Welcome to
Prospera Financial Services

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Thank you for selecting a Prospera Financial Professional and for opening your account(s) with us. We appreciate your business and want to take this opportunity to share this important information with you.

As our client, we want you to understand the roles of your Financial Professional, Prospera and the other firms with whom we do business. This brochure has important information about our policies and procedures as well as other important facts about your account(s). We ask you to take a moment to read and understand this information.

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Your Financial Professional, Prospera Financial Services and You

This is your Investment Team. Each member of your team, including you as our client, has an important role to play in building a successful relationship that will ultimately work toward the achievement of your financial goals.

Our Responsibility

We will always put your interests first. By helping you succeed, we succeed.

We will help you understand your investments. Your Financial Professional is available to answer any questions you have about your account or the investments in your account.

We will support your Financial Professional with the full resources of our firm. We support them, so that they can help you achieve your financial goals.

We will provide you with accurate and timely information about your account. Your financial transactions, as well as the status of your account, are always available to you through your scheduled statements or through your Financial Professional at your request.

We will provide you with our privacy policies on how we treat the personal information you share with us. We do not sell your personal information to anyone. Please see the Privacy Policy provided in this brochure for more information.

We will strive to meet and exceed your expectations as our client and to uphold the trust you have put in us. We respect your privacy, and we take your financial concerns very seriously.

We will provide you with courteous service. Your Financial Professional is your first point of contact when you have questions or need assistance with financial transactions.

We will use care to select knowledgeable and experienced Financial Professionals. Prospera Financial Professionals are appropriately licensed and registered to make investment recommendations and perform transactions on your behalf.

We, through your Financial Professional, will provide you with investment recommendations based on your personal goals, your financial information, and your preferences. Individual investment performance cannot be guaranteed due to market, industry or other conditions and circumstances beyond the control of your Financial Professional and Prospera.

We will inform you of all costs relating to your account(s) and your investment transactions. If you have any questions about your fees, please contact your Financial Professional.

We will work conscientiously to resolve any errors or complaints regarding your account(s). Prospera and your Financial Professional take pride in our commitment to the highest standards of customer service.

Your Responsibilities

Provide your Financial Professional with all the information that is relevant to your financial status, your investment preferences, and your financial goals. This includes but is not limited to your current and previous financial data, your investment time horizon, and your level of risk tolerance. Be sure to update this information as changes occur. **This information is critical** because your personal and financial information serves as the basis upon which your Financial Professional makes your investment recommendations.

Carefully review all your transaction confirmations and account statements immediately. If you have a question or discover an error, promptly notify your Financial Professional.

Make certain that you understand your investments and how they may perform under various market conditions. Your Financial Professional is available to review these facts with you at any time.

Meet regularly, at least annually, with your Financial Professional to review your financial information and your investment portfolio.

Investing is serious business. Communicating regularly is the key to helping your Financial Professional make appropriate investment recommendations and assist you in reaching your financial goals.

About Your Account

Our Direct Business Partners

While your Prospera Financial Professional will be responsible for servicing you and your account, our direct business partners also play an integral role in the services we provide. Your account may be held directly with the direct business fund, carrier, or institution. The direct business company's responsibilities include:

- Handling the delivery and receipt of securities purchased or sold in your account.
- Processing and executing your transactions.
- Performing centralized cashiering, bookkeeping, and execution functions for your account.
- Maintaining custody of all your securities and funds once they are in your account.
- Receiving and distributing dividends and other distributions to you.
- Preparing your account statements.

Prospera Privacy Policy Disclosure

Commitment to Your Private Information. Prospera Financial Services, Inc. ("Prospera") and its Financial Professionals are committed to safeguarding client confidential information, including all nonpublic personal information ("Personal Information"). Prospera holds all Personal Information provided by clients and prospective clients in the strictest confidence and our objective is to protect your privacy. Federal law gives consumers the right to limit some but not all sharing of information we may hold about you. Please read this notice carefully to understand your rights and how we handle your information.

Why We Collect and How We Use Information. Prospera collects and provides access to customer information, including Personal Information, within the firm and to nonaffiliated companies with whom we have entered into agreements so that we may conduct regular business, administer, manage, service, and provide related services for client accounts. Prospera will collect and disclose the information below regarding customers and former customers, as necessary, to companies to perform certain services on Prospera's behalf.

- Information Prospera receives from the client on applications (name, Social Security number, address, assets, income, investment experience, etc.)

- Information about your transactions with Prospera or others (account information, payment history, parties to transactions, etc.).

