial interest in certain securities. We do not permit our IARs to solicit for or use discretionary trading authority in any purchases or sales in a security in which that IAR has a material financial interest. Your IAR may purchase or sell the same security he solicits for or uses discretionary trading authority for his client accounts as long as he does not have a material financial interest in the security. This presents a conflict of interest. Our Code of Ethics mitigates this conflict by detailing policies designed to ensure that clients are not disadvantaged by an IAR's trading activity.

You may be eligible to receive breakpoints, or discounts, on the fees that you pay to purchase or hold mutual funds in your account if your total investment in one or more particular mutual fund sponsors reaches certain levels. In certain cases, you can aggregate your investments in different accounts to reach these levels. We have established surveillance systems designed to help us monitor your

total investments in each mutual fund sponsor. However, the person granted trading authorization over your account may select mutual funds that prevent you from reaching a breakpoint level and taking advantage of a price break. In addition, if your account is managed by a third-party, we do not have the ability to ensure that your breakpoint levels will be a consideration in their investment decisions. For more information about breakpoints for the specific mutual funds you may hold in your account, please reference the mutual fund prospectus.

Pershing allows clients to enroll in the Fully Paid Securities Lending program, which allows clients to lend certain securities to Pershing. Pershing earns revenue from lending these securities and a portion of that revenue is shared with the clients and their financial advisors. If you elect to participate in this program, your IAR will receive compensation from Pershing. The receipt of this extra compensation creates a conflict in certain advisory programs in which your IAR acts as the portfolio manager. The conflict surrounds whether this extra compensation to your IAR would cause him to hold a security in your account that he otherwise would have liquidated if he was not receiving this extra compensation. This conflict is mitigated by our requirement that investment decisions made by your IAR are always in your best interests, as well as the fact that if your account holds these positions, your IAR's compensation will increase nominally, but the security will also generate income for your account. Not all accounts or client will qualify for this program.

Pershing receives revenue from money market funds that First Allied makes available as a cash sweep option, and for nonretirement accounts that choose to invest cash in such a money market fund Pershing shares some of that revenue with us as described in Item 5 at Cash Sweep Program.

Though our advisory programs are generally only available through our IARs, similar programs or investment advice may be available from other investment advisers. In addition, you have the option to obtain similar investment products through investment advisers that are not affiliated with us. These services may cost you more or less if obtained elsewhere.

Certain of our IARs and employees have an ownership interest in Holdings, which presents a conflict of interest with respect to their selection of advisory programs and services in that certain programs and services are more profitable to Holdings and its subsidiaries than other programs and services. As owners of Holdings, these individuals have an interest in its highest profitability. We help mitigate this conflict by requiring that all IARs and employees abide by our Code of Ethics, which is described more fully in Item 11- Code of Ethics.

One of our IARs, Michael Wegner, is part owner of the holding company that owns Howard Capital Management. This presents a conflict of interest for Mr. Wegner, other IARs in his office, and other IARs at FAAS because the selection of Howard Capital Management as the manager of an account would financially benefit Mr. Wegner. We help mitigate this conflict by ensuring that all our IARs have the option to select managers other than Howard Capital Management and by reviewing each management agreement prior to engagement to confirm that the selection of Howard Capital Management is suitable.

Item 6- Performance-Based Fees

Performance-based fees are fees that are based on a share of capital gains on or capital appreciation of the assets in an account. Your IAR is not permitted to charge performance-based fees.

Item 7- Types of Clients

Our IARs open accounts for individuals, high net worth individuals, banking institutions, pension plans, profit sharing plans, charitable organizations, and other corporations and businesses. The majority of these accounts are opened for individuals not considered high net worth individuals.

Certain account registration types prohibit investments in securities other than mutual funds. Should your account registration type restrict the kinds of securities that are purchased in your account, the performance of the account may not match the performance of the investment model selected. Should your account have one of these account registration types, your IAR will consider which investment models are best for you. Our clients may have both advisory accounts and brokerage accounts. Our representatives may offer you advisory services, brokerage services, or both, depending on your needs.

Account Minimums

Most programs we offer have account minimums (if the program requires an account). Some of our IARs impose minimums above those that we set. Please discuss your level of investable assets with your IAR to determine which programs are best suited for you.

Item 8- Methods of Analysis, Investment Strategies and Risk of Loss

Types of Risk

Various types of risk are involved when investing in securities. Economic risk, market risk, currency risk, inflation risk, liquidity risk, and credit risk are examples of the types of risks to which your account may be subject.

Assessing Risk

While some types of risk can be mitigated by investment strategies, these risks cannot be eliminated completely. Your IAR will work with you to make sure that you are comfortable with the risks associated with the type of investments that are in your account.

Risk of Loss
You should know that all types of securities investing involve risk, sometimes substantial risk. Your account value can both increase and decrease over time. You should not invest in any product if you are not prepared to bear a potential loss. Past performance does not guarantee future results.

Liquidity Risk
Liquidity is a financial institution's capacity to meet its cash and collateral obligations without incurring unacceptable losses. Liquidity risk is the risk to an institution's financial condition or safety and soundness arising from its inability to meet its contractual obligations. Some investments used in FAAS programs have limited liquidity, including REITs and interval funds. Some illiquid investments periodically offer to repurchase shares from shareholders. These repurchase offers may have limitations on the total number of shares being repurchased, so an individual investor may not be able to sell shares. If an investment is liquidated pursuant to a repurchase offer, penalties may also be assessed or you may not receive the full value of your investment. You should read the prospectus for any investments.

Our IARs
If your account is managed by one of our IARs, his specific management style is not discussed in this document. You can find information about your IAR's management style and method(s) of analysis in his Form ADV Part 2B disclosure document, which he will provide to you with this brochure. Generally, our IARs use various securities to allocate your portfolio according to a strategy's investment objective. These securities may include stocks, bonds, mutual funds, exchange-traded funds, unit investment trusts, certificates of deposit, Treasury securities, insurance products, alternative investments, and other securities.

Each of our IARs is permitted to use his own method(s) of analysis. Many of them use asset allocation software to help them determine objectives and risk tolerance. This software seeks to optimize your portfolio and diversify risk across asset classes appropriately. Some asset allocation software can even aid in selecting specific securities. IARs are not obligated to use the same asset allocation software as other IARs use. Some IARs analyze securities individually to determine if those securities should be included in your account.

Our IARs may create investment models based on investment advice provided by Cetera Investment Management LLC, an affiliated registered investment adviser. This advice could include basic asset allocation advice, or advice regarding specific securities.

Third-Party Managers
If your account is managed by a third-party manager, the third-party manager is responsible for its own methodology and investment strategy. Information about each third-party manager's method of analysis and investment strategies is available in the third-party manager's disclosure brochure, which will be provided to you by your IAR.

Item 9- Disciplinary Information

FAAS and its IARs have been the subject of various regulatory and disciplinary findings by various states and regulatory bodies. The information in this section may impact your decision to do business with us.

In 2011, FAAS entered into a Consent Agreement with the Securities Division of the State of Indiana, whereby FAAS resolved allegations regarding violations of the Indiana Uniform Securities Act, Ind. Code 23-19-1, concerning the registration of certain investment adviser representatives in the State of Indiana. Without admission or finding of a violation, FAAS paid a fine in the amount $9,000, and a reimbursement payment of the cost of the investigation in the amount of $1,000.

In addition to the incidents above, certain FAAS IARs have been censured or censured and suspended by non-SEC regulators for violations related to suitability deficiencies, supervision deficiencies, marketing approval deficiencies, improper disclosure of outside business activities, continuing education deficiencies, delinquency of payment of state taxes, insurance deficiencies, sales of unregistered securities. In one case, a FAAS IAR's insurance application was denied by a state.

Affiliated Broker-Dealer

In August 2017, First Allied Securities, without admitting or denying the findings, consented to the sanctions and to the entry of findings that it disadvantaged certain retirement plan and charitable organization customers that were eligible to purchase Class A shares in certain mutual funds without a front-end sales charge. The findings stated that these eligible customers were sold share classes that carried higher fees than they were actually required to pay. The findings also stated that the firm failed to reasonably supervise and maintain adequate written policies and controls regarding the application and detection of sales-charge waivers to eligible mutual fund sales and failed to notify and train its financial advisors regarding their availability. As a result of the firm's failure to apply available sales-charge waivers, the firm estimates that eligible customers were overcharged by approximately $769,054 for mutual fund purchases made since July 1, 2009.

In November 2016, First Allied Securities, without admitting or denying the findings, consented to the sanctions and to the entry of findings that it failed to maintain a process reasonably designed to supervise its registered representatives' recommendation of multi-share class variable annuities (VA's) to its customers and provide sufficient training to its registered representatives and principals on their sale. The findings stated that the firm failed to identify red flags related to long-term income riders with multi-share class VA's and establish, maintain, and enforce a reasonable supervisory system and written supervisory procedures related to their sale, including L-share contracts. FINRA also found that the firm offered and sold various structured products to retail customers without having in place a sufficient supervisory system, including written supervisory procedures, reasonably designed to detect and prevent unsuitable sales of structured products. The firm failed to adequately enforce the firm's procedure requiring supervisory post-trade reviews of structured product transactions, and to fully implement a system and enforce its procedures requiring all registered representatives to complete training prior to soliciting structured products.

Also in November 2016, FINRA found that the firm engaged in sales of inverse, leveraged and inverse-leveraged exchange traded funds (Non-Traditional ETFs). While it provided some training to its registered representatives on these products and imposed certain minimum requirements with respect to customer risk tolerances and objectives, it did not create and implement supervisory procedures that were adequate to monitor their holding periods. The firm failed to implement supervisory procedures to adequately ensure suitability in sales of non-traditional ETFs, and failed to identify or investigate patterns of non-traditional ETFs held for longer than one day. In addition, FINRA determined that the firm failed to supervise the use of consolidated account reports and failed to enforce its books and records requirements for consolidated account reports.

In October 2015, First Allied Securities, without admitting or denying the allegations, entered into an Acceptance, Waiver and Consent that was accepted by FINRA, whereby First Allied Securities accepted FINRA's findings that First Allied Securities failed to identify and apply sales charge discounts to certain customers' eligible purchases of unit investment trusts (UITs). First Allied Securities had no written supervisory procedures regarding sales charges on UITs and the firm relied primarily on its registered representatives to ensure that customers received the appropriate UIT sales charge discounts, despite the fact that the firm did not effectively train representatives and their supervisors to identify and apply such sales charges. First Allied Securities agreed to accept a censure, a fine of $325,000, and was ordered to $689,647.34 in restitution to customers.

In March 2015, First Allied Securities consented to a civil penalty in the amount of $6,690.80 by the State of Nevada Securities Division for operating unregistered branch office locations.

In January 2013, First Allied Securities, without admitting or denying the allegations, entered into an Acceptance, Waiver and Consent that was accepted by FINRA, whereby First Allied Securities accepted FINRA's findings that First Allied Securities had inadequate supervisory systems and procedures designed to ensure that it delivered the appropriate disclosure documents to clients purchasing unit investment trusts and/or exchange-traded funds. First Allied Securities had engaged a vendor to deliver the written prospectuses to clients, however, First Allied Securities retained ultimate responsibility to ensure the clients received the appropriate documents. First Allied Securities agreed to accept a censure and fine of $40,000.

In late 2009, the SEC filed an enforcement action against a former First Allied Securities representative. The SEC alleged that the representative engaged in unauthorized and fraudulent trading in two customer accounts. The SEC also issued a "Wells Notice" to First Allied Securities which alleged that First Allied Securities violated certain SEC rules and that it failed to reasonably supervise this registered representative. After considering the surrounding circumstances, First Allied Securities determined that it was in its best interests to settle the matter. The alleged rule violations were in connection with First Allied Securities' supervision of the representative and deficiencies in its e-mail retention system. As part of the settlement, First Allied Securities agreed to accept a censure and pay disgorgement and interest (approximately $1.46 million) and a fine ($500,000). In addition, the SEC's order required First Allied Securities to cease and desist from committing or causing any future violations of certain books and records provisions. First Allied Securities also agreed to hire an independent consultant to review its policies and procedures and its system for implementing policies and procedures. First Allied Securities consented to the issuance of the order without admitting or denying the SEC's findings. A copy of the SEC order is available online at http://www.sec.gov/litigation/admin/2010/34-61655.pdf.

First Allied Securities has been censured by multiple state insurance authorities for failure to renew state insurance licenses. First Allied Securities, as a firm, has also been found to have failed to supervise adequately in certain instances, by non SEC regulators. Some of the firms that First Allied Securities has purchased have also been censured by regulatory bodies.

Additional Information

More information on all of these items, and other items not summarized above, can be found on FINRA's BrokerCheck® (http://brokercheck.finra.org). The Form ADV Part 2B brochure supplement that your IAR will provide to you along with this document contains information regarding any disciplinary items that we deem material to your decision to select your IAR to provide you with advisory services. Additional information about your IAR's disciplinary history can also be viewed on BrokerCheck®.

Item 10- Other Financial Industry Activities and Affiliations

Broker-Dealer Affiliation

First Allied is an affiliated a broker-dealer that we use to introduce accounts to custodians. First Allied, a New York corporation, is a broker-dealer registered with the Financial Industry Reporting Authority ("FINRA") and a registered municipal advisor with the Securities and Exchange Commission ("SEC"). Being registered does not mean that First Allied is endorsed by any regulatory authority; it simply means that First Allied is required to follow the rules established by FINRA for brokerage business and the Municipal Securities Rulemaking Board ("MSRB") for advisory business on municipal bond proceeds and debt reserve accounts. For municipal advisors, the rules are created through the MSRB and registration is required through the SEC, though FINRA enforces these rules. First Allied, headquartered in San Diego, CA, was founded in 1994. Because First Allied is also owned by Holdings, many of its officers and principals are engaged in business both with First Allied and us. Some of our officers spend up to 90% of their time on First Allied activities, and the remaining 10% on FAAS activities. Other officers devote 100% of their time to FAAS activities. Holdings is currently owned by RCS Capital Holdings, LLC., which is wholly owned by Aretec Group, Inc., a privately held corporation owned by a group of companies.

As a broker-dealer, First Allied places trades for clients for the purchase and sale of stocks, bonds, options, mutual funds, variable insurance products, and private placements. Since the majority of our IARs are registered with First Allied, these services may be available to you if your IAR is a registered representative. Because most of our IARs are registered to offer you both advisory programs and services and brokerage products and services, a conflict of interest exists. The conflict involves the determination of whether advisory business (fee-based) or brokerage business (commission) is more suitable for the client. Because most of our IARs can offer both, your IAR could be conflicted about which business to recommend to you. We attempt to mitigate this risk by reviewing the suitability of the advisory program selected by each client. Ultimately, our IARs will discuss with you which type of business will best help you meet your goals.

You may have brokerage accounts with First Allied. The main differences between an advisory account and a brokerage account are the form of payment, the use of discretionary authority, and our level of responsibility to ensure that each transaction is appropriate for you. In an advisory account, you will pay an advisory fee based on the amount of assets in the account; in a brokerage account, you will pay a commission for each transaction. In an advisory account, you may grant us, your IAR, or a third-party discretionary trading authorization that allows us to place securities transactions on your behalf without notifying you prior to placing the transaction; in a brokerage account, we will discuss each transaction with you prior to placing the transaction. Having discretionary trading authorization allows us, your IAR, or the third-party to act quickly on your behalf should there be an opportunity that would benefit you. With a brokerage account, you have the opportunity to approve each trade before it is placed on your behalf.

As a broker-dealer, First Allied buys and sells securities in its own accounts in order to facilitate the trading activities of its clients. First Allied also buys and sells securities on behalf of other clients. First Allied's main activities include retail and institutional client services. First Allied generally uses its own execution services for advisory clients and brokerage clients, for accounts custodied at Pershing, though for certain advisory programs, third-party execution services are used.

Other Related Financial Industry Entities

One of the affiliates to Holdings, Cetera Financial Holdings Inc., also owns multiple other investment advisers, including Cetera Investment Management LLC ("CIM"). We use research and model portfolios provide by CIM in many of our programs. A conflict of interest exists due to these affiliations. We attempt to mitigate this risk by ensuring that policies and procedures are in place requiring our IARs to exercise their fiduciary responsibilities when recommending investments to clients. Client fees are not increased if IARs use CIM research or model portfolios, and CIM receives no compensation when their services are used by FAAS IARs. Our IARs' recommendations must only take into account what programs or services are best for each client.

Holdings also owns First Allied Retirement Services, Inc. ("Cetera Retirement Plan Specialists") and FASI Insurance Services, Inc. ("FAIS"). Cetera Retirement Plan Specialists is a pension administration firm that provides pension services to pension plan sponsors. Our IARs do not receive any compensation for referring clients to Cetera Retirement Plan Specialists. Cetera Retirement Plan Specialists owns Associates in Excellence, which is another pension administration firm that provides pension services to pension plan sponsors.

FAIS is an insurance general agency that offers insurance products through licensed agents. Many agents offering insurance through FAIS are also First Allied registered representatives.

Holdings and all of its subsidiaries are part of Cetera Financial Group. Cetera Financial Group is the retail advice platform of Aretec Group, Inc. that delivers the benefits of scale to its family of independent broker-dealer firms and registered investment advisers. Cetera Financial Group includes the following companies: Cetera Advisors LLC, Cetera Advisor Networks LLC, Cetera Financial Specialists LLC, Cetera Investment Advisers LLC, Cetera Investment Management LLC, Cetera Investment Services LLC, Summit Brokerage Services, Inc., Summit Financial Group Inc., First Allied Securities, Inc., First Allied Advisory Services, Inc., and Cetera Advisory Services LLC.

Our principals, employees and representatives may have responsibilities to any of these listed affiliates. Certain administrative and payroll expenses for employees of any affiliate may be allocated among some or all of the affiliates. Allocation of these expenses is not determined by assets referred to any affiliate.

