

## Regulation Best Interest Disclosure

This guide summarizes important information concerning the scope and terms of the brokerage services we offer and includes the material conflicts of interest that may arise in the course of providing brokerage services to you. We encourage you to review this information carefully, along with any related materials you may receive from us such as applicable account agreement(s) and disclosure documentation.

The Firm is registered with the U.S. Securities and Exchange Commission (SEC) as a broker-dealer and a member of the Financial Industry Regulatory Authority (the "FINRA"). Our Form CRS contains important information about the types of services we offer along with general information related to compensation, conflicts of interest, disciplinary action and other reportable legal information. For more information, you should also review any brokerage agreements you entered with us and other disclosures.

Please carefully review the information in each section below.

### Brokerage services

When you establish a brokerage account with us, you can buy, sell, and hold investments in your account. The primary service we provide is our trading capability. At your direction we execute purchases and sales on your behalf. In a brokerage services relationship, we will typically enter your securities orders with our clearing firm's trading desk or, in certain instances we may execute your orders against the firm's proprietary trading accounts. In the latter instance, we may earn a profit on those trades. However, we are not required to communicate it in advance, obtain your consent, or inform you of any profit earned on trades. The capacity in which we act is disclosed on your trade confirmation.

### Cash Brokerage and Margin Brokerage Accounts

We provide brokerage services through the use of either a cash brokerage account or margin brokerage account, based on your eligibility and selection. In a cash brokerage account, you must pay for your purchases in full at the time of purchase. In a margin brokerage account, you must eventually pay for your purchases in full, but you may borrow part of the purchase price from either of our clearing firm, National Financial Services. This is generally referred to as a "margin loan." The portion of the purchase price that is loaned you is secured by securities in your account, also referred to as "collateral." You will incur interest costs as a result of your margin activity. While many securities are eligible to be used as collateral for a margin loan, some assets are not available for margin collateral purposes.

Given that a margin brokerage account has specific eligibility requirements, unique costs, and governing regulatory requirements, our default brokerage option is our cash brokerage account. You must execute a separate margin agreement before engaging in margin brokerage activity. Included with your margin agreement is a copy of the Margin Disclosure Statement. This statement contains important information you should understand and consider before establishing a margin brokerage relationship with us. For more information on our margin brokerage accounts and related expenses, contact your financial professional.

### Brokerage Account Types

We offer many different brokerage account types including individual and joint accounts, custodial accounts, Delivery Versus Payment (DVP) accounts, estate and trust accounts, partnership accounts, individual retirement accounts and other types of retirement accounts as outlined in our account agreement(s). You should refer to our account agreement(s) for more information concerning available account types or speak with a financial professional.

## Incidental Brokerage Services, Recommendations and Account Monitoring

Within your brokerage account, we may also provide other incidental services such as research reports, and recommendations to buy, sell, or hold assets. When we make a securities recommendation, investment strategy recommendation or recommendation to rollover assets from your Qualified Retirement Plan (QRP) to an Individual Retirement Account (IRA), the recommendation is made in our capacity as a broker-dealer unless otherwise stated at the time of the recommendation. Any such statement will be made orally to you. Moreover, when we act in a brokerage capacity, we do not agree to enter into a fiduciary relationship with you.

It is important for you to understand that when our financial professionals make a brokerage recommendation to you, we are obligated to ensure the recommendation is in your best interest, considering reasonably available alternatives, and based on your stated investment objective, risk tolerance, liquidity needs, time horizon, financial needs, tax status, and other financial information you provide us. You may accept or reject any recommendation. It is also your responsibility to monitor the investments in your brokerage account, and we encourage you to do so regularly. We do not commit to provide on-going monitoring of your brokerage account. If you prefer on-going monitoring of your account or investments, you should speak with a financial advisor about whether an advisory services relationship is more appropriate for you. The firm does not offer these services.