- Information concerning your account transactions

- Information about your financial products with Prospera

Customer Identity Verification. Under the USA PATRIOT ACT, Prospera is obligated to verify the identity of each customer opening a new account. We will ask for your name, address, date of birth, and other Personal Information that will allow us to identify you, including asking to see your driver's license or other identifying documents. PLEASE UNDERSTAND that if we are unable to verify the identity of all the owners of any account within a reasonable time, we may, at any time, at our sole discretion, without providing advance notice, close the account.

Sharing Information with Other Companies Permitted or Required Under Law. Prospera shares Personal Information to service client accounts. Prospera may also provide customer Personal Information to service client accounts. Prospera may also provide customer Personal Information outside of the firm as permitted or required by law.

Prospera may from time-to-time share client Personal Information with its affiliated company, Prospera Life & Annuity Services, Inc. ("PLA"). While Prospera has implemented procedures to limit its client Personal Information to only those employees that need to know such information to provide services, in the normal course of business, PLA may come into contact with client Personal Information.

Prospera will disclose Personal Information to non-affiliated investment advisers, brokers and other agents, including Wells Fargo Clearing Services, LLC ("First Clearing"), Wells Fargo Advisors, investment advisor firms, firms owned and operated by Prospera Financial Professionals, and other financial firms with which Prospera has contracted to provide services, process transactions, and service client accounts. Prospera may also provide your information to vendors providing data processing; computer software maintenance and development; compliance and legal consulting; and other general business consulting services. These vendors are required to sign a nondisclosure agreement agreeing to maintain the confidentiality of all Personal Information.

Prospera may also disclose Personal Information if we believe in good faith that such disclosure is required to comply with applicable laws, such as cooperating with regulators, consumer reporting agencies or to resolve consumer disputes.

To limit our sharing, to the extent permitted by applicable law, please call: 972-581-3000.

Disclosure of Information to Your Financial Professional. Prospera recognizes that you have elected to open accounts with us due to the efforts of your Financial Professional. If your Financial Professional elects to leave Prospera for another registered broker-dealer or investment advisor, Prospera allows the Financial Professional to take your Personal Information to the new firm, subject to the requirements or limitations of applicable law. If your primary address is in a state that requires affirmative consent to share your Personal Information (such as Alaska, California, North Dakota or Vermont), then you must give your written consent before your Financial Professional may introduce any of your personal information to that new firm. State requirements vary and may change without notice. Your Personal Information may also be shared with entities that your Financial Professional affiliates with, owns and/or controls.

Prospera entered into the Protocol for Broker Recruiting ("Protocol") on November 17, 2008. The Protocol allows financial professionals who leave one Protocol firm to take and introduce limited information about you (name, address, phone number, e-mail address and the account title of the accounts serviced) to another Protocol firm that the financial professional joins.

In the event your Financial Professional decides to leave Prospera for another registered broker-dealer, investment advisor, or insurance company and you do not want your Personal Information introduced to the Financial Professional's new firm, please contact us at 972-581-3000.

Prospera may also disclose your Personal Information with a retiring or retired Financial Professional (or his or her estate) for confidential audit purposes to ensure the financial professional (or their estate) is paid correctly. In the event that your Financial Professional is retiring, has retired or is deceased, and you do not want your Personal Information used or disclosed in this manner, please contact us at 972- 581-3000.

Former Customers. Even if we cease to provide you with financial products or services, our Privacy Policy will continue to apply to your Personal Information in accordance with this notice.

Protection of Your Information: To protect the confidentiality and security of your Personal Information from unauthorized access or use, Prospera uses reasonable policies, practices and safeguards in compliance with applicable laws.

California: If you are a California resident, for additional information about your privacy rights please see our California Privacy Notice found at www.prosperafinancial.com/disclosures/.

Questions? Please contact us at 972-581-3000 or contact us via email at prosperaclientcommunication@prosperafinancial.com.

Making Deposits to Your Account

As required by SEC Rules governing check instruments, all checks, cashier checks or any other deposits must be made payable to the firm holding your account. This would be the fund company, carrier, or institution. Checks may not be made payable to Prospera or to your Financial Professional. Monies made payable to the incorrect entity will be returned to the maker.

How Your Accounts are Protected

Prospera is a member of the Securities Investor Protection Corporation (SIPC), which was created in 1970 to protect the customers of broker-dealer firms. This SIPC coverage protects your assets in the unlikely event that Prospera should fail to meet their information on SIPC coverage; please see the explanatory brochure at www.sipc.org

Transfer Fees

Please note that when an account transfers to another financial institution, the firm may assess an exit fee. This fee is in line with what other firms in the financial industry charge and reflects the increased costs of the transfer process.