Other Financial Industry Activities
In addition to the related entities noted above, we also conduct business with other investment advisers that are owned or operated by registered representatives of First Allied and investment advisers that are owned by other persons. These investment advisers may enter into an agreement with us to offer our programs or use our services. We are not responsible for supervising or managing these investment advisers beyond their representatives' activities with First Allied.

Some of our IARs may work in bank or credit union locations. We do not supervise any IAR's bank or credit union responsibilities. If the bank or credit union will receive any fees that you pay, our IARs are required to disclose this to you. Some of our IARs may be real estate agents. Activities related to real estate are not undertaken as part of the IAR's representation of us. In addition to being investment adviser representatives, some of our IARs are also accountants. We do not supervise their accounting activities. Any tax advice you receive from your IAR is part of an outside business activity and is totally separate from the IAR's affiliation with us.

Some of our IARs may be involved in other outside businesses. Activities related to these outside businesses are not undertaken as part of the IAR's representation of our investment advisers. The amount of time that IARs devote to outside business activities varies. Your IAR's material outside business activities are reported on the Form ADV Part 2B Brochure Supplement that your IAR will deliver to you when he starts discussing advisory programs and services with you. Your IAR's outside business activities, including without limitation, bank or credit union responsibilities, real estate, accounting, tax and legal activities, are not endorsed or supervised by, or the responsibility of, us or First Allied or any of our affiliates.

We are involved in several industry advocacy groups. These groups generally provide a forum for industry professionals to gather and discuss current and proposed regulations. Our membership in these groups helps us to better educate and supervise our IARs.

Item 11- Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Overview
Pursuant to SEC rule 204A-1, we have adopted a Code of Ethics ("COE") to establish rules of conduct for all supervised persons. Supervised persons are individuals that are associated with our firm who are involved with offering or providing advisory services. Supervised persons may also include our home office employees. Your IAR is a supervised person. The COE recognizes our IARs' fiduciary responsibility to clients. The COE instructs our IARs to conduct their affairs in such a manner as to avoid:

- Serving their own interests ahead of clients' interests
- Taking inappropriate advantage of their position
- Engaging in unacceptable actual or potential conflicts of interest

A copy of our COE is available upon request by calling our Compliance department at 800-223-0989.

We do not permit our IARs to solicit for or use discretionary trading authority in any purchases or sales in a security in which that IAR has a material financial interest. Our supervised persons may, however, invest in the same securities that the IAR or another supervised person recommends to clients. This presents a conflict of interest. This conflict is mitigated by the policies and procedures set forth in our COE and Compliance Manual. Our IARs are not permitted to disadvantage clients while trading their own accounts. We also have surveillances in place designed to enforce our policies and procedures.

Our supervised persons are not permitted to recommend or use discretionary trading authority on behalf of clients at or about the same time that the IAR or another supervised person in the IAR's branch office or responsible for supervising the IAR buys or sells the same securities for their own account(s). We have established surveillance systems that check trading patterns between supervised persons and clients. These surveillances are designed to ensure that even if a supervised person unintentionally trades in the same security as a client, the client will not be disadvantaged.

Item 12- Brokerage Practices

Soft Dollar Benefits
Some firms in the industry receive benefits in exchange for delivering business to a broker-dealer, mutual fund sponsor, insurance company, or other third-party. These benefits are known as "soft dollars." Soft dollar benefits are generally defined as benefits (besides normal fees) received from a firm in exchange for doing business with the firm. These benefits may include access to software, hardware, research, and/or office space. We do not receive any soft dollar benefits from choosing the broker-dealer through which we effect trades, nor from the mutual funds or insurance in which we invest.

Directed Brokerage
We do not permit clients to direct us to execute transactions through a specified broker-dealer other than First Allied. We believe that First Allied allows us to achieve "best execution" because of their business relationships with Pershing, our access to First Allied's trading department, our ability to rely on First Allied's financial stability, and First Allied's overall service to us and our IARs. "Best execution" factors include timeliness of execution, trader expertise, pricing, and responsiveness. In addition, certain advisory programs are only available through us and our affiliates and these programs allow your IAR to offer you a product or service that you

cannot obtain elsewhere, although other investment advisers may offer similar programs.

Although First Allied is able to negotiate competitive pricing from Pershing that it believes is beneficial to its clients, First Allied's clearing relationship with Pershing provides FAAS with certain economic benefits for its advisory program accounts that it would not have through an unaffiliated broker-dealer. For example, as described in Item 5, First Allied adds a markup to the transaction costs in PAM and ACM program accounts and marks-up certain other brokerage-related account charges and fees that are assessed to all client advisory accounts at Pershing. First Allied also maintains two bank deposit sweep programs. These programs create financial benefits for First Allied as described in Item 5. First Allied also receives additional compensation from Pershing for non-retirement account assets that are swept into a money market fund sweep option as described in Item 5. The additional compensation received by First Allied creates a conflict of interest with FAAS clients.

Aggregation of Client Trades
In an effort to both obtain best execution and deliver the best possible service to you, we will aggregate client trades when appropriate. Aggregating trades is generally defined as "bunching" or combining trade orders for the same securities. Aggregating trades will not affect the transaction charges on such transactions. We try to average price our trades, which mean that all clients that purchased the same security at the same time receive the same price, regardless of the number of shares. It is not always possible to average price trades, and some clients may receive a better price than other clients based on execution.

When an aggregated trade order cannot be filled completely, we will generally attempt to distribute the shares received proportionately based on the number of shares that were meant for each account. In certain circumstances average pricing an order that has not been filled entirely may not be in the best interest of each client. In these instances, we will allocate the shares among the clients in a manner we believe to be fair to each client. We are under no obligation to aggregate trade orders or to average price transactions.

Item 13- Review of Accounts

As mentioned previously, each of our IARs is supervised by another of our representatives or an employee. Advisory accounts are also reviewed by an IAR's supervisor. We have created several different surveillances to aid in this supervision. The surveillances include checks for:

- registration status of the IAR
- loss in equity of accounts
- inappropriate use of discretionary trading authority
- purchase of low-priced securities
- trading activity in personal accounts
- having an excessive margin balance
- being over-concentrated within the account
- trading volume
- correlation between account allocation and investment objective and risk tolerance

Many of these surveillances are run daily and others are run monthly or quarterly. The frequency of the surveillance is determined by the nature of the underlying event. Not all of the surveillances listed above are used on all advisory accounts. We take into account who is managing your advisory account. If one of our IARs is the manager, all of these surveillances will be used. If a third-party manager is managing your account, some of these surveillances will ***not*** be used.

After the end of each calendar quarter, we create and send performance reports to each client that is invested in our PAM and ACM programs. These reports have performance information about either one account or multiple accounts of the same investor. The advisory agreement that you sign will detail which party is responsible for delivering reporting information. The third-party manager may choose to not provide performance reports.

The reports we create will differ slightly based on which program you have purchased. Generally, we will list the beginning balance of the period, the ending balance of the period, the percentage change in asset level between the beginning and end of the period, and any deposits or withdrawals during the period. There is also information about your account's holdings as of the end of the period, a list of one or more comparable indexes and benchmarks, and important disclosure information.

The following indexes and benchmarks will be listed on the performance reports we provide to PAM and ACM clients:

- S&P 500 Index- an index of 500 stocks chosen for market size, liquidity and industry grouping (among other factors), designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.
- MSCI EAFE Index- a free float-adjusted market capitalization index that is designed to measure equity market performance of developed markets, excluding the U.S. and Canada).
- Barclays Capital U.S. Aggregate Bond Index- an unmanaged index composed of the Barclays Government/Credit Bond Index, Mortgage-Backed Securities Index, and Asset-Backed Securities Index and is generally representative of the U.S. bond market.
- Consumer Price Index- an index of prices used to measure the change in the cost of basic goods and services in comparison with a fixed-base period.

In the PAM program, your IAR also has the ability to select an additional index or a blended benchmark to which your account will be compared. This index or benchmark must be approved by us before your IAR is permitted to use it on your performance reports.

Your IAR may also provide you with reports created by Albridge Wealth Reporting Solutions ("Albridge"). Albridge is a reporting vendor we have contracted with to enable your IAR to create reports for your accounts. These reports may encompass different information than the quarterly performance reports we deliver to you and may include information about brokerage accounts, variable annuities and alternative investments. There may be discrepancies in the pricing of securities between Albridge reports, the performance reports we prepare for you, and the statements you receive from your custodian. These discrepancies may be the result of different calculation and reporting methods between Albridge, our reporting vendors, and your custodian. If you have a question about a discrepancy or any other aspect of any of these reports, you should direct it to your IAR. If you are not satisfied with your IAR's explanation, please contact us at 800-223-0989.

The custodian of your account will also send account statements to you on a monthly or quarterly basis. Although the information we provide in the performance reports we deliver to you has been retrieved from sources believed to be reliable, we urge you to compare the holdings listed on the custodian's statement to those listed on reports we or our IARs may deliver to you. Should you note any discrepancies, please contact us at 800-223-0989. In addition, the reports that we deliver to you should not be relied upon for tax calculations or any other legal representation.

Item 14- Client Referrals and Other Compensation

Solicitors are individuals who introduce clients to an investment adviser with which the solicitor is not affiliated. Solicitor's arrangements allow individuals to receive compensation for referring a client to us. The compensation paid to a solicitor is a portion of the advisory fee that you pay. All solicitation arrangements that our IARs are involved in must be approved by us.

Solicitors to FAAS

We have solicitor's arrangements with persons who are not our IARs. If a solicitor is going to receive any portion of the advisory fee that you pay, the solicitor will provide you with disclosure when he refers you to an IAR. You will sign this disclosure, acknowledging that you know a payment is being made for the introduction. We conduct a background check on solicitors to ensure they have not been disqualified from the securities industry. We mitigate any conflicts of interest in relation to these arrangements by ensuring that you will not pay higher fees because of the solicitor's agreement.

FAAS Acting as a Solicitor

Our IARs have the ability to refer, or "solicit," clients to other investment advisers. Our IARs can solicit advisory business for both affiliated investment advisers and unaffiliated investment advisers. Both affiliated and unaffiliated investment advisers must be approved by us before any of our IARs are permitted to refer clients to them. If our IARs are soliciting advisory business for any investment adviser, this will be disclosed to you through a disclosure statement and a written acknowledgement. The investment advisers that we solicit for provide a variety of management services, as outlined in each investment adviser's disclosure brochure. In general, they provide management strategies and investment models to advisory clients. The investment adviser will pay a portion of the advisory fee, as disclosed to you in the written acknowledgement, to us for soliciting clients. We will share a portion of this fee with your IAR. In exchange for this fee, the IAR is providing services including investor profiling, selection of managers, and ongoing account monitoring.

Certain investment advisers to whom we solicit may make donations to charitable organizations as an award to us or our IARs. The award criteria may vary between investment advisers, but this award may incent our IARs to solicit to investment advisers offering a donation rather than those that do not. This conflict is mitigated by our requirement that any advisory program or advisory service that you are offered is suitable for your investment goals and financial needs and by our restriction on any of our IARs financially benefiting directly from any donations made by investment advisers either on their behalf or as a result of any solicitations.

Other Compensation Payable to FAAS

We and our affiliates offer a wide variety of approved products to our IARs to serve your needs. We have designated a subset of approved products as "Product Sponsors." Product Sponsors offer an assortment of approved products. They also train and educate our registered representatives on products and industry-related topics. Product Sponsors pay extra compensation to us and our affiliates; however, clients do not pay more to purchase these products through us than clients would pay to purchase them elsewhere. This extra compensation is based in part on the total amount of assets that our IARs refer to their products and services. There may be a financial incentive to promote certain products because of this extra compensation. Because IARs do not receive a direct financial benefit from recommending Product Sponsors to you, we believe that these relationships do not compromise the advice provided by our representatives.

Sometimes we and our affiliates receive payments from firms that are not Product Sponsors to recognize our sales efforts. All companies may pay us and our affiliates in connection with the sale of certain products. This compensation may include such items as gifts valued at less than $100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives. They may also pay for training, educational meetings or training events, conferences, and entertainment for our representatives and/or clients, as permitted by industry rules. In the cases where our IARs host

seminars for clients or prospective clients, no fees are charged to attendees. Additional disclosure and a listing of companies who pay additional compensation to us may be obtained at www.firstallied.com or by contacting us at 800-223-0989. Some investments pay higher commissions than others. Commissions on equities are usually greater than those on bonds. Investments in limited partnerships generally pay higher commissions than investments in equities.

Item 15- Custody

As mentioned previously, we do not custody your account assets. Your account assets are custodied by Pershing, Fidelity, or another approved custodian. In addition to the reports that you will receive from us, the custodian will also send you account statements. These statements will be sent to you either quarterly or more frequently. You should review the account statements carefully and compare these account statements with the reports we or our IARs send to you. Should you note any discrepancies, please contact us at 800-223-0989.

Occasionally, IARs may accept stock certificates from clients and forward them to First Allied for delivery to the client's account with the custodian. In the course of business development, we may obtain custody in other forms that are not disclosed here but will be disclosed to our independent auditor. Because of these activities, we meet the regulatory definition of having custody of client securities and are required to hire an independent accounting firm to review our procedures. This audit is conducted each year. More information about the results of the audit can be found through the SEC's Investment Adviser Public Disclosure website, www.adviserinfo.sec.gov, by selecting "Investment Adviser Firm" and typing our name into the "Firm Name."

We ask that any checks you write for deposit into your accounts be made payable to the custodian and ***not*** made payable to FAAS, First Allied, or your IAR.

Item 16- Investment Discretion

Overview

We do not have discretion over your assets. However, when you invest in one of our advisory programs we may attain a trading authorization. Depending on which advisory program you choose, you will grant us one of three levels of trading authorization:

- Limited trading authorization
- Full trading authorization
- No trading authorization

Limited Trading Authorization

Limited trading authorization is automatically granted to your IAR when you invest in the PAM program. Limited trading authorization allows your IAR to make decisions on your behalf regarding purchases and sales of approved investment company securities. Investment company securities include mutual funds, unit investment trusts, closed-end funds, and exchange-traded funds. By signing the account agreement for the PAM program, you are granting limited trading authorization to your IAR.

Full Trading Authorization

Of the programs described in this brochure, our IARs can only have full trading authorization in the PAM and ACM programs. Full trading authorization allows your IAR to make decisions on your behalf regarding purchases and sales of equities, fixed income products including bonds and certificates of deposit, options, and any other security traded on a national exchange, including investment company securities. You must initial the account agreement appropriately to grant full trading authorization. While the portfolio manager you select to manage your account will recommend trades to us, it is our responsibility to ultimately determine that each trade conforms to the manager's model. The managers submit trading requests to us, which we then evaluate and process.

No Trading Authorization

When you select the Planning/Consulting program, you do not grant us or your IAR any trading authority.

Item 17- Voting Client Securities

We do not accept authority to vote client proxies. However, your IAR is permitted to aid you in the completion of the client proxies you receive. Generally, you will receive proxies directly from the custodian or transfer agent.

Item 18- Financial Information

Prepayment of Fees

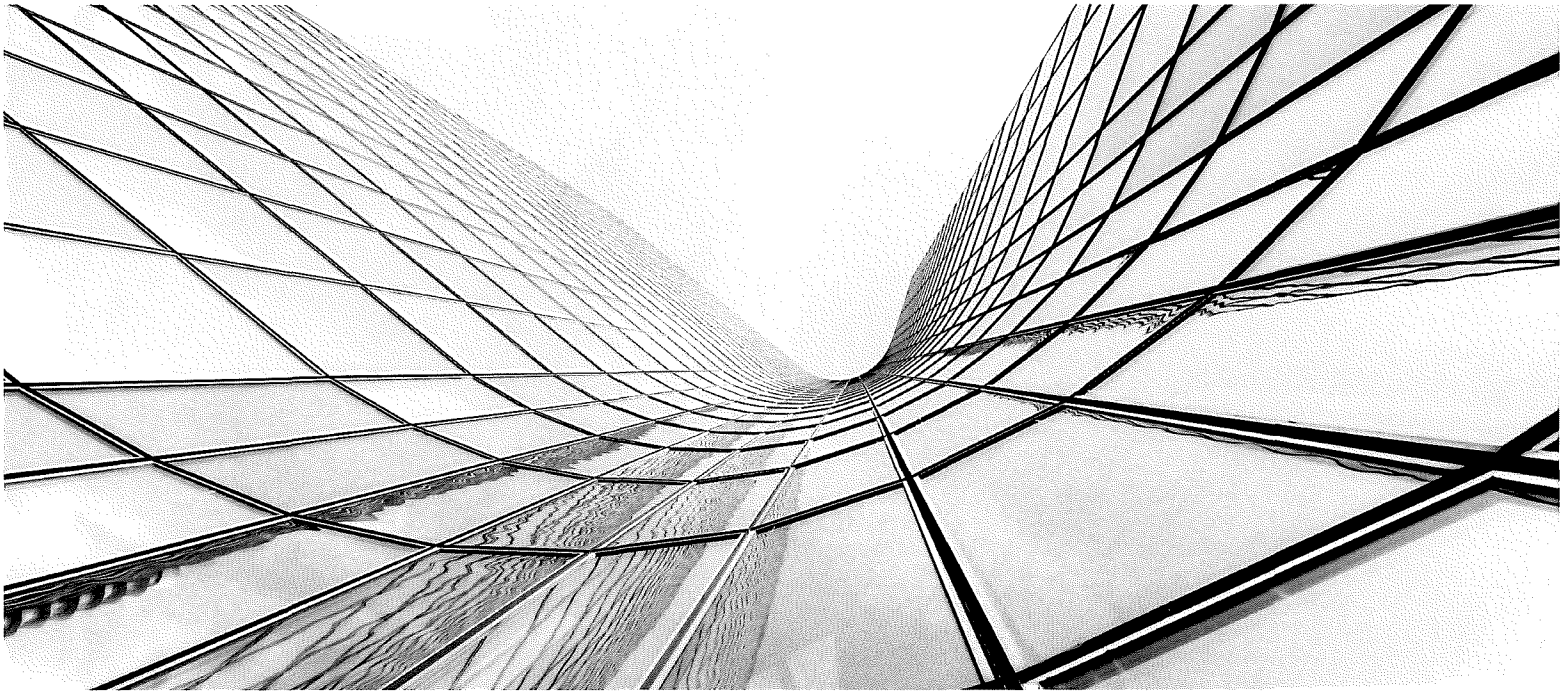
We do not require nor solicit prepayment of more than $1,200 in fees per client, six months or more in advance. Generally, advisory fees for account management are paid quarterly in advance. For consulting or financial planning, fees are occasionally prepaid more than six months from delivery of services. In these instances, the amount of prepayment will not exceed $1,200 per client.