Please also consider that from time to time we may provide you with additional information and resources to assist you with managing your brokerage account. This may include but is not limited to educational resources, sales and marketing materials, performance reports, asset allocation guidance, and/or periodic brokerage account reviews. When we offer these services and information, we do so as a courtesy to you. These activities are not designed to monitor specific investment holdings in your brokerage account, they do not contain specific investment recommendations about investment holdings, and you should not consider them a recommendation to trade or hold any particular securities in your brokerage account. Upon your request, we will review such information and reports with you and may provide you with investment recommendations, but we are not under a specific obligation to do so.

## Clearing Services

We have entered into an agreement with National Financial Services (also referred to herein as “Clearing Agent”) to carry your account and provide certain back office functions. We and our Clearing Agent share responsibilities with respect to your account as set forth in the Customer Agreement that was delivered to you upon opening of your account. Please refer to the Customer Agreement for more information on how such responsibilities have been allocated between us.

## Understanding Risk

It is important for you to understand that all investment recommendations and activities involve risk, including the risk that you may lose your entire principal and profits, if earned. Further, some investments involve more risk than other investments. Higher-risk investments may have the potential for higher returns but also for greater losses. The higher your “risk tolerance,” meaning the amount of risk or loss you are willing and able to accept in order to achieve your investment goals, the more you may decide to invest in higher-risk investments offering the potential for greater returns. We align risk tolerances with investment needs to offer you different investment objectives from which to choose (see below). You should select the investment objective and risk tolerance best aligned with your brokerage account goals and needs.

Investment goals typically have different time horizons and different income and growth objectives. Generally, investment goals are on a spectrum, with “Income” investors typically holding the smallest percentage of higher- risk investments, followed by “Growth and Income” investors holding *some* higher-risk investments, and finally “Growth” investors holding a significant portion of their portfolio in higher-risk investments. Risk tolerance also varies, and we measure it on a continuum that increases from “Conservative” to “Moderate” to “Aggressive,” and finally “Trading and Speculation.”

For more information about risk see specific risk disclosed in your Customer Agreement document provided you received when you opened your account and, as may be amended or supplemented from time to time and other information regarding risks in connection with specific investments you make (i.e. prospectuses, offering memorandum etc.). You should also ask your financial professional about risk associated with your investments

Our recommendations are based in part on your risk tolerance and investment objective. We encourage you to carefully consider your investment objective and risk tolerance before investing.

### Cash Sweep Program Feature

Our brokerage services include a Cash Sweep Program feature. This program permits you to earn a return on uninvested cash balances in your brokerage account by allowing cash balances to be automatically “swept” into a “Cash Sweep Vehicle,” until such balances are otherwise required to satisfy obligations arising in your account. These Cash Sweep Vehicles include interest-bearing deposit accounts, and if permissible, money market mutual funds or such other sweep arrangements made available to you. You will receive additional information concerning the Cash Sweep Program in your account agreement(s).

### Account Minimums and Activity Requirements

There is no minimum initial account balance required to open a brokerage account with us. However, if you either fail to fund your account or do not return account opening documents as required, your account will be closed. In addition, some types of brokerage accounts have minimum account activity requirements and/or minimum on-going balance requirements that must be maintained, or your brokerage account will be closed. These requirements are detailed in the account agreement(s) you receive when you open your brokerage account.

You should also understand that our financial professionals may establish their own minimum account balance requirements for the brokerage accounts they service. For example, a dedicated financial professional may choose to service only those brokerage account clients who satisfy account-specific or total household asset conditions. Minimum asset requirements are disclosed to you orally by your financial professional.

### Brokerage service models and products

Our financial professionals have general business discretion to operate and service their book of business. Most of the accounts serviced by our financial professionals are Full Service, meaning that you will receive communications from your financial professional, including securities recommendations and other advice, and servicing of your account(s) such as deposits and distributions. Your financial professional is also available to you to discuss your account(s).

### Brokerage Platform Products

Our brokerage platform offers a variety of product types including but not limited to public equity and fixed income, as well as alternative investments such as hedge funds and private equity. Our product platform currently includes:

- **Equity Offerings** – Initial and secondary public offerings of common stock, master limited partnerships, and other equity-related securities.
- **U.S. and International Equity Securities** – U.S. common stock and preferred securities, American Depositary Receipts, common stock of companies organized outside the United States, master limited partnerships, closed-end funds and exchange-traded funds (“ETFs”) traded on an exchange or in the over-the-counter market. Equity securities may be made available to certain clients through initial and secondary public offerings.
- **Listed Options on U.S. Equities** – Puts and calls that are traded on an exchange. Clients must be approved for option trading.
- **Municipal Securities** – Bonds issued by states, cities, counties, and other governmental entities.