Full Account Liquidation

Upon receipt of notice to liquidate holdings in any account by either you or your Financial Professional, Prospera will, in an orderly and efficient manner, proceed with the liquidation. Prospera is under no obligation to affect any transaction for your account that it believes to be improper under applicable law, rule, or regulation.

Factors that may affect the orderly and efficient manner of the liquidation of securities include the size and types of issues, liquidity of the markets and the institution's abilities. Due to the administrative processing time needed to liquidate securities and/or communicate the instructions to the institution (especially true for large accounts) and/or conduct an accounting of specific holdings in client accounts, full liquidation requests received by Prospera are not considered market orders. Therefore, it may take several business days under normal market conditions to process full liquidation requests. During this time, your account is subject to market risk. Prospera is not responsible for market fluctuations of your account from time of notice until complete liquidation. Prospera will make all reasonable efforts to process the termination in an efficient and timely manner.

Arbitration

Arbitration Provision

By opening an account through Prospera, you are agreeing that all controversies or disputes which may arise between you, Prospera, and any fund company, carrier or institution (and/or any other agent), (collectively “us”) concerning any transaction or the construction, performance or breach of any agreement between us, including any controversy concerning whether an issue is arbitrable, shall be determined by arbitration conducted before, and only before, an arbitration panel set up by the Financial Industry Regulatory Authority (“FINRA”) in accordance with their respective arbitration procedures. Any of us may initiate arbitration by filing a written claim with FINRA. The arbitration shall be held in the city chosen by us and shall be settled by arbitration pursuant to the Federal Arbitration Act and under the arbitration rules and procedures of FINRA Dispute Resolution, Inc. or any other self-regulatory organization of which we are a member. Visit www.finra.org/ArbitrationMediation/Parties/Index.htm for more information on the arbitration process.

Arbitration Disclosures

Prospera's new account agreements (and those of the fund company, carrier, or institution) contain a pre-dispute arbitration clause. By signing the agreements, the parties agree as follows:

• All parties to this Agreement are giving up the right to sue each other in court, including the right to a trial by jury, except as provided by the rules of the arbitration forum in which a claim is filed.

• Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited.

• The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings.

• The arbitrators do not have to explain the reason(s) for their award.

• The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.

• The rules of some arbitration forums may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought in court.

• The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this agreement.

No person shall bring a putative or certified class action to arbitration, nor seek to enforce any pre-dispute arbitration agreement against any person who has initiated in court a putative class action; or who is a member of a putative class who has not opted out of the class with respect to any claims encompassed by the putative class action until:

(i) the class certification is denied; or

(ii) the class is decertified; or

(iii) the customer is excluded from the class by the court. Such forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under this agreement except to the extent stated herein.

Broker Check Information

FINRA established BrokerCheck (formerly known as the Public Disclosure Program) in 1988 to provide the public with information on the professional background, business practices, and conduct of FINRA member firms and their associated persons. Via BrokerCheck, FINRA releases to the public certain information reported on uniform registration forms to its Central Registration Depository (CRD®). Among other things, BrokerCheck can help investors make informed choices about the individual brokers and brokerage firms with which they may wish to do business. To gain access to this free system, go to www.BrokerCheck.finra.org or call toll-free (800) 289-9999 Monday through Friday from 8 am to 8 pm EST.

Complaint Notification

Please direct all complaints to: Prospera Financial Services / Attn. Compliance Department / 5429 LBJ Freeway, Suite 750 / Dallas, Texas 75240 / Phone: (972) 581-3000 / Fax: (972) 581-3001.

Identity Theft

Types of Identity Theft

Identity theft occurs when someone uses your personal identifying information, such as your name, Social Security number, account, or credit card number without your permission to commit fraud or other crimes.

At Prospera, we want to help you secure your financial future. We want you to know how you can protect yourself from becoming a victim of this crime. Here are some tips to follow to help prevent:

• Theft – Guard your purse or wallet and know their whereabouts. Do not share account information, passwords, user IDs, PINs, code words or other confidential information with others. Monitor your credit report for accuracy. By law, you are entitled to receive one free credit file disclosure every 12 months from each of the nationwide consumer credit reporting companies. To learn more or request a copy of your credit report, visit www.annualcreditreport.com or call 1-877-322-8228.

• Dumpster diving – Shred documents with any personal information on them instead of putting them in the trash.

• Shoulder surfing – Protect your Pin number when at an ATM or checkout counter from onlookers. Always wait for your ATM receipt and do not leave it behind.

• Mail fraud – Watch for schemes, such as fraudulent prize offers, via the U.S. Postal Service. Report any suspicious mail that you receive to your local U.S. Post Office or at www.usps.com.