FAAS' Financial Condition

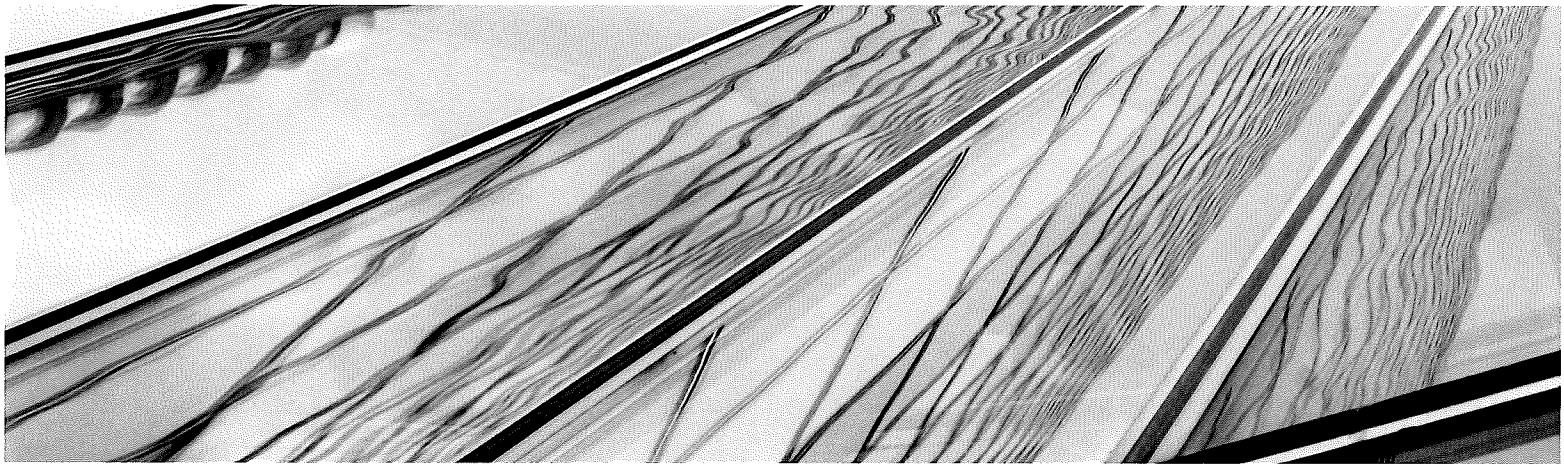
We are required to inform you of any financial conditions that are reasonably likely to impair our ability to meet contractual commitments to you. Currently, there are no financial conditions that would impair our ability to meet our contractual commitments to you. Should any arise, we will notify you according to SEC guidelines.

Exhibit 4

THINGS TO CONSIDER BEFORE MAKING AN IRA ROLLOVER

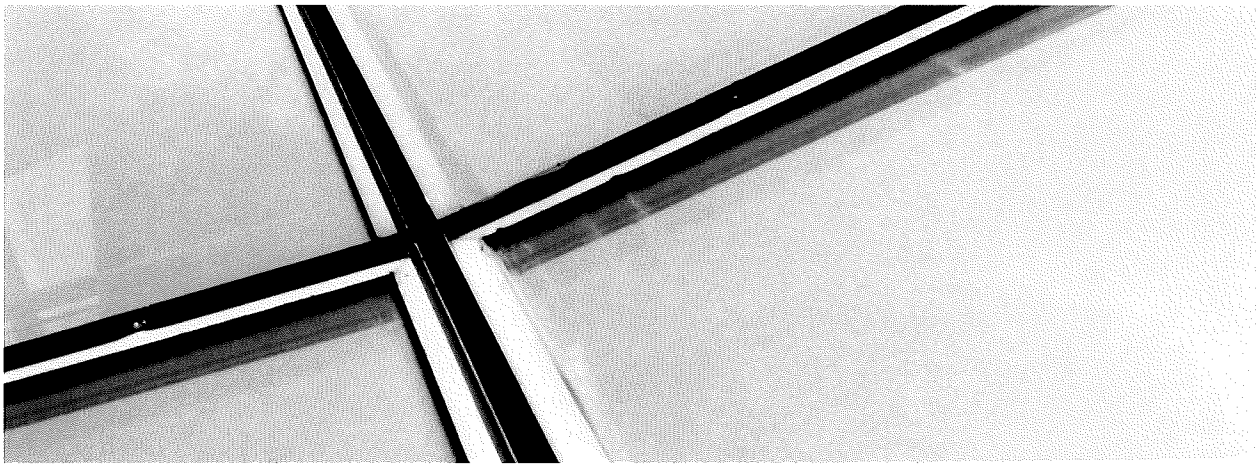


Cetera Financial Group®, Inc.



Many employers maintain tax-qualified retirement savings plans on behalf of their employees. These include 401(k), 403(b) and 457 plans, among others. If you're changing jobs or retiring, one of the most important decisions you may face is how to handle the money you've accumulated in your retirement plan. You may also be considering a transfer of funds from an existing Individual Retirement Account (IRA) to another. You generally have four options to consider in making an IRA rollover. Each of these has advantages and disadvantages and the one that is best depends upon your individual circumstances.

You should consider features such as investment choices, fees and expenses, services offered, and potential tax consequences, both at the time you leave your job and afterward. Your financial advisor can help educate you regarding your choices in order to select the one that makes the most sense for your specific situation. Be sure to speak with your current retirement plan administrator and tax professional before taking any action, as the decisions you make now can have consequences well into the future. The more informed you are, the more confident you can feel that your decision is the right one for you.



AS YOU CONSIDER YOUR OPTIONS, REMEMBER THE FOLLOWING:

- This document is designed to educate you and describe potential actions that you may wish to take with respect to your retirement plan assets. It is not a recommendation by your financial advisor, or any of their affiliates, that you take any particular action.
- Neither Cetera Financial Group, any of its affiliates, or your financial advisor, are offering you tax advice with respect to any distribution from an employer-sponsored retirement plan or other retirement plan. Any action you take with respect to your retirement savings may have significant tax implications. We encourage you to consult with your tax professional and the administrator of your retirement plan before you take any action with respect to to your retirement account.

In general, you have four options for your retirement plan assets when you leave your employer:

OPTION 1: ROLL YOUR RETIREMENT SAVINGS FROM AN EMPLOYER-SPONSORED PLAN INTO AN INDIVIDUAL RETIREMENT ACCOUNT (IRA)

Rolling your money into an IRA allows your assets to continue their tax-advantaged status and growth potential, the same as in your employer's plan. In addition, an IRA often gives you access to more investment options than are typically available in an employer's plan, as well as access to personalized investment advice. An IRA lets you decide how you want to manage your investments, whether that's using an online account with which you can choose investments on your own or working with a professional who can help you choose from investment options.

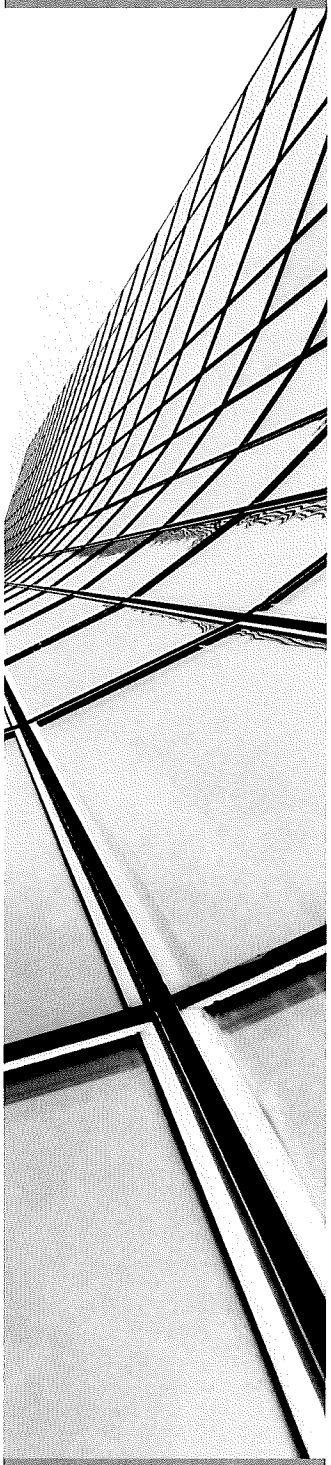
FEATURES

FEATURES OF AN IRA

- Investments retain tax-deferred growth potential, as in an employer-sponsored plan.
- You may have access to a greater variety of investment choices, which may provide greater potential diversification.
- You have the ability to maintain your retirement savings along with your other financial accounts, and to have them managed by a single investment professional.
- Additional contributions are allowed, if eligible.
- Under some circumstances, you may take penalty-free IRA distributions before age 59½.
- Traditional and Roth IRA contributions and earnings are protected from creditors in federal bankruptcy proceedings to a maximum limit of $1 million, adjusted periodically for inflation.
- Rollovers from qualified plans, SEP, and SIMPLE IRAs have no maximum limit for federal bankruptcy protection.

KEEP IN MIND

- Investment expenses for an IRA are generally higher than those in your employer's retirement plan and depend largely on your investment choices. These expenses may include sales commissions or other sales charges, management or other expenses charged by sponsors of investment products such as mutual funds or annuities, account maintenance fees, investment advisory fees, and others. You should consult with your tax professional and the administrator of your retirement plan to get an understanding of the fees and expenses charged by your current plan and compare those with the expenses that you would incur if your retirement savings are held in an IRA.
- If you choose to have your retirement savings managed by an investment professional on a continuous basis, you may have the option of establishing an investment advisory account. These accounts generally involve payment of fees from your retirement assets, based on the value of your account.
- Required minimum distributions (RMDs) begin on April 1 following the year you reach age 70½, and annually thereafter. The aggregated amount of your RMDs can be taken from any of your Traditional, SEP, or SIMPLE IRAs. Roth IRA accounts have no RMDs.
- IRAs are generally subject to state creditor laws regarding malpractice, divorce, creditors outside of bankruptcy, or other types of lawsuits. Assets in an IRA may be reachable by your creditors under some circumstances. You should consult with a legal adviser or tax professional about the law in your state of residence.
- If you own securities issued by your employer in an employer-sponsored plan and your investment in these assets has increased in value, the difference between the price you paid (cost basis) and the stock's increased price is referred to as Net Unrealized Appreciation (NUA). Favorable tax treatment of the NUA is lost if rolled into an IRA.
- In addition to ordinary income tax, distributions prior to age 59½ may be subject to a 10% IRS tax penalty.
- If you choose to roll over your assets into an IRA, our firm can offer you advice about investments and alternatives. Many other institutions offer similar services, including securities brokerage firms, banks, and investment advisers. You should consider the types of fees and services that all types of advisers provide before you make a decision. You'll want to research the different types of accounts and where you would like to open an IRA.



OPTION 2: LEAVE YOUR RETIREMENT SAVINGS IN YOUR FORMER EMPLOYER'S RETIREMENT PLAN

Most employer-sponsored retirement plans allow you to leave your retirement savings in their plan after you terminate your employment. If you choose to leave your retirement savings in the employer's plan, you will continue to be subject to the plan's rules regarding investment choices, distribution options, and loan availability. You will also continue to pay any applicable fees and expenses.

FEATURES

- No immediate action is required from you. For as long as the terms of the plan allow it, you can leave your retirement savings in that plan.
- Assets retain their tax-deferred growth potential.
- Most plans offer you the ability to leave your savings in the current investment selections.
- Fees and expenses are generally lower in an employer-sponsored plan than in an IRA and you will continue to have access to those investment choices. Some employers may even pay administrative and other expenses associated with the plan. Check with your plan administrator for details on applicable fees and expenses.
- You avoid the 10% IRS tax penalty on distributions from the plan if you leave the company in the year you turn age 55 or older (age 50 or older for certain public safety employees).
- Generally, employer-sponsored retirement plans have a greater degree of protection than IRAs from claims of creditors in bankruptcy proceedings and otherwise. Please be aware that not all employer-sponsored plans have bankruptcy and/or creditor protection under the Employee Retirement Income Security Act of 1974 (ERISA).
- Benefits may be insured by the Pension Benefit Guarantee Corporation up to government imposed limits.
- Favorable tax treatment may be available for employer securities that have NUA and are owned in the plan.

KEEP IN MIND

- Your former employer may not allow you to keep your assets in the plan.
- If you choose to leave your assets in the employer-sponsored plan, you must maintain a relationship with your former employer for so long as your retirement savings stay in the plan. The former employer's plan will determine when and how you access your retirement savings, which investment options are available to you, and the fees and expenses that you will pay.
- Additional contributions to the employer-sponsored plan after you terminate your employment are generally not allowed.
- RMDs from your former employer's plan must be taken by April 1 following the year in which you reach age 70½ and continue annually thereafter to avoid IRS penalties.
- In addition to ordinary income tax, any distributions that you take prior to age 59½ may be subject to a 10% IRS tax penalty.
- RMDs must be taken from each employer-sponsored plan including plan Roth accounts. Aggregation is not allowed.If you choose this option, remember to periodically review your investments, carefully track associated paperwork and documents, and take RMDs (once you reach age 70½) from each of your retirement accounts.

OPTION 3: MOVE YOUR RETIREMENT SAVINGS DIRECTLY INTO YOUR NEW EMPLOYER'S RETIREMENT PLAN

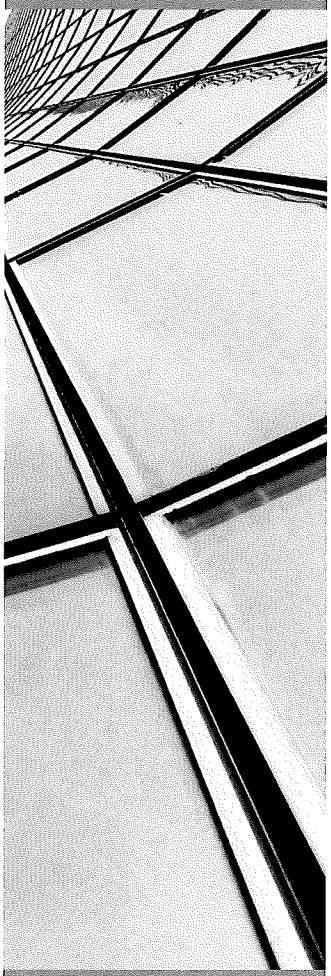
If you're joining a new company, moving your retirement savings directly into your new employer's plan may be an option. This option may be appropriate if you'd like to keep your retirement savings together, and if you're satisfied with investment choices and other features offered by your new employer's plan. This alternative shares many of the same features and considerations of leaving your money with your former employer.

FEATURES

- Assets retain their tax-advantaged growth potential.
- Retirement savings can be consolidated in one account.
- Fees and expenses are generally lower in an employer-sponsored plan than in an IRA.
- You avoid the 10% IRS tax penalty on distributions from the plan if you leave the company in the year you turn age 55 or older (age 50 or older for certain public safety employees).
- RMDs may be deferred beyond age 70½ if the plan allows, if you are still employed and are not a 5% or more owner of the company.
- Generally, employer-sponsored retirement plans have a greater degree of protection than IRAs from claims of creditors in bankruptcy proceedings and otherwise. Not all employer-sponsored plans have bankruptcy and/or creditor protection under ERISA.
- Benefits may be insured by the Pension Benefit Guarantee Corporation up to government-imposed limits.

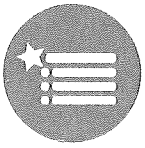
KEEP IN MIND

- Your new employer's plan may not allow you to roll over assets from another employer's plan. Check with your new employer's plan administrator before making a decision.
- There may be a waiting period after your employment starts before you can enroll in the new employer's plan.
- The new employer's plan will determine when and how you access your retirement savings, which investment options are available to you, whether or not loans are available, and what restrictions may apply in addition to applicable fees and expenses.
- You can transfer or roll over only the plan assets that your new employer permits.
- Some employer-sponsored plans allow you to invest in stock or other securities issued by the employer. If your investment in these assets has increased in value, the difference between the price you paid (cost basis) and the stock's increased price is referred to as Net Unrealized Appreciation (NUA). Favorable tax treatment may be available for employer securities that have NUA and are owned in the plan. Favorable tax treatment of appreciated employer securities is generally lost if moved into another retirement plan.
- Note: If you choose this option, make sure your new employer will accept a transfer from your old plan, and then contact the new plan administrator to get the process started. Also, remember to periodically review your investments, and carefully track associated paperwork and documents. There may be no RMDs from employer retirement plans for those still working.



OPTION 4: WITHDRAW YOUR MONEY AND DO NOT PLACE IT INTO ANOTHER QUALIFIED ACCOUNT

In general, you have the option of removing your retirement savings from an employer-sponsored plan at any time. With a few limited exceptions, all withdrawals from retirement plans are taxable as income to you in the year they are received. In addition, if you are under age 59½, there may be an additional tax equal to 10% of the amount of the distribution. While the option of withdrawing money from a retirement plan account may sound attractive at first, carefully consider the financial consequences before making such a decision. The money you withdraw will be subject to a mandatory 20% federal tax withholding. If you absolutely must access the money, you may want to consider withdrawing only what you need until you can find other sources of cash. In addition, by withdrawing assets from your retirement plan, you will lose the ability to have them grow tax-deferred.