- **Taxable Fixed Income Securities** – Corporate bonds, both investment grade and non-investment grade, organized under U.S. and non-U.S. law, U.S. Treasuries or federal agency bonds, and other debt securities issues by governments and their associated agencies.
- **Convertible Bonds** – Corporate bonds that may be converted into a pre-determined number of shares.
- **Free Credit Balances** – Funds you hold in your account in cash. For the avoidance of doubt, free credit balances are not inclusive of cash equivalents, such as money market funds or bank deposits.
- **Mutual Funds** – Pooled investment vehicles, including money market funds, managed by an investment manager, which invest in specific investment assets, such as stocks and bonds, in accordance with stated objectives. These funds can be purchased by all investors, although the Clearing Agent may offer only certain share classes to investors with certain asset levels or investments at certain levels. As an alternative to third party mutual funds, you may access a variety of exchange traded funds in a brokerage account.
- **Special Investments** – Generally, privately placed securities (such as private equity, private real estate, private credit, hedge funds, or traditional long-only manager strategies offered through LLC structures) may be made available only to eligible clients. LLCs are structured as private investment funds and are treated as partnerships for tax purposes. Special investments, as described above, can be illiquid and carry more risk than publicly traded securities. We offer external special investments, including multi-manager funds, single manager funds and single company investment, or co-investment, private equity opportunities.

### Brokerage fees and our compensation

It is important to consider that while a brokerage relationship can be a cost-effective way of investing your assets, it is not for everyone given the fees and costs involved.

### Transaction-Based Fees

You will pay transaction-based fees for trades you decide to enter into, such as buying and selling stocks, bonds, Exchange Traded Products (ETPs), mutual funds, annuity contracts, exercising options and other investment purchases and sale. These transaction-based fees are generally referred to as a “commission,” “mark up,” “sales load,” or a “sales charge.” Transaction-based fees are based on a host of factors, including, but not limited to:

- Underlying product selection
- Your brokerage service model and account type
- Size of your transaction and/or overall value of your account
- Frequency of your trade activity
- Available discounts and/or fee waivers

### Account and Service Fees

You will pay fees for various operational services provided to you through your brokerage account. These fees are set at least annually and communicated to you through information included in your account statement and other notifications. These fees do not apply to all account types and may be waived under certain conditions.

You should understand that based on the brokerage service model you choose, the same or similar products, accounts and services may vary in the fees and costs charged to you. For more information concerning our administrative and service fees, speak with a financial professional.

### How We Are Compensated

The fees you pay depend on the agreed upon fee arrangement and the investments transacted in your accounts. Charges applied to your accounts and transactions may include execution charges (including commissions, commission equivalents, markups, markdowns and dealer spreads), custody fees and administrative costs, as well as, if applicable, the fees and expenses of underlying pooled investment vehicles held in your account.

Depending on the products in which you invest, you may receive product specific documentation that includes more information on specific charges associated with such products, including prospectuses for mutual funds, initial public offerings and structured products. In addition, for certain secondary trades, your trade confirmation will disclose the amount of any commission charged (but will not disclose charges that may be embedded in the price of the security, such as a markup).

Certain investments may be more expensive for you than others even if they seek to implement the same or a similar investment strategy. For example, structured notes will generally be more expensive than ETFs.

### Brokerage Accounts:

With respect to brokerage accounts, you will be charged on a transactional basis. In this regard, commissions will generally be charged in connection with transactions involving equities, limited partnerships (“LPs”), ETFs, listed options, and any other securities where trades are executed on an agency basis. Commission equivalents, such as markups / markdowns and spreads, will be charged in connection with transactions executed on a principal basis including for certain fixed income securities, such as bonds and structured notes, as well as certain equity and derivative transactions. If you borrow on margin or from a securities-based loan in any account you maintain, you will incur interest charges.