• Telemarketing fraud – Avoid giving out any personal information to anyone over the telephone as they may not be representing a legitimate organization. Add all your phone numbers (including cell phones) to the National Do Not Call List by registering them at www.donotcall.gov.

• E-mail fraud – beware of “Phishing” – Delete any e-mail from a sender that you do not recognize. They may be trying to manipulate you into providing personal information.

• Computer hackers – use of “Malware” – Install and maintain adequate security filters such as virus protection and firewalls on your computer to prevent and protect your personal information from unauthorized entry by sophisticated and often large-scale methods involving the use of software programs. Exit online applications as soon as you finish using them.

If You Suspect You Have Become a Victim of Identity Theft

If you suspect that you have become a victim of identity theft:

• Contact your Prospera Financial Professional for assistance, such as placing holds on your accounts.

• Go to the Federal Trade Commission’s (FTC) Identity Theft webpage at www.ftc.gov to learn what steps to take to recover from identity theft; including filing a complaint using the FTC’s online complaint form, calling the FTC’s Identity Theft Hotline 1-877-ID-THEFT (438-4338), TTY (866) 653-4261, or writing to Identity Theft Clearinghouse, Federal Trade Commission, 6000 Pennsylvania Avenue, NW, Washington, DC 20580.

• Contact the three major consumer-reporting companies to request that a Victim Fraud Alert Flag be placed on your credit file. A fraud alert requires creditors to verify your identity before opening any new accounts in your name or changing any existing accounts. When placing the fraud alert on your credit file, request a copy of your credit report from all three companies. Consumer reporting companies are required to provide a free credit report to victims of identity theft. The contact information for the three reporting companies is as follows:

Equifax (800) 525-6285 www.equifax.com
TransUnion (800) 680-7289 www.tuc.com
Experian (888) 397-3742 www.experian.com

• Contact your local police department and ask to file a crime report. This will help convince creditors that someone else may have opened or used an account in your name without your knowledge or permission.

• Contact the Social Security Administration's Fraud Hotline at 1-800-269-0271 to report fraudulent use of your identification information.

• File a police report in your local jurisdiction and retain the report number and the name of the officer who took the report.

• Contact all your creditors by phone to let them know of the possibility of fraudulent activity on your accounts and follow-up with a written letter. Closely monitor all accounts and report any unauthorized activity to the creditor immediately.

How Prospera Safeguards your Personal Identifiable Information

At Prospera, we work hard to safeguard your personal information.

• We are responsible for all account opening activities including complying with the "Know Your Customer" rules and the Customer Identification Program (CIP) regulations. We verify your identity by using a vendor service. If we are unable to verify your information, the account may be closed.

• We utilize various electronic tools designed to monitor activity in your accounts to detect, among other things, potential identity theft.

• Prospera maintains policies and procedures designed to authenticate client instructions prior to the release of client information or records to third parties.

• A request to change your address of record on an existing account could be a red flag for identity theft. We request all address changes be submitted in writing by the owner(s) of the account. Once the request has been processed, a written confirmation of the address change is sent to both your old and new addresses.

• We use services to mail to you a client notification for disbursement of funds or securities over a specific dollar threshold if there is a beneficial change of ownership or if the request involves delivery to a third-party institution or to an address other than your primary address of record.

• Prospera trains staff to control unauthorized access to your confidential information. Common practices are shredding documents containing sensitive documents, locking computers when away from work areas, having passwords on any device used to access or store client information, use of secure e-mails to send sensitive information and locking file cabinets.

Prospera's Business Continuity Plan

Business Continuity Plan Disclosure

At Prospera, we recognize how heavily our clients rely upon our systems and services. We also recognize that business disruptions of varying degrees can and do occur. Disruptions could be due to anything from a minor loss of electricity to major events such as September 11, 2001. Prospera wants you to know that we have plans in place to safeguard your assets and protect vital account information in the event of such an occurrence.

Our Business Continuity Plan

Prospera's objective is to quickly recover and resume business operations after a significant business disruption and respond by safeguarding our employees and property, making a financial and operational assessment, protecting the firm's books and records, and allowing our customers to transact business. Our business continuity plan addresses and is reviewed as necessary in regard to: data back-up and recovery; all mission critical systems; financial and operational assessments; alternative communications with customers, employees, and regulators; alternate physical location of employees; critical suppliers, contractors, bank and counter-part impact; regulatory reporting; and ensuring that our customers have access to their funds and securities.