FEATURES

- You have immediate access to your retirement money and can use it however you wish.
- Although distributions from the plan are subject to ordinary income taxes, penalty-free distributions can be taken if you are at least 55 years of age in the year you leave your company, or if you are at least 50 years of age in the year you stop working as a public safety employee — applicable to certain local, state or federal employees such as police officers, firefighters, emergency medical technicians, or air traffic controllers — and are taking distributions from a governmental defined benefit pension or governmental defined contribution plan. Check with your plan administrator to see if you are eligible. Lump-sum distribution of appreciated employer securities may qualify for favorable tax treatment of NUA.

KEEP IN MIND

- The distribution may be subject to federal, state, and local taxes unless rolled over to an IRA or another employer plan within 60 days.
- Your former employer is required to withhold 20% of any distribution that you take in cash for the IRS.
- Funds lose tax-deferred growth potential.
- Retirement may be delayed, or the amount you'll have to live on later may be reduced.

- If you leave your company before the year you turn 55 (or age 50 for certain public safety employees), you may owe a 10% IRS tax penalty on the distribution in addition to regular income tax.
- If you must choose this option, you may want to consider withdrawing only a portion of your savings, while keeping the remainder saved in a tax-favored account, such as an IRA. This can help reduce your tax liability, while growing some of your savings for retirement at the same time.

It may take a few weeks to receive your final check in the mail once requested. Remember, your final check amount will reflect the 20% automatic withholding for federal taxes and any gains or losses due to market fluctuation. You'll want to consider how you'll cover any additional federal taxes due, along with state taxes and the possible 10% early-withdrawal penalty when filing your tax return for the year.

TRANSFERS FROM AN IRA TO ANOTHER IRA

IRA accounts and related services are offered by many financial institutions, including securities brokerage firms, banks, and Registered Investment Advisers. If you currently have an IRA account and are considering transferring all or part of the assets in it to another IRA, you should carefully review all features of both accounts. In particular, ask about the fees and expenses, the investment options that are available, and if you can receive personalized advice with respect to your investments. The considerations involved in a transfer from one IRA to another are different than those that apply to a rollover from an employer-sponsored plan to an IRA. You should take this into account in connection with any decision to make a rollover or other similar transfer.

OTHER CONSIDERATIONS AND SOURCES OF INFORMATION

A decision to roll over funds from an employer-sponsored retirement plan may be one of the most important choices you will make about funding your retirement. You should consider all of the above before you make any move. You should also consider consulting with your personal tax advisor and the administrator of your current plan to see if there are any other factors that you should take into account.

There are many other sources of information about IRA rollovers and the considerations that may come into play when you make your decision. The Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority (FINRA), a regulatory agency for broker-dealers, have both published information about this process. You may want to review them at the following websites:

SEC: https://investor.gov/introduction-investing
FINRA: http://www.finra.org/investors/alerts/ira-rollover-10-tips-making-sound-decision

For more information,
please contact:
Cetera Financial Group, Inc.
200 N. Sepulveda Blvd., Suite 1200
El Segundo, CA 90245
866.489.3100
cetera.com

About Cetera Financial Group®

Cetera Financial Group ("Cetera") is a leading network of independent firms empowering the delivery of professional financial advice to individuals, families and company retirement plans across the country through trusted financial advisors and financial institutions. Cetera is the second-largest independent financial advisor network in the nation by number of advisors, as well as a leading provider of retail services to the investment programs of banks and credit unions.

Through its multiple distinct firms, Cetera offers independent and institutions-based advisors the benefits of a large, established broker-dealer and registered investment adviser, while serving advisors and institutions in a way that is customized to their needs and aspirations. Advisor support resources offered through Cetera include award-winning wealth management and advisory platforms, comprehensive broker-dealer and registered investment adviser services, practice management support and innovative technology. For more information, visit cetera.com.

* "Cetera Financial Group" refers to the network of independent retail firms encompassing, among others, Cetera Advisors, Cetera Advisor Networks, Cetera Investment Services (marketed as Cetera Financial Institutions), Cetera Financial Specialists, First Allied Securities, Girard Securities, and Summit Brokerage Services. All firms are members FINRA/SIPC.

Exhibit 5

first allied

STRUCTURED PRODUCT CLIENT DISCLOSURE FORM

Client Disclosure

The purpose of this form is to ensure you understand the features and risks as it applies to your purchase through First Allied Securities, Inc. of structured product(s), which may include principal protected notes and structured certificates of deposit. Please be informed that this disclosure form is not intended and may not be relied upon as a complete description of structured products, their offering terms or risks related thereto, and all of which should be obtained in the prospectus and/ or supplement.

What is a Structured Product?

- Structured Products are securities derived from or based on a single security, a basket of securities, an index, a commodity, a debt issuance and/or a foreign currency. (The security or index on which the Structured Product is based is sometimes called the "Reference Instrument".) As the foregoing definition suggests, there are myriad types of Structured Products. Some Structured Products offer a substantial level of protection of the principal invested, whereas others offer limited or no protection of the principal.
- Most Structured Products pay an interest or coupon rate substantially above the prevailing market rate. Structured Products also frequently cap or limit the upside participation in the reference asset, particularly if some principal protection is offered or if the security pays an above-market rate of interest. Structured Products, which are typically issued by investment banks or their affiliates, have a fixed maturity. Some Structured Products may be listed on a national securities exchange. However, even those Structured Products listed on a national securities exchange may be very thinly trade. As such, it may be difficult to sell or liquidate certain Structured Products, especially in large quantities or in a limited period of time..
- Unlike straight derivatives whose entire value is dependent on some underlying security, index or rate, Structured Products are hybrids, having components of straight debt securities and components of derivative securities intertwined. Rather than paying a straight fixed or floating interest amount, these securities' interest payments can be tailored to indices or rates. In addition to the interest payments, the Structured Products' redemption value and final maturity can also be affected by the derivative securities embedded in them. Most Structured Products contain "embedded options", generally sold by the investor to the issuer, which are primarily in the form of puts, caps, floors, or call features. The identification, pricing and analysis of these options give Structured Products their complexity. As a result, many Structured Products have a similar risk profile to options in that the principal investment is at risk from market movements in the underlying security.
- Purchasing structured products involve a number of risks, and are not suitable for all investors. It is suggested that the investors purchase these securities only after careful consideration with their financial, accounting and tax advisors regarding the suitability of the specific Structured Product in light of their particular circumstances.

What are the Risk Factors?

- It is important that before investing in these securities that you read the pricing supplement related to each Structured Product and the accompanying prospectus and prospectus supplement to understand the actual terms of the risks associated with the specific Structured Product that you are purchasing.

Market and Principal Risk

- Depending on the structure, the Structured Product may not pay interest prior to liquidation and may be structured to pay any payments due the investor only at maturity. The rate of return, if any, will depend on the performance of the "underlying" basket of stocks, the underlying individual stock, the underlying index and or the underlying commodity backing the Structured Product.
- If the Structured Product is not designated as being 100% principal protected or FDIC insured, as with certificates of deposit, then some or all of your principal may be at risk. In this case, the return of principal is only guaranteed to the extent specified for the Structured Product and, is specifically subject to the underwriter's credit and the creditworthiness of the issuer. If the return on the "underlying security" is negative, the amount of cash paid to you at maturity will be less than the principal amount of the

investment and you could lose up to the percentage indicated of your initial investment. It is also possible that at maturity you may end up owning the underlying security at a price lower than the original purchase price. In addition, if the basket return is positive, payment will be limited because the percentage increase of the underlying basket calculated as of the determination date may be capped, on a per share basis, at the percentage disclosed for the appreciation of each stock held within the basket. It should also be noted that there may be little or no secondary market for the Structured Product and information regarding independent market pricing of the Structured Products may be limited.

- It is also important to note that many factors will contribute to the availability of any potential secondary market value of the Structured Product and you may not receive your full principal back if you sell or otherwise liquidate Structured Products prior to maturity. Such factors include, but are not limited to: time to maturity, the appreciation or depreciation, if any, of the underlying basket, volatility and interest rate movement in the market place, and any other significant occurrences in the market place that may compromise the value of the underlying securities or index underlying the Structured Product.

Tax Considerations

- The Structured Product investment will be treated as "contingent payment debt instruments" for U.S. federal income tax purposes.
- Accordingly, investors, regardless of their method of accounting, will be required to accrue as ordinary income amounts based on the "comparable yield" of the securities as determined by the underwriter, even though any interest that may be accrued is not payable until maturity. First Allied strongly recommends that you consult your tax advisor regarding such tax treatment.

Credit Rating

- In some cases, Structured Products are assigned a credit rating by a nationally recognized statistical rating organization. To the extent that such credit rating pertains to the creditworthiness of the issuer (i.e., the ability of the issuer to meet its obligations under the terms of the Structured Product) it is not indicative of the market risk associated with the Structured Product or the reference security. Presentation of a credit rating for a Structured Product does not mean that the rating pertains to the safety of the principal invested or the likely investment returns on your investment in the Structured Product. A credit rating and the creditworthiness of the issuer do not affect or enhance the likely performance of the Structured Product investment other than the ability of the issuer to meet its obligations.

Below is more information regarding certain risks to be aware of when purchasing this product:

- You should have received and reviewed the prospectus and current prospectus supplement related to each Structured Product. You should review the risks disclosed therein, and determine that the investment in the Structured Product is suitable and appropriate in light of your investment objective and risk tolerance.
- Your investment in the Structured Product will be subject to the credit risk of the issuer and the actual and perceived creditworthiness of the issuer may affect the market value; therefore, there is market risk in addition to credit risk.
- The principal amount of your investment is not guaranteed, unless specifically stated.
- There may not be an available secondary market for the Structured Product.
- The yield on the Structured Product may be considerably less than that of a standard debt security of comparable maturity.
- Purchasing a Structured Product is not equivalent to investing directly in the index, equity(ies) or commodity that may be associated with or underlying the Structured Product. The changes in market value of the underlying equity(ies), index or commodity may not be fully reflected in the market value of the Structured Product, therefore, the potential return on the Structured Product may not reflect the full performance of the equity(ies), index or commodity the Structured Product is linked to.

Should you have any questions, please feel free to contact your Financial Advisor.

Exhibit 6

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VARIABLE ANNUITY CLIENT DISCLOSURE

THIS FORM IS INTENDED TO ENSURE YOU UNDERSTAND THE FEATURES AND OPTIONS SPECIFIC TO THE VARIABLE ANNUITY YOU ARE PURCHASING. PLEASE COMPLETE THIS FORM WITH INFORMATION PERTAINING TO THE REGISTRATION TYPE (TRUST, CORPORATION, PLAN, ETC.) AND INDICATE "NOT APPLICABLE".

Investor Information

Registration Title/Client Name(s):_____

State(s) of Residence:_____ Client Age(s):_____

Registration: ☐ Non-Qualified ☐ Qualified – No additional tax advantage from the tax-deferred status of the variable annuity

Account Type: ☐ Brokerage ☐ Managed If held in managed account, billable at time of purchase? ☐ Yes ☐ No

Direct/Brokerage Account Number (if applicable):_____ Subsequent Purchase: ☐ Yes ☐ No

Annuity Company:_____ Product:_____

Investment Amount: $_____

Source of Funds (check all products that were liquidated in the last 90 days or will be liquidated to fund this purchase):

☐ Cash/Savings/Money Market ☐ Mutual Fund ☐ Stock/Bond/CD ☐ Unit Investment Trust

☐ Variable Annuity ☐ Equity Index Annuity ☐ Fixed Annuity ☐ VUL/Other Life Insurance

☐ Alternative Investment ☐ 403(b) ☐ Company Retirement Plan (401k/DB/Pension/PS Plan)*

☐ Other – please describe

Has any other deferred variable annuity been liquidated or exchanged at any broker/dealer in the past 36 months? ☐ Yes* ☐ No

*If yes, please explain:

***If funding this transaction from a 401K, Profit Sharing Plan, Defined Benefit Plan, Defined Contribution Plan, Thrift Savings Account, Pension or other employer sponsored retirement plan, please review the following:**

My financial advisor and I have discussed and evaluated the various options available to me regarding the cash-out, transfer, or rollover of my employer sponsored retirement plan. Our evaluation included specific information regarding the key differences between keeping some or all of my plan assets with the employer sponsored plan, or performing a rollover into an Individual Retirement Account. I understand that the key differences include; available investment options, costs and expenses of the available underlying funds, available services, withdrawal or loan provisions, protection from creditors, and provisions related to the ownership of employer stock. I understand that First Allied and my financial advisor will be compensated for the investments I purchase as a result of the rollover, and therefore, may have a conflict of interest. I understand that there are pros and cons to each option and choose to proceed with this rollover.

Investment Objective

I am purchasing this annuity for the following reasons (check all that apply):

☐ Income Benefits ☐ Death Benefits ☐ Tax Deferral ☐ Investment Options

☐ Long Term Care ☐ Estate Planning ☐ Insurance Company Guarantees ☐ Probate Protection

Share Class Comparison

I intend to hold this annuity for the next _____ years. This investment time horizon is consistent with the share class selected.

Share Class	Total Annual Expense %*	Surrender Duration	Surrender Charge by Year							Age at Surrender
			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	
Class B			%	%	%	%	%	%	%	
Share Class Being Purchased			%	%	%	%	%	%	%	

*** "Total Annual Expense" does not include subaccount fees which are based on investment selections and separate from the annual expense**

If purchasing an L share variable annuity, I acknowledge that my representative has discussed with me the above share class comparison summary indicating the costs and features of the L share against the standard B share that is offered by the sponsor company. I understand that while an L share variable annuity is most suitable in circumstances where the holding period is 5 years or less, if I decide to hold the product for a period longer than 5 years, the expenses associated with the L share variable annuity will most likely be greater than those associated with other available share classes. Additionally, while some riders may provide benefits to me within 5 years, if I choose not to exercise those riders, I will continue to pay for them as long as I hold the product and do not elect to cancel those riders.

Prospectus Delivery

☐ Initial Purchase Date of Prospectus:_____ Date of Receipt:_____

For an initial purchase, I have received of both the product prospectus and all offering documents, including applicable subaccount (investment option) prospectuses pertaining to the initial subaccount allocation.

☐ Subsequent Purchase Investment to existing variable annuity – I confirm that I am in receipt of the most recent prospectus/supplement

Contract Information

I have reviewed the Share Class Comparison and Benefit (Rider) Selection information, and understand my options when purchasing this variable annuity. I understand that this investment will be subject to the following fees and expenses:

Mortality & Expense Fee:	%	Administration Fee:	%	Distribution Fee:	%
Annual Policy Fee:	$	Other Fees:	%	Total Rider Expense:	%

Total Annual Expense Fee: _____%

Benefit (Rider) Selection

I understand that variable annuities may offer optional features such as living or death benefits for an extra cost, and that any benefit guarantees are based on the claims paying ability of the insurance company. I have selected optional features listed below to be included with my policy.

Name of Rider – exactly as indicated on application	Annual Cost	Reason for Adding Optional Feature
	%	
	%	
	%	

Total Rider Expense: _____%

Does the elected rider subject the contract to a credit recapture or other withdrawal provision? ☐ Yes* ☐ No

If "Yes" First Year Credit Recapture _____% Credit Recapture Duration ____Years Age Recapture No Longer Applicable _____

Withdrawal Provisions

1. Annual free withdrawal percentage: _____% This is the amount that may be withdrawn each year without a surrender charge

   This withdrawal amount is based on: ☐ Total Premiums ☐ Earnings ☐ Contract Value

   Additional/Other Provisions: _____

2. Will there be a need to access the funds being invested in this variable annuity, prior to the surrender charge period expiration, greater than the penalty free dollar amount available through this product? For example; medical, home, education or living expenses.

   ☐ Yes ☐ No If yes, please explain _____

3. Surrender charges waived at death? ☐ Yes ☐ No

4. Surrender charges waived for long-term and/or nursing home care? ☐ Yes ☐ No

5. I understand that, if I have elected a benefit rider, withdrawals greater than the allowable amount under the rider provisions may negatively influence my living and/or death benefit. This impact may be a proportionate, or "pro-rata" reduction of benefits when compared to the amount withdrawn from my contract. Excess withdrawals will likely reduce future income or death benefit guarantees.

Sub-Accounts

Subaccounts are subject to market fluctuation and should be consistent with my investment objectives and risk tolerance. The selected subaccounts are in-line with my stated objectives and risk tolerance for this investment and can be generally categorized as:

☐ Capital Preservation ☐ Income ☐ Growth & Income ☐ Growth ☐ Speculation

Subaccount Fee Range: _____% to _____%

Subaccount fees are based on investment selections and separate from "Total Annual Expense Fee"

Existing Policies

Do you have existing annuity or life insurance contracts with this or other insurance companies? ☐ Yes ☐ No
If yes, please state the specific contracts and approximate balances of each in the space provided below.