Additional fees, such as custody fees and administrative costs, may apply. Charges related to a specific product, such as mutual funds, may include certain embedded fees, as described in the applicable product documentation.

### Additional Information Regarding Particular Products:

- **Equity Offerings** – We sell initial and secondary public offerings of equity securities at the offer price. There is no separate execution charge for purchases of securities in such offerings (other than in block trades and “spot” secondaries) but there will be such charges on sales of such securities.
- **U.S. and International Equity Securities** – You will be charged a commission for agency trades or a spread or markup (markdown) for principal transactions when you buy or sell common stock, preferred securities, American Depository Receipts (“ADRs”), LPs, closed-end funds and ETFs traded on an exchange or in the over-the-counter market. ETFs also carry embedded fees that are charged by the manager. Transactions in ADRs generally include certain embedded execution costs including conversion or creation fees, foreign exchange costs and foreign taxcharges.
- **Listed Options on U.S. Equities** – You will be charged a commission for agency trades or a commission equivalent for principal trades when buying or selling a listed option based on the number of contracts or the principal amount of the trade, as reflected on your trade confirmation. You also pay a commission in connection with the receipt or delivery of shares underlying an option upon exercise or assignment of the option contract.
- **Municipal Securities** – We sell municipal bonds at the offer price on an agency basis. Secondary market bond trades may carry an execution charge, depending on the type of security and its duration. These execution charges are included in the total price reflected on your trade confirmation but are not separately identified.
- **Taxable Fixed Income Securities** – We sell newly issued taxable fixed income securities and preferred securities at the offer price. Secondary market bond trades may carry an execution charge, depending on the type of security and its duration. These execution charges are included in the total price

reflected on your trade confirmations and may in some cases be disclosed as a markup on such confirmations. Newly issued Treasury securities are offered only by auction.

- **Convertible Bonds** – We sell newly issued convertible bonds at the offer price. On secondary transactions of convertible bonds that trade on an exchange, we charge a commission on convertible bonds that is reflected on your trade confirmation. With respect to secondary transactions on convertible bonds traded over the counter, we charge a markup or markdown that is included in the total price of the bonds, and may in some cases be disclosed as a markup on your trade confirmations.
- **Structured Investments (Securities)** – We sell structured securities at the offer price, which may include a markup, ranging in value based on factors including the tenor of the note, the underlying asset class and exposure, and structuring cost. The offer price may be significantly higher than the estimated value of the security. If a structured investment is bought or sold in the secondary market, we may repurchase from or sell to you securities at the bid/offer price, which may include a spread and which may, in some cases, be disclosed as a markup on your trade confirmations. Secondary trading of structured securities also carries an execution charge that varies based on their type, invested amount and duration.
- **Mutual Funds** – All mutual funds carry built-in operating expenses that affect the fund’s return. Examples include investment management fees, distribution, and marketing fees (called 12b-1 fees or annual distribution fees) and mutual fund transaction fees. Details on the operating expenses are included in each fund’s prospectus in the expense table or offering document. Different share classes may carry different investment services fees, which are also described in the fund’s prospectus.
- **Special Investments** – Fees for special investments, as described above, are set forth in the offering documents associated with the investment. Certain funds may carry built-in operating expenses that affect the fund’s return. Examples include investment management fees and fund transaction fees. Details on the operating expenses are included in each fund’s prospectus or offering document.

## When Fees are Applied to Clients’ Accounts

### Brokerage Fees:

Brokerage fees are charged on a transaction basis and may be reflected on your trade confirmations (either as commissions / commission equivalents for equity securities or included in the net price shown for fixed income or preferred equity securities). Such fees will be debited from your account upon settlement of the transaction.

### Other Fees:

Other fees, such as custody fees if applicable, may apply to and be debited from your account on an annual basis.

More information about fees and charges is available from us at any time and is included in the Account Agreements.