Prospera and Wells Fargo Clearing Services, LLC back up our important data to separate geographic locations. While every emergency poses unique problems based on external factors, such as time of day and the severity of the disruption, Prospera has objectives to restore operations and be able to restore business in a timely manner. We also have pre-established, tested processes for re-routing of critical hotline numbers. In the event of a site outage, Prospera customers should experience minimal downtime in their ability to contact us. Our clearing firms advise us that their objectives are to restore their own operations and to be able to complete existing transactions and accept new transactions and payments in a timely manner.

Contacting Us

If, after a significant business disruption, you are unable to contact your Financial Professional as you usually do, you may call Prospera's corporate location directly at 972 581-3000 or go to our website at www.prosperafinancial.com for instructions. If you are unable to reach us through either of these means, you should contact your clearing firm for limited trade-related transactions, cash disbursements, and security transfers. The business continuity support line for Wells Fargo Clearing Services is 877-496-3223.

September 30, 2023

Customer Relationship Summary

Helping you make an informed decision **Form CRS**

Prospera Financial Services, Inc. is registered with both the Securities and Exchange Commission as an investment adviser and Financial Industry Regulatory Authority as a broker-dealer. Free educational materials and simple tools are available at investor.gov/CRS to research firms and financial professionals.

What Type of Account is Right for You – Brokerage, Investment Advisory or Both?
There are different ways you can get help with your investments. You should carefully consider which types of accounts and services are right for you. **Depending on your needs and investment objectives, we can provide you with services in a brokerage account, investment advisory account, or both at the same time.** *This document gives you a summary of the types of services we provide and how you pay. Please ask us for more information, and please note the conversation starter questions listed in this document.*

What Investment Services and Advice Can You Provide Me?

Our accounts and services fall into two categories.

Broker-Dealer Services
Brokerage Services

- *If you open a brokerage account, you will pay a **transaction-based fee,** generally referred to as a commission, every time you buy or sell an investment.*
- *We offer Wells Fargo Clearing Services as our sole brokerage custodian along with directly held investments such as annuities and some mutual funds.*
- *You may select investments, or we may recommend investments for your account, but the ultimate investment decision for your investment strategy and the purchase or sale of investments will be yours as we do not offer discretionary trading in brokerage accounts. You will receive confirmations of all transactions and monthly statements of all assets held with our custodians.*
- *We offer a limited selection of investments. Other firms could offer a wider range of choices, some of which might have lower costs. We also offer products where we are the sponsor, manager, or an investor, both directly and indirectly, of the product. We also offer proprietary products.*
- *We sell fixed income products such as bonds and certificates of deposit and structured*

Investment Advisory Services
Advisory Accounts

- *If you open an advisory account, you will pay an on-going **asset-based fee** for our services.*
- *We will offer you advice on a regular basis. We will discuss your investment goals, design with you a strategy to achieve your investment goals, and regularly monitor your account. We will contact you (by phone or e-mail) at least annually to discuss your portfolio.*
- *You can choose an account that allows us to buy and sell investments in your account without asking you in advance (a **"discretionary account"**) or we may give you advice and you decide what investments to buy and sell (a **"non-discretionary account")**. This will be performed in a wrap-fee program (where you don't pay any transaction fees) with an advisory fee of no more than 2.15% annually billed on a quarterly or monthly basis depending on the program.*
- *We also offer financial planning (billed either as a flat fee or hourly) along with full execution investment advisory services.*
- *Minimum account sizes for our advisory accounts vary by program, but there is no minimum account size for our Summit advisory program.*

products on a principal basis in brokerage accounts to retail investors, which means our profit is included in your total security cost. • *We sell products and securities in initial public offerings where we receive additional compensation for acting as a manager or selling group member.* • *We do not offer ongoing monitoring in brokerage accounts, and we do not have an account minimum balance for new accounts.* • *We can offer you additional services to assist you in developing and executing your investment strategy, but you might pay more. We will deliver account statements to you each month in paper or electronically.* *Please visit ProsperaFinancial.com/Disclosures for more detailed information.*	• *Our investment advice will cover a limited selection of investments. Other firms could provide advice on a wider range of choices, some of which might have lower costs.* *Please visit ProsperaFinancial.com/Disclosures for a detailed description of all our advisory services and their related fees and conflicts, including a copy of our Form ADV.*

Conversation starters: 1. Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not? 2. How will you choose investments to recommend to me? 3. What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?

What Fees Will I Pay?

Fees and costs affect the value of your account over time. Please ask your financial professional to give you personalized information on the fees and costs you will pay.