Insurance Company	Product Name	Approximate Cash Balance
		$
		$
		$

Disclosures

- I understand that variable annuities involve investment risks. Sub-accounts are subject to market risk and may fluctuate in value. My principal may be less than my original investment. Optional riders may help reduce some of the principal risk, if elected.
- I understand variable annuities are generally long-term investments and may not be suitable for short-term goals. This investment may be subject to a surrender charge and possibly a tax penalty if I withdraw money from my annuity within a certain time period after my purchase.
- I understand that investment earnings in a variable annuity are not subject to income tax until the funds are withdrawn. Withdrawals taken before the age of 59 ½ may be subject to a 10% tax penalty on earnings in addition to any contract specific withdrawal penalties. I realize that a tax professional should be consulted regarding my financial situation.
- First Allied has a policy of reviewing customer transactions in this product type before your application and payment are forwarded to the product issuer. The review may take up to seven business days after the principal reviewer receives a completed application for this transaction. While this transaction is under supervisory review, the firm will safeguard your payment for this transaction, but your funds will not be invested
- I realize that a common feature of most variable annuities is the death benefit and my age on the policy issue date can affect the total death benefit available to my beneficiary(ies). The person(s) I select as my beneficiary(ies) may receive the greater of: (i) all the money in my account or (ii) some guaranteed minimum adjusted for any withdrawals.
- I understand the impact withdrawals may have on selected income benefits, withdrawal benefits, death benefits or other optional benefits provided by this annuity. Should I elect to take a withdrawal, benefits will be reduced either dollar-for-dollar within the contract or proportionate to the value of the contract.
- I understand that withdrawals due to management fees, now or in the future, are treated as a withdrawal on my contract, and will reduce my free withdrawal amount in any year they are taken.
- I understand that some insurance companies may offer variable annuity contracts with a "bonus credit" or "earning enhancement" feature, which applies a bonus to the contract value based on a percentage of purchase payment(s). I understand that by adding a bonus credit to my contract, I may incur higher surrender charges, longer surrender periods and higher internal expenses. I understand that my decision to make a transfer between insurance products should not be made on the basis of a bonus alone and should not be made to offset all or some of the surrender charges. I realize that under some annuity contracts the insurer may take back all bonus payments, if a withdrawal is taken, a death benefit is paid, or other circumstances dictated by the terms and conditions of the contract.
- I understand that some variable annuities may allow the insurance company to move sub-account money into the general account at its discretion which may subject the contract owner to the credit and bankruptcy risk of the carrier.
- I realize that my financial advisor (FA) will receive compensation for this purchase and/or ongoing ownership of this annuity. I understand that my advisor is an insurance agent licensed by the state and authorized by the license to: discuss benefits, terms and conditions of insurance contracts, offer advice about specific insurance contracts, sell insurance, and buy insurance for insurance purchasers. Depending on the insurer(s) and insurance contract(s) I select, compensation will be paid to the advisor by the insurer(s) or by a third party. Such compensation may vary depending on the selected insurance contract(s) and the insurer(s). Other factors may affect compensation like volume and profitability of the contracts the advisor sells. I may obtain information about compensation expected to be received by the advisor based on the sale of insurance to me, and (if applicable) compensation expected to be received based in whole or in part on any alternative quotes presented to me by the advisor by requesting such information from the advisor.

Signature

I have read and understand each disclosure listed on this form related to my purchase of this variable annuity, and my financial advisor has reviewed the information with me to my satisfaction. I acknowledge that in accordance with applicable regulatory requirements, my investment is subject to supervisory review and may be rejected.

Client Signature	Date	Client Signature	Date

Advisor Signature

1. The suitability information pertaining to this client has been updated in the firm's systems as applicable. ☐ Yes ☐ No
2. All applicable state specific requirements for "Sales to Seniors" have been fulfilled. ☐ N/A ☐ Yes ☐ No
3. Was a hypothetical illustration shown to the client? If yes, please attach a copy. ☐ Yes ☐ No
4. I have provided a prospectus for the product and the specific elected subaccounts and explained the material features and costs of variable annuities to the client. ☐ Yes ☐ No
5. Describe in detail how the client will benefit from the purchase of this variable annuity:

I have reviewed and verified the accuracy of the information herein and the client responses provided for this transaction, including if appropriate, the VA Replacement worksheet. I have determined that the recommendations are suitable in light of the client's financial profile and needs, and believe this transaction will be beneficial for this client.

Financial Advisor Name	FA #	Financial Advisor Signature	Date

Direct Supervising Principal's Name	Direct Supervising Principal's Signature	Date

Exhibit 7

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STRATEGIC PARTNERS DISCLOSURE

As an investor, it is important that you have a well-thought-out investment plan to help you meet your investment goals. It is also important for you to understand the sales compensation and certain other fees associated with your investments and the potential conflicts of interest First Allied Securities, Inc. (First Allied) and your registered representative may have when offering and recommending investments to you.

This document is intended to help you understand the various forms of compensation that First Allied and your representative earn when you purchase a mutual fund, variable insurance contract, 529 college savings plan, direct participation program or a non-traded real estate investment trust. These various forms of compensation create potential conflicts of interest, and it is important for you to assess potential conflicts of interest before making an investment decision.

First Allied offers a wide variety of investment products, including mutual funds, variable insurance contracts, 529 plans, and direct participation programs and non-traded real estate investment trusts. Product sponsors for these products may compensate First Allied in various amounts for marketing, selling, processing and maintaining your investments in these

products and to reimburse expenses for due diligence. These product sponsors also compensate First Allied for training and educating our registered representatives, employees and investors.

These compensation arrangements are described in more detail in the prospectus and Statement of Additional Information (SAI) for each mutual fund, in variable insurance contracts, in the plan document for a 529 college savings plan, or in other documents prepared by the product sponsor.

Transaction-Based Compensation

When you purchase an investment, you will usually pay a sales charge. This sales charge may be paid at the time of purchase or the sales charge may be built into the expense of the product and/or charged to you when you sell your investment. First Allied is paid by the product issuer or its affiliates shortly after the transaction. Part of that payment goes to your registered representative, based on a compensation formula agreed to between the representative and First Allied. This compensation formula is the same for all similar products, regardless of the product issuer. Your sales charges and expenses and the sales commissions paid to First Allied differ from investment to investment, and may depend on the amount of money you invest.

In addition, after your initial transaction, First Allied is eligible to receive ongoing or continuing compensation, which is sometimes called a 12b-1 fee, service fee, trailing commission or trail and is designed to compensate First Allied for the marketing and services we provide for our representatives and investors. We retain a portion of these fees and pay the remainder to your registered representative, or, in some instances, may pass all of the fees on to your registered representative. You do not pay these fees directly. They are deducted from the total assets in the fund and therefore reduce investment returns. The amount of trail commissions is set by the mutual fund company and is typically set forth in the mutual fund prospectus and/or SAI.

Additionally, some of First Allied's registered representatives work from locations in financial institutions. In that setting, part of the transaction based compensation, including ongoing compensation, is paid to the financial institution at which your registered representative is located (Financial Institution) based on a compensation formula agreed to between the Financial Institution and First Allied. The Financial Institution in turn may pass some of this compensation to your registered representative, or we may pay a portion of the compensation received from product issuers directly to your registered representative.

Potential Conflicts of Interest in Transaction-Based Compensation

It is important for you to understand that transaction-based compensation may vary from one product to another, and that First Allied receives and pays a portion of transaction-based compensation to your registered representative. Accordingly, a potential conflict of interest exists where First Allied and your registered representative are paid more if you purchase one type of product as opposed to another, or you purchase from one product sponsor instead of another product sponsor.

If you have any questions about the amount of transaction-based compensation First Allied or your registered representative will earn from your investment alternatives, you should discuss them with your registered representative.

More information about these investment products and transaction-based compensation is available on our website.

Mutual Fund and Variable Insurance Contract Revenue Sharing and the Strategic Partners Program

Although First Allied offers thousands of mutual funds from more than 250 mutual fund companies, and hundreds of variable life and annuity contracts from more than 100 insurance companies, we concentrate our marketing and training efforts on those investments offered by a much smaller number of select and well-known companies (Strategic Partners).

Strategic Partners are selected, in part, based on the competitiveness of their products, their technology, their customer service and their training capabilities. Strategic Partners have more opportunities than other companies to market and educate our representatives on investments and the products they offer. For a current list of our Strategic Partners, see the Strategic Partners page.

Our Strategic Partners pay extra compensation to First Allied and/or its affiliates in addition to the usual product compensation described in the prospectus. The additional amounts Strategic Partners pay us vary from one Strategic Partner to another and from year to year. Some Strategic Partners pay up to 45 basis points (0.45 percent), of your total purchase amount of a mutual fund or variable insurance product. So, for example, if you invest $10,000 in a mutual fund, First Allied could be paid up to $45.

Additionally, some Strategic Partners make a quarterly payment or additional quarterly payment based on the assets you hold in the fund or variable insurance product over a period of time of up to 15 basis points (0.15 percent) per year. For example, on a holding of $10,000, First Allied could receive up to $15. Alternatively, we may receive compensation from the mutual fund or insurance company as: (1) a flat fee regardless of the amount of new sales or assets held in client accounts; or (2) the greater of such flat fee or amount based on assets and/or new sales as referenced above and any ticket charge payments referenced below. These payments are designed to compensate First Allied for ongoing marketing and administration and education of its employees and representatives. You do not make these payments. They are paid by the mutual fund and insurance companies and/or their affiliates out of the assets or earnings of the funds or insurance companies or their affiliates.

It is important to note that you do not pay more to purchase Strategic Partner mutual funds or insurance products through First Allied than you would pay to purchase those products through another broker-dealer, and your representative does not receive additional compensation for selling a Strategic Partner product.

1. "Basis point" is a common term used to describe compensation and other costs relating to securities. A basis point is one one-hundredth of a percentage point.

2. First Allied also may receive revenue sharing payments from companies that are not Strategic Partners.

Potential Conflicts of Interest in Receiving Revenue Sharing from Strategic Partners

A potential conflict of interest exists in that First Allied is paid more revenue-sharing fees if you purchase one type of product instead of another and/or you purchase a product from one particular sponsor instead of another. Your representative also indirectly benefits from Strategic Partner payments when the money is used to support costs relating to product review, marketing or training, or for waiver of ticket charges, as described below. Cetera financial advisors do not receive any compensation associated with the payments noted above.

Mutual Fund Ticket Charges

When you purchase a mutual fund of a Strategic Partner in a Pershing brokerage account, First Allied may absorb the nominal "ticket charge" for each transaction of approximately $30 which would normally be paid by you or your registered representative. Generally, the mutual fund families that participate in the Strategic Partner Program subsidize some of these ticket charges through the compensation mentioned above or by paying us a per trade fee of up to $10. The type of transaction in a Strategic Partner mutual fund purchase that may qualify for a ticket charge waiver varies depending on the particular Strategic Partner. In general, the ticket charge will be waived for the purchase of certain mutual funds in an amount of $2,500 or more. Every mutual fund offered by First Allied may be purchased without a ticket charge by processing the transaction with a check and application sent directly to the mutual fund company. We believe that these ticket charge waivers do not compromise the advice your representative provides to you.

Pershing Relationship

Pershing is the clearing firm for First Allied's brokerage business. Due to this business relationship, Pershing shares with us a portion of the commissions and fees you pay to Pershing. Also, Pershing may provide consulting and other assistance to First Allied. We may also participate in other revenue Pershing is paid on the assets held in your account. The following is a brief description of some of the revenue items received from Pershing.

Pershing receives revenue from money market funds, and may share that revenue with First Allied for money market funds made available to you for cash sweeps in your brokerage account. First Allied may share some of the revenue received from Pershing with your registered representative.

Additionally, Pershing may also pay us a share of the service fees it receives from mutual fund companies that participate in Pershing's FUNDVEST® no-transaction-fee program. Under the FUNDVEST® program many no-load mutual funds may be purchased subject to program requirements and other restrictions.

Direct Participation Programs and Alternative Investment Products

First Allied, through its representatives, offers its clients a wide variety of direct participation programs and alternative investment products including: non-listed real estate investment trusts; limited partnerships; 1031 exchange programs; business development companies; and oil and gas programs (collectively Alternative Investment Products). In addition to commissions First Allied receives from the sale of Alternative Investment Products, we may receive marketing allowance payments from sponsors of Alternative Investment Products. While the additional compensation we receive as well as the

arrangements we have varies with each sponsor of an Alternative Investment Product, some sponsors may pay a marketing allowance fee of (i) up to 20 basis points (0.20 percent) annually on assets held in the Alternative Product or (ii) up to 150 basis points (1.50 percent) on the gross amount of each sale, depending on the product. These payments are designed to compensate us for ongoing marketing and administration as well as education of our employees and representatives regarding these types of products. You do not make these payments. They are paid by the product sponsor out of the assets or earnings of the product sponsor.

It is important to note that you do not pay more to purchase products through us than you would pay to purchase those products through another broker-dealer, and your representative does not receive additional compensation for selling products from sponsors that pay us such additional compensation.

A potential conflict of interest exists in that First Allied is paid more revenue-sharing fees if you purchase one type of product instead of another and/or you purchase a product from one particular sponsor instead of another. Your representative also indirectly benefits from these sponsor payments when the money is used to support costs relating to product review, marketing or training. If you have any questions about any portion of this document, please feel free to discuss them with your registered representative or call 800-879-8100.

For a current list of the Alternative Product sponsors that pay us additional compensation, please see Alternative Product Sponsors.

Training and Education Compensation

First Allied and its representatives also receive additional compensation from mutual fund and insurance companies, including Strategic Partners, and issuers of Alternative Investment Products, that is not related to individual transactions or assets held in accounts. This money is paid, in accordance with regulatory rules, to offset up to 100% of the costs of training and education of our representatives and employees. In some instances, mutual fund and insurance companies and issuers of Alternative Investment Products may pay a flat fee in order to participate in a First Allied training and educational meeting. These meetings or events provide our representatives with comprehensive information on products, sales materials, customer support services, industry trends, practice management education, and sales ideas.

It is important to note that due to the number of mutual fund products, variable insurance products, and Alternative Investment Products that First Allied offers, not all product sponsors have the opportunity to participate in these training and educational events. In general, our Strategic Partners and Alternative Investment Product sponsors have greater access to participation in these events and therefore greater access to, and opportunity to build relationships with, our representatives.

Some of the training and educational meetings for which we or our representatives receive reimbursement of costs may include client attendance. If you attend a training or educational meeting with your registered representative and a product sponsor is present, you should assume that the product sponsor has paid for all or a portion of the costs of the meeting or event.

Other Cash and Non-Cash Compensation

In addition to reimbursement of training and educational meeting costs, First Allied and its representatives may receive promotional items, meals or entertainment or other non-cash compensation from representatives of mutual fund companies, insurance companies, and Alternative Investment Products, as permitted by regulatory rules. Additionally, sales of any mutual funds, variable insurance products and Alternative Investment Products, whether or not they are those of Strategic Partners, may qualify our representatives for additional business support and for attendance at seminars, conferences and entertainment events. Further, some of our home-office management and certain other employees may receive a portion of their employment compensation based on sales of products of Strategic Partners and/or certain sponsors of Alternative Investment Products.

Retirement Strategic Partners Program

First Allied may also receive certain revenue sharing payments from third-party firms, including plan recordkeeping platforms as well as investment managers of mutual funds and the issuers of annuities (each a Retirement Partner). Retirement Partners participate in activities that are designed to help facilitate the distribution of their products and services, such as marketing activities and educational programs, including attendance at conferences and presentations to First Allied's financial advisors.

These revenue sharing payments are in the form of a fixed dollar amount that does not depend on the amount of the Plan's investment in any product or utilization of any Retirement Partner's services. Retirement Partners may also pay First Allied's expenses, or provide non-cash items and services, to facilitate training and educational meetings for the First Allied's financial advisors, which similarly do not depend on the amount of the Plan's investment in any product or utilization of any Retirement Partners' services. Our representatives do not receive any portion of these payments. For a list of our current Retirement Partners, please see the Retirement Partners page.

It is important to note that you do not pay more to purchase Retirement Partner products or services through First Allied, than you would pay to purchase those products or services through another broker-dealer, and your representative does not receive additional compensation for selling or recommending a Retirement Partner product or service.

529 PLANS

In addition to commission-based compensation for sales of 529 plans, 529 plan assets are included in the amount of total mutual fund or variable annuity assets for which revenue sharing is paid as described above. First Allied does not separately account for these payments and does not have any 529 Plan Strategic Partners.

Questions

If you have any questions about any portion of this document, please feel free to discuss them with your registered representive or call 800-499-5489.

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SUPPORTING BUSINESS OWNERS
DRIVING GROWTH
DELIVERING PARTNERSHIP
DOL READINESS
ABOUT US

JOIN US
CLIENT ACCESS
ADVISOR LOGIN
CONSUMER PRIVACY POLICY
PRIVACY POLICY

THOUGHT LEADERSHIP
NEWS
CAREERS
CONTACT US

CONTACT US

First Allied
655 West Broadway, 12th Floor
San Diego CA 92101
Phone: 800-499-5489

Exhibit 8

Rev. Feb. 2018

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FACTS	WHAT DOES FIRST ALLIED DO WITH YOUR PERSONAL INFORMATION?

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 service you have with us. This information can include: ▪ social security number and income ▪ investment experience and assets ▪ account balances, transaction history, payment history ▪ medical information (if applying for insurance)
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 First Allied chooses to share; and whether you can limit this sharing.

Reasons We May Share Your Personal Information	Does First Allied share?	Can you limit this sharing?
For our everyday business purposes – to process transactions, and maintain your account(s), respond to court orders or legal investigations or report to credit bureaus	Yes	No
For our marketing purposes – to offer our products and services to you	Yes	No
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	Yes	Yes
For our affiliates to market to you	Yes	Yes
For nonaffiliates to market to you If your account was opened at a financial institution and that institution enters a relationship with a new provider, we may share your information with the new provider. If your advisor is not under a restrictive covenant and leaves First Allied to join another firm, we or your advisor may disclose your personal information to the new firm.	Yes	Yes

To limit our sharing	▪ Call (877) 788-8850 – our menu will guide you through your choices Please note: If you are a *new* customer, we can begin sharing your information 30 days from the date we sent this notice. When you are *no longer* our customer, we continue to share your information as described in this notice. However, you can contact us at any time to limit sharing.
Questions?	Call (877) 788-8850 or write to us at: First Allied, 655 W. Broadway, 12th Floor, San Diego, CA 92101

First Allied Securities, Inc.
655 West Broadway, 12th Floor
San Diego, CA 92101

Who We Are	
Who is providing this notice?	First Allied Securities, Inc.; First Allied Advisory Services, Inc.; and FASI Insurance Services, Inc.
What We Do	
How does First Allied protect your 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. ▪ In addition to physical and electronic safeguards, we have implemented security standards and procedures to protect your information, including employee training, limited employee access and the use of confidentiality agreements.
How does First Allied collect my personal information?	We collect your personal information, for example, when you: ▪ open an account or deposit money ▪ give us your contact information ▪ direct us to buy or sell securities or insurance ▪ seek advice about your investments or enter into an investment advisory contract We may also collect your personal information from other companies.
Why can't I limit all sharing?	Federal law gives you the right to limit only: ▪ sharing for affiliates' everyday business purposes – information about your creditworthiness ▪ affiliates from using your information to market to you ▪ sharing for nonaffiliates 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.**
What happens when I limit sharing for an account I hold jointly with someone else?	Your choices will apply to everyone on your account.
Definitions	
Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies. ▪ *Our affiliates include companies with a Cetera name; and financial companies such as First Allied Holdings companies and Summit Financial Services Group.*
Nonaffiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies. ▪ *Our nonaffiliate partners include categories of companies such as financial institutions.*
Joint Marketing	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. ▪ *Our joint marketing partners include categories of companies such as financial institutions.*

Other Important Information

- Accounts with a California, Vermont, Massachusetts or North Dakota mailing address are automatically treated as if they have limited the sharing as described on page 1.
- California residents: We will not share your personal information with a financial company for joint marketing purposes except as required or permitted by law.
- Vermont residents: For joint marketing with other financial companies, we will disclose only your name, contact information, and information about your transactions, unless otherwise required or permitted by law.