## Conflicts of interest

Conflicts of interest exist when we provide brokerage services to you and recommend securities transactions or investment strategies to you, including the fact that we recommend securities to you for which we may serve as an underwriter, syndicate or selling group members that pay significant compensation to us. A conflict of interest is a situation in which we engage in a transaction or activity where our interest is materially adverse to your interest. The mere presence of a conflict of interest does not imply that harm to your interests will occur, but it is important that we acknowledge the presence of conflicts. Moreover, our regulatory obligations require that we establish, maintain, and enforce written policies and procedures reasonably designed to address conflicts of interest associated with our recommendations to you. Please review additional conflicts of interest disclosures, in brokerage account agreements, prospectuses and other product disclosures, trade confirmations and account statements you receive from us.

Our conflicts of interest are typically the result of compensation structures and other financial arrangements between us, our financial professionals, our clients and third parties. We offer a broad range of investment services and products and we receive various forms of compensation from our clients, non-affiliated product providers and other third parties as described above. Securities rules allow for us and our financial professionals to earn compensation when we provide brokerage services to you. However, the compensation that we and our financial professionals receive from you varies based upon the product or service you purchase, which creates a financial incentive to recommend investment products and services that generate greater compensation to us.

We are committed to taking appropriate steps to identify, mitigate and avoid conflicts of interest to ensure we act in your best interest when providing brokerage recommendations to you. Below you will find additional information related to our conflicts of interest. This information is not intended to be an all-inclusive list of our conflicts, but generally describes those conflicts that are material to your brokerage relationship. In addition to this disclosure, conflicts of interest are disclosed to you in your account agreement(s) and disclosure documents, our product guides and other information we make available to you.

## Compensation We Receive from Clients

### Transaction-based conflicts

In your brokerage account you pay certain fees (commissions and sales charges) in connection with the buying and selling of each investment product, including mutual funds, alternative investments, exchange traded funds, equity securities, and bonds. Where these fees apply, the more transactions you enter into, the more compensation that we and your financial professional receive. This compensation creates an incentive for us to recommend that you buy and sell, rather than hold, these investments. We also have an incentive to recommend that you purchase investment products that carry higher fees, instead of products that carry lower fees or no fees at all.

### Markups and markdowns for principal transactions

When you buy or sell securities in a brokerage account, and in accordance with industry regulations, we may impose a markup (increase) or markdown (decrease) in the price of transactions we execute on a principal basis. We are compensated based upon the difference (markup) between the price you pay for securities purchased from us and the price we sell such securities to you over the prevailing market price, or the difference (markdown) between the price you sell securities to us and the price we purchase such securities from you over the prevailing market price. We maintain policies and procedures reasonably designed to help ensure compliance with the markup and markdown industry rules.

### Account maintenance and other administrative fees

For the services we provide or make available to you with respect to your brokerage account, our Clearing Agent charges certain account maintenance and other administrative fees, including transfer, wire, or other miscellaneous fees, as described in the fee schedule provided to you on an annual basis. We do not receive any of these fees.

### Compensation We Receive from Third Parties

Third-party payments we receive may be based on new sales of investment products, creating an incentive for us to recommend you buy and sell, rather than hold, investments. In other cases, these payments are made on an ongoing basis as a percentage of invested assets, creating an incentive for us to recommend that you buy and hold investments (or continue to invest through a third-party manager or adviser).

The total amount of payments we receive varies from product to product and varies with respect to the third-party investment management products we recommend. It also varies from the compensation we receive in connection with other products and services we may make available to you. We have an incentive to recommend investment products and services that generate greater payments to us. This compensation generally represents an expense embedded in the investment products and services that is borne by investors, even where it is not paid by the Product Sponsor and not directly from the investment product or other fees you pay. The types of third-party compensation we may receive include:

- **Revenue Sharing.** The firm receives compensation in the nature of selling group compensation for certain products and sharing in operational and other revenue with its clearing firm as described more fully in this document above.
- **Trail Compensation.** Ongoing compensation from Product Sponsors may be received by us and shared with our financial advisors. This compensation (commonly known as trails, service fees or Rule 12b-1 fees in the case of mutual funds) is typically paid from the assets of the investment product under a distribution or servicing arrangement and is calculated as an annual percentage of invested assets. The amount of this compensation varies from product to product. We have an incentive to recommend that you purchase and hold interests in products that pay us higher trails.