Brokerage Account Fees and Costs	**Investment Advisory Account Fees and Costs**
• *Transaction-based fees.* You will pay us a fee every time you buy or sell an investment. This fee, commonly referred to as a commission, is based on the specific transaction and not the value of your account. With stocks or exchange-traded funds, this fee is usually a separate commission. With other investments, such as bonds, this fee might be part of the price you pay for the investment (called a "**mark-up**" or "**mark down**"). With mutual funds, this fee (typically called a "**load**") reduces the value of your investment. • *Some investments (such as mutual funds and variable annuities} impose additional internal fees that will reduce the value of your investment over time. Also, with certain investments such as variable annuities or mutual funds, you may have to pay fees such as "surrender charges" or deferred sales charges to sell the investment.* • *Our fees vary and our commissions are negotiable. The amount you pay will depend, for example, on how much you buy or sell, what type of investment you buy or sell, and what kind of account you have with us.*	• *Asset-based fees. You will pay an on-going fee at the end of each month or quarter (depending on the advisory program) based on the value of the cash and investments in your advisory account. The amount paid to our firm and your financial professional generally does not vary based on the type of investments we select on your behalf. The asset-based fee reduces the value of your account and will be deducted from your account. For our managed advisory accounts, called* ***wrap fee programs****, the asset-based fee will include most transaction costs, and as a result wrap fees are typically higher than non-wrap advisory fees.* • *Some investments (such as mutual funds and variable annuities) impose additional fees that will reduce the value of your investment over time. Also, with certain investments such as variable annuities, you may have to pay fees such as "surrender charges" to sell the investment.* • *Our investment advisory management fees vary and are negotiable. The amount you pay will depend, for example, on the services you receive and the value of your account.*

• *We charge you additional fees, such as custodian fees, transfer fees, account maintenance fees, and account inactivity fees (altogether **"account fees"**), which are assessed annually or at the time the triggering event occurs (such as when you transfer securities).* • *The more transactions in your account, the more fees we charge you. We therefore have an incentive to encourage you to engage in transactions.* • *From a cost perspective, you may prefer a transaction-based fee if you do not trade often or if you plan to buy and hold investments for longer periods of time.* **Other Fees and Costs** *Apart from our fees and costs described above, you will be assessed internal investment product fees on any investment product you invest in with us. The investment products include, but are not limited to, mutual funds, Unit Investment Trusts, Exchange Traded Funds, fixed and variable annuities, non-traded and direct participation investments, managed futures funds, variable life insurance products, and 529 accounts.*	• *You will pay **account fees** in both wrap and non-wrap advisory programs just as you would in a brokerage account.* • *The more assets you have in the advisory account, including cash, the more you will pay us. We therefore have an incentive to increase the assets in your account in order to increase our fees. You pay our fee monthly or quarterly even if you do not buy or sell.* • *Paying for a wrap fee program could cost more than separately paying for advice and for transactions if there are infrequent trades in your account.* • *An asset-based fee may cost more than a transaction-based fee, but you may prefer an asset-based fee if you want continuing advice, ongoing monitoring, or want someone to make investment decisions for you. You may prefer a wrap fee program if you prefer the certainty of a periodic quarterly or monthly fee (depending on the program) regardless of the number of transactions you have.*

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. Please see our Regulation Best Interest disclosure and Form ADV disclosures at *ProsperaFinancial.com/Disclosures*.

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

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

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

Examples of Ways We Make Money and Conflicts of Interest

- *We can buy investments from you, and sell investments to you, from our own accounts (called "acting as principal") in a brokerage account or with your specific approval on each transaction in an advisory account. We earn a profit on these trades, so we have an incentive to encourage you to trade with us.*
- *We have an incentive to recommend you hold cash in your accounts, because we share in cash interest revenue from those funds.*
- *We have an incentive to recommend the use of margin or securities-based loan programs as we share in the interest charged to you.*
- *We have an incentive to recommend you invest with third parties with whom we have a solicitor agreement as we share in those third-party advisory fees.*
- *We offer proprietary, managed, or sponsored products, which is a conflict as we make additional fees.*
- *We have an incentive to recommend you open accounts with Wells Fargo Clearing Services as the custodian, because we share in account and transaction fees and receive incentive compensation for opening accounts or aggregating assets with these custodians.*
- *Please see <u>ProsperaFinancial.com/Disclosures</u> for our Regulation Best Interest Disclosure and ADV.*

<u>Conversation Starter: How might your conflicts of interest affect me, and how will you address them?"</u>

How do our financial professionals make money?