Exhibit 9

FINRA INVESTOR ALERTS

Please consult the FINRA Investor Alerts (www.finra.org) website for additional investor alerts on various investment-related topics.

- Bond Liquidity—Factors to Consider and Questions to Ask (www.finra.org)
- The IRA Rollover: 10 Tips to Making a Sound Decision (www.finra.org)
- Leveraged and Inverse ETFs: Specialized Products with Extra Risks for Buy-and-hold Investors (www.finra.org)
- Public Non-traded REITS—Perform a Careful Review Before Investing (www.finra.org)
- Duration—What an Interest Rate Hike Could Do to Your Bond Portfolio (www.finra.org)

First Allied
655 West Broadway, 12th Floor

Appendix 2

First Allied Securities, Inc.
First Allied Advisory Services, Inc.

Important Information about Your First Allied Account

first allied

to help you understand the various forms of compensation that First Allied and your advisor earn when you purchase a mutual fund, variable insurance contract, 529 college savings plan, direct participation program or a non-traded real estate investment trust. These various forms of compensation create potential conflicts of interest, and it is important for you to assess potential conflicts of interest before making an investment decision. To access the document online please go to www.firstallied.com and click on Policies and Disclosures link located on the bottom of the homepage or send a written request to have a copy mailed to you at: First Allied Securities, Inc, Attn: Compliance Department, 655 W. Broadway, 12th Floor, San Diego, CA 92101. For more information, call your financial advisor or the corporate office at 800-499-5489.

BROKERAGE OR ADVISORY: WHICH TYPE OF ACCOUNT IS RIGHT FOR YOU?
At First Allied, we offer both brokerage and advisory accounts. Your First Allied financial advisor may offer you brokerage services, advisory services, or both depending on the services that he or she is able to offer and your investment goals and objectives. It is important for you to understand that the differences between our brokerage services and advisory services are significant, and that there are important considerations to take into account in determining which type of service is appropriate for your needs.

Brokerage Services
Our brokerage services are provided to you through First Allied Securities, Inc. ("FASI"), a broker-dealer registered with the Securities and Exchange Commission and member of the Financial Industry Regulatory Authority ("FINRA") and Securities Investor Protection Corporation ("SIPC"). If your financial advisor is a registered representative of FASI, he/she is authorized to accept orders and execute securities transactions based on your instructions. In an effort to facilitate these instructions, your financial advisor may also make recommendations to buy, sell or hold securities or other investment products.

In a brokerage relationship, you will typically pay a commission to FASI on each transaction (purchase or sale) in your account. The amount of the commission varies depending on the security or product bought or sold. For certain purchases, you may be charged an "upfront" sales load, paid out of the invested funds. Because sales loads differ between products, we encourage you to read the product's prospectus before investing. In addition to commissions and sales loads, FASI may also receive "trail commissions" (often referred to as 12b-1 fees) and mark-ups/markdowns. Your financial advisor will receive a portion of each of these charges for which FASI is paid.

In brokerage relationships, neither FASI nor your financial advisor has a fiduciary obligation to you under applicable law. However, when making recommendations to you, your financial advisor is obligated to ensure that each transaction is suitable for you based on your investment goals and objectives, financial and tax status, and other financial information you have provided to us.

The disclosure obligations that FASI has to you in connection with a brokerage relationship is more limited than for advisory relationships, as discussed further in this document.

Advisory Services
Our advisory services are offered through First Allied Advisory Services, Inc. ("FAAS"), an investment adviser registered with the Securities and Exchange Commission. If your financial advisor is an investment adviser representative

of FAAS, he/she is authorized to provide you with investment advice in the form of portfolio management, asset allocation recommendations, consulting, financial planning, or other approved advisory programs and services.

In an advisory relationship, you will typically pay a fee to FAAS for advice rendered. This fee may be a flat amount, an hourly fee, or based on the size of one or more investment accounts that you maintain. The amount of the fee will be negotiated between you and your financial advisor prior to the delivery of any advice and will be specified in an investment advisory agreement. This agreement will also stipulate the services to be delivered, the time period over which you will receive these services, and any limitations to the services.

In addition to the information contained in the investment advisory agreement, you will also receive a disclosure brochure that will detail important information about FAAS, including its business dealings and offerings, disciplinary history, affiliations and conflicts of interest. Before entering into an advisory relationship with FAAS, your financial advisor will deliver our disclosure brochure, as well as a supplement which will detail important information about your financial advisor.

In an advisory relationship, both FAAS and your financial advisor have an obligation to act in your best interests. In meeting this standard we will endeavor to make sure that:

- The advisory services for which you have contracted are suited to your investment goals and objectives;
- We have disclosed all material conflicts of interest and compensation arrangements for us and our affiliates; and
- We do not unfairly advantage one client to the disadvantage of another.

Factors to Consider When Deciding Between a Brokerage or Advisory Relationship

There are many things to consider when selecting what type of relationship you want to have with your financial advisor. Below, we have listed several relevant factors and classified them under the appropriate relationship type. Please note that these are among the factors that you should consider, and that this listing is not intended to be all-inclusive.

Brokerage	Advisory
You prefer paying a commission, sales load, or mark-up/mark-down for each transaction that you place.	You prefer paying an all-inclusive fee for the management of your account. In some instances, there may be a charge for each transaction to cover the cost of the transaction, but this charge is usually much less than a normal commission, sales load, or mark-up/mark-down.
You intend to follow a "buy and hold" strategy for a significant period of time, and do not wish to receive ongoing advice about your investments from your financial advisor.	You expect to have an actively-managed portfolio with frequent rebalances and/or a number of security positions.
You want to make some or all of the investment decisions for your account and need someone to execute the trades.	You want or need a financial advisor or third-party to make investment decisions in your account according to your investment goals and objectives.
It is important to you that your financial advisor is required to be sure each recommendation made is suitable for you only at the time of the recommendation.	It is important to you that your financial advisor has an obligation to act in your best interests, as set forth in our Form ADV, investment advisory agreements, and other related disclosures.

In some cases, a brokerage relationship may cost you more than an advisory relationship. However, in other cases, an advisory relationship may cost you more. There are many factors that you should consider in light of your unique circumstances, including but not limited to:

- how long you plan to invest;
- the number and frequency of purchase and sale transactions you anticipate in your account;
- how often your investment goals and objectives change;
- changes in your personal financial situation over the course of the relationship; and
- the performance of your investments.

Ultimately, you may decide that you would be best served having both a brokerage and an advisory relationship with First Allied. Your financial advisor can discuss your specific situation with you and help you determine how to proceed.

OUTSIDE BUSINESS AND APPROVED PRODUCTS

Your financial advisor is an independent contractor and not an employee of First Allied. While your financial advisor's securities business is conducted through First Allied, as an independent professional he or she may engage in outside business activities that are not conducted through First Allied or under its supervision. In connection with such outside, non-securities business, please note that your financial advisor is not acting as an agent of First Allied, and that all non-securities goods and services offered are not authorized or recommended products or services of First Allied. First Allied only accepts responsibility for authorized approved securities conducted through us. For a complete list of First Allied approved products and sponsors, please visit our website at www.firstallied.com/financial-solutions/-products-services, or contact First Allied's Compliance department to discuss specific products should you have questions.

Please remember that all checks for investments should include your account number and must be made payable to the clearing and custody firm of your account or other approved product sponsor.

Checks should not be made payable to First Allied, your financial advisor, or any other person or entity. Any questions concerning the conduct of your account should be addressed to your financial advisor, and you should feel free to raise concerns with the First Allied corporate office.

ORDER FLOW AND ROUTING

In some cases, First Allied receives compensation for directing orders to particular brokers, dealers or market centers for execution. This compensation may include monetary payments, research, clearance, custody, products or services; reciprocal agreements for the provision of order flow; adjustment of First Allied's unfavorable trading errors; orders to participate as underwriter in public offerings; stock loans or shared interest accrued; discounts, rebates, reductions, or credits for fees, expenses, or other financial obligations of First Allied. Without specific instructions from you, First Allied routes listed and over-the-counter (OTC) trading orders to market centers according to pre-determined algorithms. For certain orders, First Allied may deviate from the algorithm selection method in an attempt to secure prices superior to the National Best Bid or Best Offer [NBBO] at the time the order was received.

These market centers execute such orders to purchase or sell at the NBBO. In order to provide opportunities for execution of orders in listed securities

- If seeking investment advice, you are responsible for providing accurate information about your financial status, goals and risk tolerance to ensure that appropriate recommendations are provided.
- You should promptly bring problems or questions concerning accounts to the attention of First Allied or your financial consultant.
- You should promptly notify your financial consultant whenever there are significant changes in your investment objectives, risk tolerance, net worth or liquidity needs.
- You should make certain that you understand the correlation between risk and return.
- You should consult an attorney or tax advisor for specific tax or legal advice.
- You should review your portfolio holdings on a regular basis (at least quarterly) and whenever your financial circumstances change. You may want to make appropriate changes based on your investments' performance and your current objectives.
- If you have any holdings in mutual funds, you should notify your financial consultant about similar mutual fund holdings you have at other broker/dealers or directly with the mutual funds, so that your financial advisor can ensure that you receive any applicable "breakpoint" discounts.
- If you choose automated channels for your trading needs (e.g., Internet or phone), you are fully responsible for your investment choices.
- You should carefully consider the validity and reliability of investment information obtained from all sources, especially unsolicited information obtained over the Internet.

CONFLICTS OF INTEREST: OUR RELATIONSHIP WITH MUTUAL FUND COMPANIES, INSURANCE COMPANIES AND OTHER PRODUCT SPONSORS

As an investor, it is important that you have a well-thought-out investment plan to help you meet your investment goals. It is also important for you to understand the sales compensation and certain other fees associated with your investment and the potential conflicts of interest First Allied Securities, Inc. ("First Allied") and your financial advisor may have when offering and recommending investments to you.

First Allied offers a wide variety of investment products, including mutual funds, variable contracts, 529 college savings plans, and direct participation programs and non-traded real estate investment. Product sponsors for these products may compensate First Allied in various amounts for marketing, selling, processing and maintaining your investments in these products and to reimburse expenses for due diligence. These product sponsors also compensate First Allied for training and educating our financial advisors, employees and investors.

These compensation arrangements are described in more detail in the prospectus and Statement of Additional Information (SAI) for each mutual fund, in variable insurance contracts, in the plan document for 529 college savings plan, or in other documents prepared by the product sponsor. Please contact your financial advisor for an offering document, which contains more complete information on the investment's objectives, charges, fees, risks and expenses. Please read and consider the information in the offering document carefully before investing.

First Allied has a document available on its website entitled Strategic Partners Disclosure: From Sponsors of Mutual Funds, Variable Insurance Contracts, 529 College Savings Plans and Direct Participation Programs and Non-Traded Real Estate Investment Trusts. The document is intended

to lose, including retirement savings, student loans, second mortgages, emergency funds, funds set aside for purposes such as education or home ownership, or funds required from current income to meet your living expenses. Be cautious of claims of large profits. First Allied may not have adequate systems capacity to permit day-trading activities (please also see Fast-Market Risks above). Day trading usually includes aggressively trading your account, and commissions on each trade may add to your losses or significantly reduce your earnings. Day trading on margin or short selling may result in losses beyond your initial investment (please see Margin Risks above). Short day trading also may lead to extraordinary losses, because you may be required to purchase securities at a disadvantageous price to cover a short position.

YOUR RIGHTS AND RESPONSIBILITIES

We believe that the needs of our investors should always come first. As an investor, you have certain rights and responsibilities. They are outlined as follows:

Your Rights:

- You should be treated in a fair, ethical and respectful manner in all interactions with First Allied and our employees and affiliates.
- You have the right to competent and courteous service and advice (if provided) at a fair price.
- You have the right to clear and accurate descriptions of your transactions.
- You have the right to know commissions and fees associated with your accounts.
- Your statement should provide timely and accurate account and transactional information and should reflect all positions held.
- You should be provided with First Allied policies and practices for protecting the privacy of nonpublic, personal information.
- You should expect our assistance in helping you clarify your investment goals and risk tolerance.
- You should expect our assistance in setting realistic expectations about the long-term performance and associated risks of different securities.
- You should be provided with responsible investment recommendations based on your objectives, time horizon, risk tolerance and other factors as disclosed by you.
- You have the right to fair consideration and a prompt response from First Allied if a problem with your account arises.
- First Allied should have a clearly defined process for raising and resolving a complaint, and we should provide you with information about the process.
- You should be apprised of alternatives if we are unable to resolve a dispute to your satisfaction.

Your Responsibilities:

- You should carefully read sales literature, prospectuses, and/or other offering documents, when available, before making purchases. You should carefully consider all investment risks and/or considerations contained in the documents.
- You should understand that all investments have some degree of risk and that it is possible to lose money on any investment.
- Review all transaction confirmations and account statements or reports carefully and promptly, and report any errors or any questions you have to your financial consultant immediately.
- You should have cash or available margin buying power in your account for payment for the purchase of securities by the settlement date.

Thank you for allowing First Allied to service your account. Please read this document carefully, as it contains important information about our policies and procedures, the responsibilities of your financial advisor, as well as your rights and responsibilities as an investor. Once you read this document, please do not hesitate to contact your financial advisor if you have any questions. First Allied and its affiliates offer financial services, including brokerage, advisory, and insurance products and services, through its affiliated entities. First Allied affiliated entities are collectively referred to herein as "First Allied" or "the firm."

INVESTOR EDUCATION-CHOOSING INVESTMENTS

Like every investor, you want to choose investments that will provide the growth and income you need to meet your financial goals. To do that, it is important to understand what your investment choices are and how different types of investments put your money to work, and at risk. Risks and potential returns vary greatly from investment to investment. First Allied is committed to supplying clients with the information they need to make informed investment decisions. Please be aware of and knowledgeable about the investments you purchase through First Allied, and visit the firm's website section on policies and disclosures at www.firstallied.com/policies-disclosures, in order to find important information to consider when investing. Additionally, the Financial Industry Regulatory Authority, Inc., (FINRA), is a self-regulatory organization one of whose main goals is to protect the investing public. FINRA publishes information to provide the investor with the tools needed to avoid problems in today's complex world of investing. First Allied strongly urges clients to protect themselves and take advantage of the important investor education materials available from FINRA at www.finra.org/investors/alerts. The FINRA website contains information on specific types of investments that you may purchase through First Allied.

RISKS

Many risks are inherent when investing in securities. We would like to make you aware of a few of the more hazardous ones.

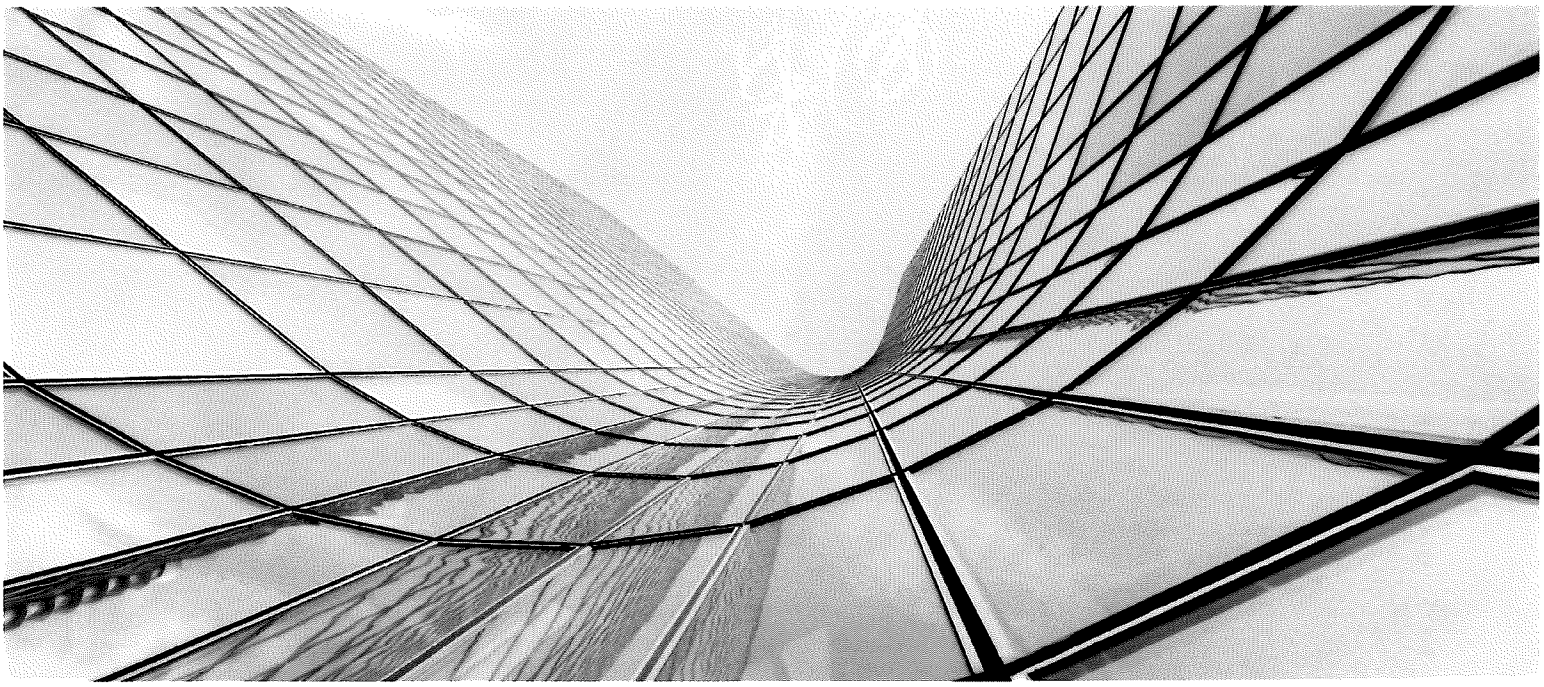
Fast-Market Risks. A fast market is characterized by wide price fluctuations and heavy trading. It often comes as a result of an imbalance in trade orders (all sells and no buys, for example), and can be brought on by such events as a dearth of market-makers, a company news announcement or strong analyst recommendation. Several risks are inherent in a fast market, including execution prices differing from quotes, executions and quotes delayed, and orders filled in segments.