### Product Share Classes

Some Product Sponsors offer multiple structures of the same product (e.g., mutual fund share classes) with each option having a unique expense structure, and some having lower costs to you as compared to others. We are incentivized to make available those share classes or other product structures that will generate the highest compensation to us.

### Compensation Related to Proprietary Products

Brokerage recommendations can include a recommendation to invest in a product or service that is managed, issued, or sponsored by us or our affiliates. We and our affiliates will receive additional compensation or economic benefits from investments by you in such products. The compensation related to these may be greater than similar products provided by third parties. Thus, we have an incentive to recommend investments in proprietary/affiliated products.

### Compensation Received by Financial Advisors

Financial professionals are compensated in a variety of ways based on the percentage of revenue generated from sales of products and services to clients, including brokerage account activity. This compensation may vary by the product or service associated with a brokerage recommendation. In addition to upfront-transaction based compensation, some products feature on-going residual or “trail” payments. Thus, financial professionals are incentivized to recommend products that have higher fees as well as those with on-going payments.

Typically, a financial professional’s payout schedule (periodically adjusted by us at our discretion) increases with production and asset levels. The same payout schedule is reduced when financial professionals discount certain client fees and commissions, or client relationship asset levels are below minimums

established by us from time to time.

As a result, financial professionals have an incentive to provide brokerage recommendations that result in selling more investment products and services, as well as investment products and services that carry higher fees. Financial professionals also have an incentive to provide brokerage recommendations to gather more assets under management and to increase brokerage trading activity, and to reduce the number of discounts available to you.

Financial professionals have an incentive to recommend you rollover assets from a Qualified Retirement Plan (QRP) to a brokerage Individual Retirement Account (IRA) because of the compensation they will receive. We maintain policies and procedures designed to ensure that rollover recommendations are in your best interest.

Brokerage accounts, unlike advisory accounts, do not feature an on-going fee based on assets under management. Financial professionals are incentivized (if properly licensed) to recommend you transition your brokerage services account to an advisory account to generate on-going revenue where your brokerage account has minimal activity. Further, financial professionals are incentivized to recommend you transition your brokerage account to an advisory account after you have already placed purchases resulting in commissions and/or other transaction-based brokerage fees. We have controls established to identify and mitigate this risk. Financial professionals also have an incentive to provide higher levels of service to those clients who generate the most fees.

Recruitment compensation may be provided to financial professionals who join our firm from another financial firm. This compensation, which may vary by financial professional, often includes either an upfront or backend award based upon new client assets to the firm and/or revenue generated from such client assets. This creates an incentive for the financial professional to recommend the transfer of assets to the firm, including brokerage assets, to earn this compensation.

Non-cash compensation is provided to financial professionals in the form of credits toward business expenses and certain titles. Financial professionals are also compensated in the form of education meetings and recognition trips. Portions of these programs are subsidized by external vendors and affiliates, such as mutual fund companies, insurance carriers, or money managers. Consequently, product providers that sponsor and/or participate in education meetings and recognition trips gain opportunities to build relations with financial professionals, which could lead to sales of such product provider's products. Financial professionals also receive promotional items, meals, entertainment, and other non-cash compensation from product providers up to \$100 per year for gifts per vendor and \$1,000 per year for meals per vendor.

### [Other Financial Professional Activities](#)

Financial professionals may be motivated to place trades ahead of clients to receive more favorable prices than their clients.

Financial professionals who are transitioning through a succession plan may be incentivized to make brokerage recommendations designed to increase the value of their "book of business" through asset accumulation or brokerage trades that are not in your best interest. Financial professionals who receive clients from a retiring financial professional are incentivized to meet growth goals and may make recommendations not in your best interest.

### [Contact Information:](#)

If you have any questions concerning the information contained in this disclosure, please contact your financial professional. You can also contact Livingston Securities Compliance Department, available Monday through Friday, 9 a.m. to 5 p.m. at (212) 520-8478.