- *Our financial professionals receive a percentage of the advisory fees, brokerage commissions, and product trailing fees generated by assets under their management or for which they are broker of record. This percentage increases based on their total revenue at our firm and is an incentive to recommend investment transactions, rollovers to our firm from your retirement account, or investment advisory services. Brokerage commissions and product trailing fees vary widely from product to product, which is an incentive for our professionals to recommend the investment products paying the highest commissions or trailing fees.*
- *Our financial professionals also receive retention bonuses or related compensation based on their assets under management or total revenue at our firm.*
- *Our financial professionals receive credits toward due diligence trips to conferences hosted by investment product sponsors, which is an incentive to sell the related products. Our firm also offers reward trips and travel to our annual conference for financial professionals meeting a total revenue threshold.*
- *Our financial professionals share in revenue related to loans backed by your investment account, which is an incentive to recommend these loans, and our financial professionals share in any solicitor revenue shared with third party investment advisors they refer to you.*

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

Yes. We have legal and disciplinary events. Visit *Investor.gov for a free tool to research the background and experience of us and our financial professionals.*

<u>Conversation Starter: As a financial professional, do you have any disciplinary history? For what type of conduct?</u>

Where can I find additional information?

You can always ask your financial professional for more information, request a copy of this relationship summary at 972-581-3000, visit brokercheck.finra.org for information about your financial professional, review your brokerage or advisory agreement, or visit <u>ProsperaFinancial.com/Disclosures</u> to review our form ADV, Regulation Best Interest Disclosure, and other information.

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

PROSPERA

FINANCIAL SERVICES

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Regulation Best Interest Disclosure

Effective Date: September 30, 2023

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We provide this required disclosure (the Reg BI Disclosure) to our retail customers to inform them about the services we offer and our relationship with them. Among other things, this Reg BI Disclosure addresses the scope and terms of our relationship with you, the capacity in which we are acting, the type and scope of our services, any material limitations on our services, the fees and costs associated with your holdings, accounts, and transactions, and the conflicts of interest that exist for us and our financial professionals.

1. Scope and Terms of Our Relationship with You

Prospera Financial Services, Inc. (the Firm) is registered with the Securities and Exchange Commission (SEC) as both a broker-dealer and an investment adviser. Our brokerage and investment advisory services and fees differ, and it is important for you to understand these differences. Free and simple tools are available for you to research firms and financial professionals at Investor.gov/CRS, which also provides educational materials about broker-dealers, investment advisers, and investing.

Depending on your needs and your investment objectives, the Firm may assist you with brokerage services, investment advisory services, or both. There are important differences between brokerage and advisory services, including their costs, the services we provide, and the rules that govern them. You should carefully consider these differences when deciding which type, or combination of types, of services and accounts are right for you. Information regarding the differences between our brokerage and advisory services is also available in our Form CRS Customer Relationship Summary disclosure, which is available at ProsperaFinancial.com/disclosures/.

1.1. Our Capacity

All recommendations made by your financial professional regarding your broker-dealer account (your brokerage account) will be made in a broker-dealer capacity, and all recommendations and trades placed regarding the account established for our advisory programs will be made in an advisory capacity.

Broker-Dealer Capacity

In our capacity as a broker-dealer, we can recommend and effect securities transactions for you, including buying and selling securities (including investment funds and products) that can be held in your brokerage account. We offer many different options or account types for your brokerage account, including accounts held with our clearing firm Wells Fargo Clearing Services (which includes specialty accounts such as margin accounts); accounts held directly with the issuer of the securities purchased (sometimes referred to as directly held accounts); education accounts (e.g., college savings plans); and retirement accounts (e.g., IRA or 401(k) accounts), where your investments will be held with the custodian of the IRA or 401(k) instead of our clearing firm listed above.

In addition, we offer the option to hold cash in either money market funds (non-insured) or a bank account insured by the Federal Deposit Insurance Corporation (a "cash sweep vehicle"). We do not have any minimum account requirements for our brokerage accounts, but some of the investments you can purchase through us and our advisory programs have minimum investment requirements. More information about these minimum investment requirements is available in the investment's offering document or prospectus or the advisory program contract and Form ADV.

We provide a number of services related to investments in securities, including taking customer orders, executing securities transactions, and providing general information regarding your investments. Our financial professionals also provide recommendations concerning whether to buy, sell, or hold securities.

Our financial professionals do not make investment decisions for you or manage your brokerage account on a discretionary basis. Because our financial professionals do not have discretionary investment authority, this means that we cannot buy or sell investments in your brokerage account without first obtaining your consent. Our financial professionals may recommend investments to you, but you are responsible for making the decision whether to purchase or sell investments, and we will only purchase or sell investments when specifically directed by you.