Margin Risks. A decline in the value of securities or a change in maintenance requirements may cause you to provide additional funds to avoid the forced sale of securities in your account. The clearing firm reserves the right to change maintenance requirements at any time. Therefore, when trading on margin, you should keep in mind the impact that a potential change may have on your account. Additionally, margin interest will add to losses or significantly reduce earnings.

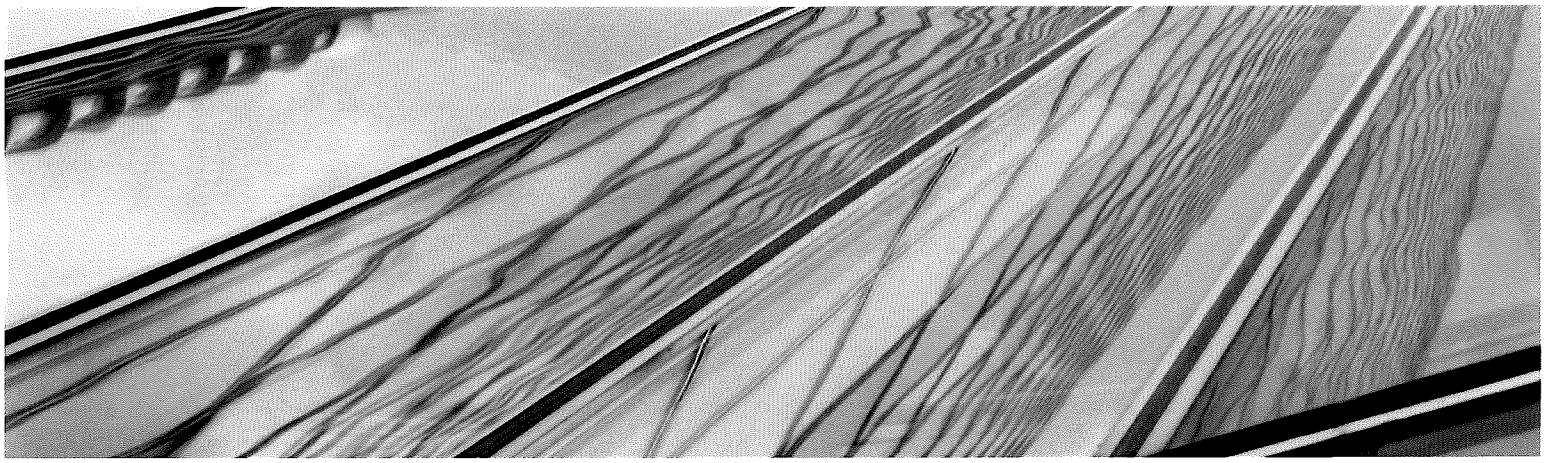
Day-Trading Risks. Day trading is generally understood to be an overall trading strategy characterized by regular multiple intra-day orders to purchase and sell the same security or securities. Day trading is not generally appropriate for someone with limited resources, limited investment or trading experience, or low risk tolerance. Several risks are inherent in day trading, and you could lose all of the funds that you use for day trading. You should not fund day-trading activities with money that you cannot afford

Appendix 3

THINGS TO CONSIDER BEFORE MAKING AN IRA ROLLOVER

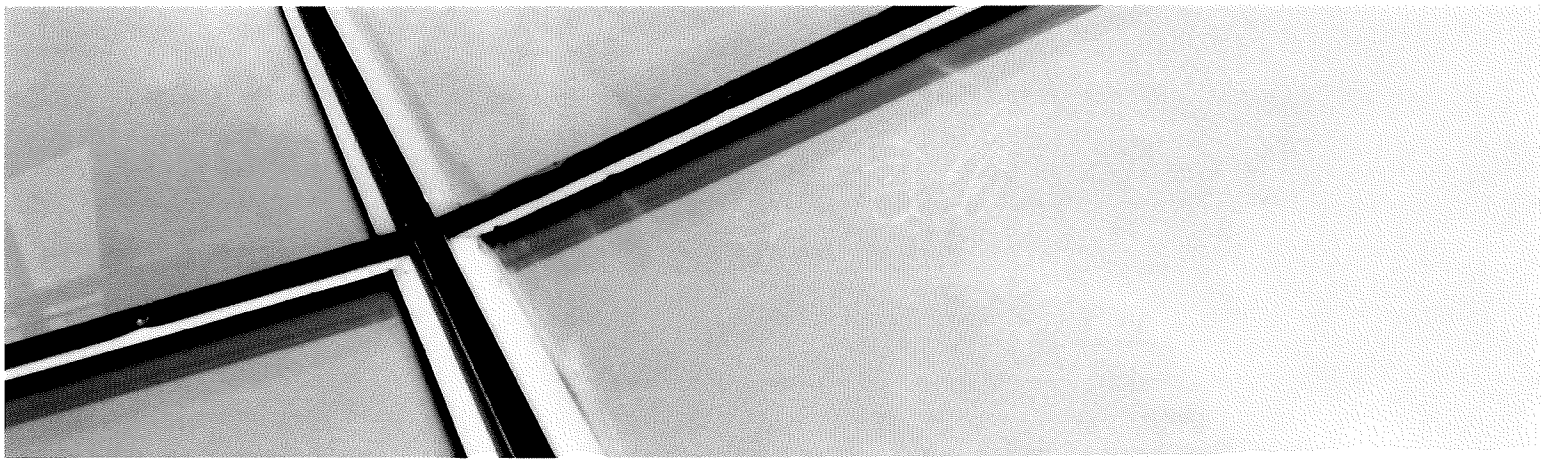


Cetera Financial Group®, Inc.



Many employers maintain tax-qualified retirement savings plans on behalf of their employees. These include 401(k), 403(b) and 457 plans, among others. If you're changing jobs or retiring, one of the most important decisions you may face is how to handle the money you've accumulated in your retirement plan. You may also be considering a transfer of funds from an existing Individual Retirement Account (IRA) to another. You generally have four options to consider in making an IRA rollover. Each of these has advantages and disadvantages and the one that is best depends upon your individual circumstances.

You should consider features such as investment choices, fees and expenses, services offered, and potential tax consequences, both at the time you leave your job and afterward. Your financial advisor can help educate you regarding your choices in order to select the one that makes the most sense for your specific situation. Be sure to speak with your current retirement plan administrator and tax professional before taking any action, as the decisions you make now can have consequences well into the future. The more informed you are, the more confident you can feel that your decision is the right one for you.



AS YOU CONSIDER YOUR OPTIONS, REMEMBER THE FOLLOWING:

- This document is designed to educate you and describe potential actions that you may wish to take with respect to your retirement plan assets. It is not a recommendation by your financial advisor, or any of their affiliates, that you take any particular action.
- Neither Cetera Financial Group, any of its affiliates, or your financial advisor, are offering you tax advice with respect to any distribution from an employer-sponsored retirement plan or other retirement plan. Any action you take with respect to your retirement savings may have significant tax implications. We encourage you to consult with your tax professional and the administrator of your retirement plan before you take any action with respect to to your retirement account.

In general, you have four options for your retirement plan assets when you leave your employer:

OPTION 1: ROLL YOUR RETIREMENT SAVINGS FROM AN EMPLOYER-SPONSORED PLAN INTO AN INDIVIDUAL RETIREMENT ACCOUNT (IRA)

Rolling your money into an IRA allows your assets to continue their tax-advantaged status and growth potential, the same as in your employer's plan. In addition, an IRA often gives you access to more investment options than are typically available in an employer's plan, as well as access to personalized investment advice. An IRA lets you decide how you want to manage your investments, whether that's using an online account with which you can choose investments on your own or working with a professional who can help you choose from investment options.

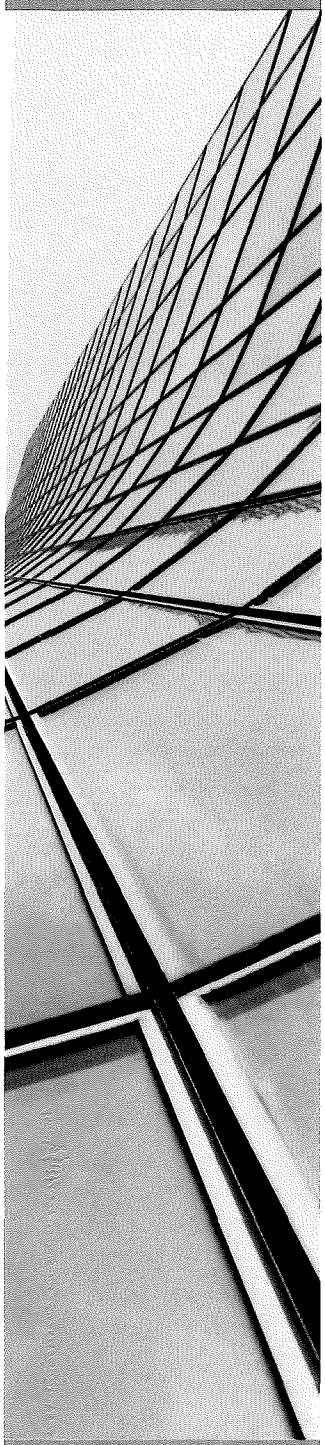
FEATURES

FEATURES OF AN IRA

- Investments retain tax-deferred growth potential, as in an employer-sponsored plan.
- You may have access to a greater variety of investment choices, which may provide greater potential diversification.
- You have the ability to maintain your retirement savings along with your other financial accounts, and to have them managed by a single investment professional.
- Additional contributions are allowed, if eligible.
- Under some circumstances, you may take penalty-free IRA distributions before age 59½.
- Traditional and Roth IRA contributions and earnings are protected from creditors in federal bankruptcy proceedings to a maximum limit of $1 million, adjusted periodically for inflation.
- Rollovers from qualified plans, SEP, and SIMPLE IRAs have no maximum limit for federal bankruptcy protection.

KEEP IN MIND

- Investment expenses for an IRA are generally higher than those in your employer's retirement plan and depend largely on your investment choices. These expenses may include sales commissions or other sales charges, management or other expenses charged by sponsors of investment products such as mutual funds or annuities, account maintenance fees, investment advisory fees, and others. You should consult with your tax professional and the administrator of your retirement plan to get an understanding of the fees and expenses charged by your current plan and compare those with the expenses that you would incur if your retirement savings are held in an IRA.
- If you choose to have your retirement savings managed by an investment professional on a continuous basis, you may have the option of establishing an investment advisory account. These accounts generally involve payment of fees from your retirement assets, based on the value of your account.
- Required minimum distributions (RMDs) begin on April 1 following the year you reach age 70½, and annually thereafter. The aggregated amount of your RMDs can be taken from any of your Traditional, SEP, or SIMPLE IRAs. Roth IRA accounts have no RMDs.
- IRAs are generally subject to state creditor laws regarding malpractice, divorce, creditors outside of bankruptcy, or other types of lawsuits. Assets in an IRA may be reachable by your creditors under some circumstances. You should consult with a legal adviser or tax professional about the law in your state of residence.
- If you own securities issued by your employer in an employer-sponsored plan and your investment in these assets has increased in value, the difference between the price you paid (cost basis) and the stock's increased price is referred to as Net Unrealized Appreciation (NUA). Favorable tax treatment of the NUA is lost if rolled into an IRA.
- In addition to ordinary income tax, distributions prior to age 59½ may be subject to a 10% IRS tax penalty.
- If you choose to roll over your assets into an IRA, our firm can offer you advice about investments and alternatives. Many other institutions offer similar services, including securities brokerage firms, banks, and investment advisers. You should consider the types of fees and services that all types of advisers provide before you make a decision. You'll want to research the different types of accounts and where you would like to open an IRA.



OPTION 2: LEAVE YOUR RETIREMENT SAVINGS IN YOUR FORMER EMPLOYER'S RETIREMENT PLAN

Most employer-sponsored retirement plans allow you to leave your retirement savings in their plan after you terminate your employment. If you choose to leave your retirement savings in the employer's plan, you will continue to be subject to the plan's rules regarding investment choices, distribution options, and loan availability. You will also continue to pay any applicable fees and expenses.

FEATURES

- No immediate action is required from you. For as long as the terms of the plan allow it, you can leave your retirement savings in that plan.
- Assets retain their tax-deferred growth potential.
- Most plans offer you the ability to leave your savings in the current investment selections.
- Fees and expenses are generally lower in an employer-sponsored plan than in an IRA and you will continue to have access to those investment choices. Some employers may even pay administrative and other expenses associated with the plan. Check with your plan administrator for details on applicable fees and expenses.
- You avoid the 10% IRS tax penalty on distributions from the plan if you leave the company in the year you turn age 55 or older (age 50 or older for certain public safety employees).
- Generally, employer-sponsored retirement plans have a greater degree of protection than IRAs from claims of creditors in bankruptcy proceedings and otherwise. Please be aware that not all employer-sponsored plans have bankruptcy and/or creditor protection under the Employee Retirement Income Security Act of 1974 (ERISA).
- Benefits may be insured by the Pension Benefit Guarantee Corporation up to government imposed limits.
- Favorable tax treatment may be available for employer securities that have NUA and are owned in the plan.

KEEP IN MIND

- Your former employer may not allow you to keep your assets in the plan.
- If you choose to leave your assets in the employer-sponsored plan, you must maintain a relationship with your former employer for so long as your retirement savings stay in the plan. The former employer's plan will determine when and how you access your retirement savings, which investment options are available to you, and the fees and expenses that you will pay.
- Additional contributions to the employer-sponsored plan after you terminate your employment are generally not allowed.
- RMDs from your former employer's plan must be taken by April 1 following the year in which you reach age 70½ and continue annually thereafter to avoid IRS penalties.
- In addition to ordinary income tax, any distributions that you take prior to age 59½ may be subject to a 10% IRS tax penalty.
- RMDs must be taken from each employer-sponsored plan including plan Roth accounts. Aggregation is not allowed.If you choose this option, remember to periodically review your investments, carefully track associated paperwork and documents, and take RMDs (once you reach age 70½) from each of your retirement accounts.

OPTION 3: MOVE YOUR RETIREMENT SAVINGS DIRECTLY INTO YOUR NEW EMPLOYER'S RETIREMENT PLAN

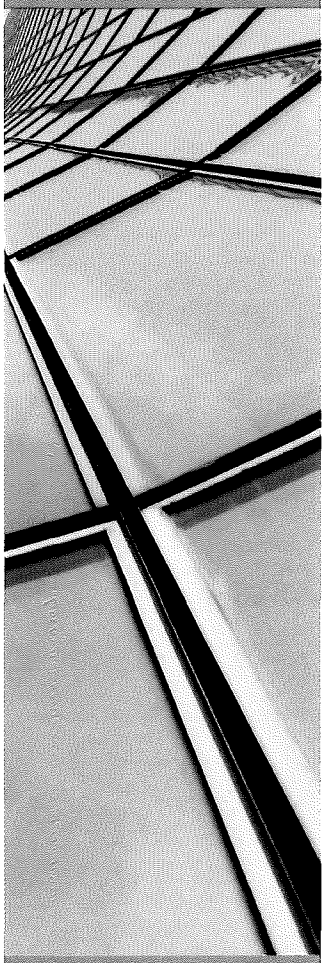
If you're joining a new company, moving your retirement savings directly into your new employer's plan may be an option. This option may be appropriate if you'd like to keep your retirement savings together, and if you're satisfied with investment choices and other features offered by your new employer's plan. This alternative shares many of the same features and considerations of leaving your money with your former employer.

FEATURES

- Assets retain their tax-advantaged growth potential.
- Retirement savings can be consolidated in one account.
- Fees and expenses are generally lower in an employer-sponsored plan than in an IRA.
- You avoid the 10% IRS tax penalty on distributions from the plan if you leave the company in the year you turn age 55 or older (age 50 or older for certain public safety employees).
- RMDs may be deferred beyond age 70½ if the plan allows, if you are still employed and are not a 5% or more owner of the company.
- Generally, employer-sponsored retirement plans have a greater degree of protection than IRAs from claims of creditors in bankruptcy proceedings and otherwise. Not all employer-sponsored plans have bankruptcy and/or creditor protection under ERISA.
- Benefits may be insured by the Pension Benefit Guarantee Corporation up to government-imposed limits.

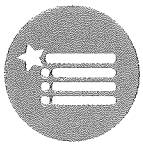
KEEP IN MIND

- Your new employer's plan may not allow you to roll over assets from another employer's plan. Check with your new employer's plan administrator before making a decision.
- There may be a waiting period after your employment starts before you can enroll in the new employer's plan.
- The new employer's plan will determine when and how you access your retirement savings, which investment options are available to you, whether or not loans are available, and what restrictions may apply in addition to applicable fees and expenses.
- You can transfer or roll over only the plan assets that your new employer permits.
- Some employer-sponsored plans allow you to invest in stock or other securities issued by the employer. If your investment in these assets has increased in value, the difference between the price you paid (cost basis) and the stock's increased price is referred to as Net Unrealized Appreciation (NUA). Favorable tax treatment may be available for employer securities that have NUA and are owned in the plan. Favorable tax treatment of appreciated employer securities is generally lost if moved into another retirement plan.
- Note: If you choose this option, make sure your new employer will accept a transfer from your old plan, and then contact the new plan administrator to get the process started. Also, remember to periodically review your investments, and carefully track associated paperwork and documents. There may be no RMDs from employer retirement plans for those still working.



OPTION 4: WITHDRAW YOUR MONEY AND DO NOT PLACE IT INTO ANOTHER QUALIFIED ACCOUNT

In general, you have the option of removing your retirement savings from an employer-sponsored plan at any time. With a few limited exceptions, all withdrawals from retirement plans are taxable as income to you in the year they are received. In addition, if you are under age 59½, there may be an additional tax equal to 10% of the amount of the distribution. While the option of withdrawing money from a retirement plan account may sound attractive at first, carefully consider the financial consequences before making such a decision. The money you withdraw will be subject to a mandatory 20% federal tax withholding. If you absolutely must access the money, you may want to consider withdrawing only what you need until you can find other sources of cash. In addition, by withdrawing assets from your retirement plan, you will lose the ability to have them grow tax-deferred.



FEATURES

- You have immediate access to your retirement money and can use it however you wish.
- Although distributions from the plan are subject to ordinary income taxes, penalty-free distributions can be taken if you are at least 55 years of age in the year you leave your company, or if you are at least 50 years of age in the year you stop working as a public safety employee — applicable to certain local, state or federal employees such as police officers, firefighters, emergency medical technicians, or air traffic controllers — and are taking distributions from a governmental defined benefit pension or governmental defined contribution plan. Check with your plan administrator to see if you are eligible. Lump-sum distribution of appreciated employer securities may qualify for favorable tax treatment of NUA.

KEEP IN MIND

- The distribution may be subject to federal, state, and local taxes unless rolled over to an IRA or another employer plan within 60 days.
- Your former employer is required to withhold 20% of any distribution that you take in cash for the IRS.
- Funds lose tax-deferred growth potential.
- Retirement may be delayed, or the amount you'll have to live on later may be reduced.

- If you leave your company before the year you turn 55 (or age 50 for certain public safety employees), you may owe a 10% IRS tax penalty on the distribution in addition to regular income tax.
- If you must choose this option, you may want to consider withdrawing only a portion of your savings, while keeping the remainder saved in a tax-favored account, such as an IRA. This can help reduce your tax liability, while growing some of your savings for retirement at the same time.

It may take a few weeks to receive your final check in the mail once requested. Remember, your final check amount will reflect the 20% automatic withholding for federal taxes and any gains or losses due to market fluctuation. You'll want to consider how you'll cover any additional federal taxes due, along with state taxes and the possible 10% early-withdrawal penalty when filing your tax return for the year.

TRANSFERS FROM AN IRA TO ANOTHER IRA

IRA accounts and related services are offered by many financial institutions, including securities brokerage firms, banks, and Registered Investment Advisers. If you currently have an IRA account and are considering transferring all or part of the assets in it to another IRA, you should carefully review all features of both accounts. In particular, ask about the fees and expenses, the investment options that are available, and if you can receive personalized advice with respect to your investments. The considerations involved in a transfer from one IRA to another are different than those that apply to a rollover from an employer-sponsored plan to an IRA. You should take this into account in connection with any decision to make a rollover or other similar transfer.

OTHER CONSIDERATIONS AND SOURCES OF INFORMATION

A decision to roll over funds from an employer-sponsored retirement plan may be one of the most important choices you will make about funding your retirement. You should consider all of the above before you make any move. You should also consider consulting with your personal tax advisor and the administrator of your current plan to see if there are any other factors that you should take into account.

There are many other sources of information about IRA rollovers and the considerations that may come into play when you make your decision. The Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority (FINRA), a regulatory agency for broker-dealers, have both published information about this process. You may want to review them at the following websites:

SEC: https://investor.gov/introduction-investing
FINRA: http://www.finra.org/investors/alerts/ira-rollover-10-tips-making-sound-decision

For more information,
please contact:
Cetera Financial Group, Inc.
200 N. Sepulveda Blvd., Suite 1200
El Segundo, CA 90245
866.489.3100
cetera.com

About Cetera Financial Group®

Cetera Financial Group ("Cetera") is a leading network of independent firms empowering the delivery of professional financial advice to individuals, families and company retirement plans across the country through trusted financial advisors and financial institutions. Cetera is the second-largest independent financial advisor network in the nation by number of advisors, as well as a leading provider of retail services to the investment programs of banks and credit unions.

Through its multiple distinct firms, Cetera offers independent and institutions-based advisors the benefits of a large, established broker-dealer and registered investment adviser, while serving advisors and institutions in a way that is customized to their needs and aspirations. Advisor support resources offered through Cetera include award-winning wealth management and advisory platforms, comprehensive broker-dealer and registered investment adviser services, practice management support and innovative technology. For more information, visit cetera.com.

* "Cetera Financial Group" refers to the network of independent retail firms encompassing, among others, Cetera Advisors, Cetera Advisor Networks, Cetera Investment Services (marketed as Cetera Financial Institutions), Cetera Financial Specialists, First Allied Securities, Girard Securities, and Summit Brokerage Services. All firms are members FINRA/SIPC.

Appendix 4

first allied

STRATEGIC PARTNERS DISCLOSURE

As an investor, it is important that you have a well-thought-out investment plan to help you meet your investment goals. It is also important for you to understand the sales compensation and certain other fees associated with your investments and the potential conflicts of interest First Allied Securities, Inc. (First Allied) and your registered representative may have when offering and recommending investments to you.

This document is intended to help you understand the various forms of compensation that First Allied and your representative earn when you purchase a mutual fund, variable insurance contract, 529 college savings plan, direct participation program or a non-traded real estate investment trust. These various forms of compensation create potential conflicts of interest, and it is important for you to assess potential conflicts of interest before making an investment decision.

First Allied offers a wide variety of investment products, including mutual funds, variable insurance contracts, 529 plans, and direct participation programs and non-traded real estate investment trusts. Product sponsors for these products may compensate First Allied in various amounts for marketing, selling, processing and maintaining your investments in these

products and to reimburse expenses for due diligence. These product sponsors also compensate First Allied for training and educating our registered representatives, employees and investors.

These compensation arrangements are described in more detail in the prospectus and Statement of Additional Information (SAI) for each mutual fund, in variable insurance contracts, in the plan document for a 529 college savings plan, or in other documents prepared by the product sponsor.

Transaction-Based Compensation

When you purchase an investment, you will usually pay a sales charge. This sales charge may be paid at the time of purchase or the sales charge may be built into the expense of the product and/or charged to you when you sell your investment. First Allied is paid by the product issuer or its affiliates shortly after the transaction. Part of that payment goes to your registered representative, based on a compensation formula agreed to between the representative and First Allied. This compensation formula is the same for all similar products, regardless of the product issuer. Your sales charges and expenses and the sales commissions paid to First Allied differ from investment to investment, and may depend on the amount of money you invest.

In addition, after your initial transaction, First Allied is eligible to receive ongoing or continuing compensation, which is sometimes called a 12b-1 fee, service fee, trailing commission or trail and is designed to compensate First Allied for the marketing and services we provide for our representatives and investors. We retain a portion of these fees and pay the remainder to your registered representative, or, in some instances, may pass all of the fees on to your registered representative. You do not pay these fees directly. They are deducted from the total assets in the fund and therefore reduce investment returns. The amount of trail commissions is set by the mutual fund company and is typically set forth in the mutual fund prospectus and/or SAI.

Additionally, some of First Allied's registered representatives work from locations in financial institutions. In that setting, part of the transaction based compensation, including ongoing compensation, is paid to the financial institution at which your registered representative is located (Financial Institution) based on a compensation formula agreed to between the Financial Institution and First Allied. The Financial Institution in turn may pass some of this compensation to your registered representative, or we may pay a portion of the compensation received from product issuers directly to your registered representative.

Potential Conflicts of Interest in Transaction-Based Compensation

It is important for you to understand that transaction-based compensation may vary from one product to another, and that First Allied receives and pays a portion of transaction-based compensation to your registered representative. Accordingly, a potential conflict of interest exists where First Allied and your registered representative are paid more if you purchase one type of product as opposed to another, or you purchase from one product sponsor instead of another product sponsor.

If you have any questions about the amount of transaction-based compensation First Allied or your registered representative will earn from your investment alternatives, you should discuss them with your registered representative.

More information about these investment products and transaction-based compensation is available on our website.

Mutual Fund and Variable Insurance Contract Revenue Sharing and the Strategic Partners Program

Although First Allied offers thousands of mutual funds from more than 250 mutual fund companies, and hundreds of variable life and annuity contracts from more than 100 insurance companies, we concentrate our marketing and training efforts on those investments offered by a much smaller number of select and well-known companies (Strategic Partners).

Strategic Partners are selected, in part, based on the competitiveness of their products, their technology, their customer service and their training capabilities. Strategic Partners have more opportunities than other companies to market and educate our representatives on investments and the products they offer. For a current list of our Strategic Partners, see the Strategic Partners page.

Our Strategic Partners pay extra compensation to First Allied and/or its affiliates in addition to the usual product compensation described in the prospectus. The additional amounts Strategic Partners pay us vary from one Strategic Partner to another and from year to year. Some Strategic Partners pay up to 45 basis points (0.45 percent), of your total purchase amount of a mutual fund or variable insurance product. So, for example, if you invest $10,000 in a mutual fund, First Allied could be paid up to $45.

Additionally, some Strategic Partners make a quarterly payment or additional quarterly payment based on the assets you hold in the fund or variable insurance product over a period of time of up to 15 basis points (0.15 percent) per year. For example, on a holding of $10,000, First Allied could receive up to $15. Alternatively, we may receive compensation from the mutual fund or insurance company as: (1) a flat fee regardless of the amount of new sales or assets held in client accounts; or (2) the greater of such flat fee or amount based on assets and/or new sales as referenced above and any ticket charge payments referenced below. These payments are designed to compensate First Allied for ongoing marketing and administration and education of its employees and representatives. You do not make these payments. They are paid by the mutual fund and insurance companies and/or their affiliates out of the assets or earnings of the funds or insurance companies or their affiliates.

It is important to note that you do not pay more to purchase Strategic Partner mutual funds or insurance products through First Allied than you would pay to purchase those products through another broker-dealer, and your representative does not receive additional compensation for selling a Strategic Partner product.

1. "Basis point" is a common term used to describe compensation and other costs relating to securities. A basis point is one one-hundredth of a percentage point.

2. First Allied also may receive revenue sharing payments from companies that are not Strategic Partners.

Potential Conflicts of Interest in Receiving Revenue Sharing from Strategic Partners

A potential conflict of interest exists in that First Allied is paid more revenue-sharing fees if you purchase one type of product instead of another and/or you purchase a product from one particular sponsor instead of another. Your representative also indirectly benefits from Strategic Partner payments when the money is used to support costs relating to product review, marketing or training, or for waiver of ticket charges, as described below. Cetera financial advisors do not receive any compensation associated with the payments noted above.

Mutual Fund Ticket Charges

When you purchase a mutual fund of a Strategic Partner in a Pershing brokerage account, First Allied may absorb the nominal "ticket charge" for each transaction of approximately $30 which would normally be paid by you or your registered representative. Generally, the mutual fund families that participate in the Strategic Partner Program subsidize some of these ticket charges through the compensation mentioned above or by paying us a per trade fee of up to $10. The type of transaction in a Strategic Partner mutual fund purchase that may qualify for a ticket charge waiver varies depending on the particular Strategic Partner. In general, the ticket charge will be waived for the purchase of certain mutual funds in an amount of $2,500 or more. Every mutual fund offered by First Allied may be purchased without a ticket charge by processing the transaction with a check and application sent directly to the mutual fund company. We believe that these ticket charge waivers do not compromise the advice your representative provides to you.

Pershing Relationship

Pershing is the clearing firm for First Allied's brokerage business. Due to this business relationship, Pershing shares with us a portion of the commissions and fees you pay to Pershing. Also, Pershing may provide consulting and other assistance to First Allied. We may also participate in other revenue Pershing is paid on the assets held in your account. The following is a brief description of some of the revenue items received from Pershing.

Pershing receives revenue from money market funds, and may share that revenue with First Allied for money market funds made available to you for cash sweeps in your brokerage account. First Allied may share some of the revenue received from Pershing with your registered representative.

Additionally, Pershing may also pay us a share of the service fees it receives from mutual fund companies that participate in Pershing's FUNDVEST® no-transaction-fee program. Under the FUNDVEST® program many no-load mutual funds may be purchased subject to program requirements and other restrictions.

Direct Participation Programs and Alternative Investment Products

First Allied, through its representatives, offers its clients a wide variety of direct participation programs and alternative investment products including: non-listed real estate investment trusts; limited partnerships; 1031 exchange programs; business development companies; and oil and gas programs (collectively Alternative Investment Products). In addition to commissions First Allied receives from the sale of Alternative Investment Products, we may receive marketing allowance payments from sponsors of Alternative Investment Products. While the additional compensation we receive as well as the

arrangements we have varies with each sponsor of an Alternative Investment Product, some sponsors may pay a marketing allowance fee of (i) up to 20 basis points (0.20 percent) annually on assets held in the Alternative Product or (ii) up to 150 basis points (1.50 percent) on the gross amount of each sale, depending on the product. These payments are designed to compensate us for ongoing marketing and administration as well as education of our employees and representatives regarding these types of products. You do not make these payments. They are paid by the product sponsor out of the assets or earnings of the product sponsor.

It is important to note that you do not pay more to purchase products through us than you would pay to purchase those products through another broker-dealer, and your representative does not receive additional compensation for selling products from sponsors that pay us such additional compensation.

A potential conflict of interest exists in that First Allied is paid more revenue-sharing fees if you purchase one type of product instead of another and/or you purchase a product from one particular sponsor instead of another. Your representative also indirectly benefits from these sponsor payments when the money is used to support costs relating to product review, marketing or training. If you have any questions about any portion of this document, please feel free to discuss them with your registered representative or call 800-879-8100.

For a current list of the Alternative Product sponsors that pay us additional compensation, please see Alternative Product Sponsors.

Training and Education Compensation

First Allied and its representatives also receive additional compensation from mutual fund and insurance companies, including Strategic Partners, and issuers of Alternative Investment Products, that is not related to individual transactions or assets held in accounts. This money is paid, in accordance with regulatory rules, to offset up to 100% of the costs of training and education of our representatives and employees. In some instances, mutual fund and insurance companies and issuers of Alternative Investment Products may pay a flat fee in order to participate in a First Allied training and educational meeting. These meetings or events provide our representatives with comprehensive information on products, sales materials, customer support services, industry trends, practice management education, and sales ideas.

It is important to note that due to the number of mutual fund products, variable insurance products, and Alternative Investment Products that First Allied offers, not all product sponsors have the opportunity to participate in these training and educational events. In general, our Strategic Partners and Alternative Investment Product sponsors have greater access to participation in these events and therefore greater access to, and opportunity to build relationships with, our representatives.

Some of the training and educational meetings for which we or our representatives receive reimbursement of costs may include client attendance. If you attend a training or educational meeting with your registered representative and a product sponsor is present, you should assume that the product sponsor has paid for all or a portion of the costs of the meeting or event.

Other Cash and Non-Cash Compensation

In addition to reimbursement of training and educational meeting costs, First Allied and its representatives may receive promotional items, meals or entertainment or other non-cash compensation from representatives of mutual fund companies, insurance companies, and Alternative Investment Products, as permitted by regulatory rules. Additionally, sales of any mutual funds, variable insurance products and Alternative Investment Products, whether or not they are those of Strategic Partners, may qualify our representatives for additional business support and for attendance at seminars, conferences and entertainment events. Further, some of our home-office management and certain other employees may receive a portion of their employment compensation based on sales of products of Strategic Partners and/or certain sponsors of Alternative Investment Products.

Retirement Strategic Partners Program

First Allied may also receive certain revenue sharing payments from third-party firms, including plan recordkeeping platforms as well as investment managers of mutual funds and the issuers of annuities (each a Retirement Partner). Retirement Partners participate in activities that are designed to help facilitate the distribution of their products and services, such as marketing activities and educational programs, including attendance at conferences and presentations to First Allied's financial advisors.

These revenue sharing payments are in the form of a fixed dollar amount that does not depend on the amount of the Plan's investment in any product or utilization of any Retirement Partner's services. Retirement Partners may also pay First Allied's expenses, or provide non-cash items and services, to facilitate training and educational meetings for the First Allied's financial advisors, which similarly do not depend on the amount of the Plan's investment in any product or utilization of any Retirement Partners' services. Our representatives do not receive any portion of these payments. For a list of our current Retirement Partners, please see the Retirement Partners page.

It is important to note that you do not pay more to purchase Retirement Partner products or services through First Allied, than you would pay to purchase those products or services through another broker-dealer, and your representative does not receive additional compensation for selling or recommending a Retirement Partner product or service.

529 PLANS

In addition to commission-based compensation for sales of 529 plans, 529 plan assets are included in the amount of total mutual fund or variable annuity assets for which revenue sharing is paid as described above. First Allied does not separately account for these payments and does not have any 529 Plan Strategic Partners.

Questions

If you have any questions about any portion of this document, please feel free to discuss them with your registered representive or call 800-499-5489.

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DRIVING GROWTH
DELIVERING PARTNERSHIP
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