Our financial professionals also do not monitor your account after a securities transaction is affected for you, including those investments they recommend for you. This service is only available in advisory accounts.
When we act in our capacity as a broker-dealer, we are subject to the Securities Act of 1933, the Securities Exchange Act of 1934, as amended, the rules of self-regulatory organizations, such as the Financial Industry Regulatory Authority, Inc. (FINRA), and applicable state laws.

Investment Adviser Capacity

As an investment adviser, we provide investment advice to you for a fee, including investment advice with respect to particular investments, as well as wrap programs (that do not assess a separate execution charge) and other investment advisory programs. We also place orders for you as an investment adviser through a brokerage account with us or through a brokerage account at another broker-dealer. When we act in our capacity as an investment adviser, we will generally do so pursuant to a written agreement with you that sets forth the investment advisory relationship and our obligations to you. When we act as an investment adviser to you, we are generally considered to have a fiduciary relationship with you under the Investment Advisers Act of 1940, which requires that we owe you a duty of care and a duty of loyalty.

At the outset of our investment advisory relationship with you, you will also receive a disclosure document, our Form ADV, Part 2A brochure, that describes our investment advisory services and includes important information about, among other things, our fees, personnel, other business activities, and conflicts between our interests and your interests. This disclosure document is available at ProsperaFinancial.com/disclosures/.

1.2. Type and Scope of Services

Brokerage Services

Our financial professionals can recommend, and we can effect securities transactions for you, including the buying and selling of securities (including investment funds and products) that can be held in brokerage accounts, which may include accounts held with our clearing firm, directly held accounts, education accounts, IRA accounts, or margin accounts.

We also offer the option to hold cash in a cash sweep vehicle. In addition, the type and scope of the brokerage services we offer include a number of services related to investments in securities, including taking customer orders, executing securities transactions, and providing general information regarding your investments.

Our brokerage services include recommendations concerning whether to buy, sell, or hold securities. Our services also include recommendations of investment strategies involving securities, which includes recommendations of account types, and rollovers or transfers of assets, such as rolling over retirement plan assets into an IRA account. In addition, our brokerage services include certain margin account services, where you are extended credit (a loan) for the purpose of buying securities and offering securities-based lending secured by your eligible investments.

Account Types

In order to receive any of our brokerage services described above, you must first open an account with us. Our Retail Platform offers an array of account types with different features and benefits that are intended to address the different needs and objectives of our retail customers. When opening an account with us, you may choose between many different options or account types for your brokerage account, including accounts held with our clearing firm; directly held accounts; education accounts (e.g., college savings plans); retirement accounts (e.g., IRA accounts); and certain specialty accounts (e.g., margin accounts).

In addition, our accounts offer certain cash management features, including the option to hold cash in a cash sweep vehicle. Our cash sweep vehicles allow you to hold your cash in interest-bearing money market funds (non-insured) or bank accounts insured by the Federal Deposit Insurance Corporation. We also offer margin accounts.

Before deciding whether to open an account with us, you will want to discuss our account options with your financial professional to decide which account type best fits your financial goals.

Our Investment Philosophy

The Firm's target market is middle income to high income retail customers who are primarily seeking to invest to meet retirement, education, and other similar funding goals, and secondarily to invest for legacy purposes. Our financial professionals tailor investment recommendations to meet additional investment objectives as directed by the customer. The Retail Platform includes traded investments, investment funds and products, insurance products, non-traded investments, both private and registered, and investment strategies believed to be in the best interest of the Firm's customer base.

We require our financial professionals to have a reasonable basis, taking into account the potential risks, rewards, and costs associated with a recommendation, to believe that each recommendation made to a retail customer is in the retail customer's best interest, and does not place the interest of the broker-dealer or financial professional ahead of the interests of the retail customer at the time the recommendation is made.

In determining whether our financial professional's recommendation is in the retail customer's best interest, we consider the retail customer's individual investment profile. The information in the retail customer's investment profile includes, but is not limited to, the retail customer's age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, risk tolerance, and other information that the retail customer may disclose to us or the financial professional in connection with a recommendation.

1.2.1. Material Limitations

Given the wide range of our brokerage services, we do not have many material limitations on the type and scope of our services. For instance, we do not limit our investment offerings to specific asset classes, or investments with third-party arrangements such as revenue sharing payments or mutual fund shareholder servicing fees. In addition, we do not limit our investment offerings to a select group of issuers, and we also offer investments issued, sponsored, or managed by us or our affiliates. Finally, we do not have any minimum account requirements, although some of the investments you can purchase through us have minimum investment requirements.

Notwithstanding the wide range of our brokerage services, there are certain material limitations on our services and the services of our financial professionals, and these limitations are set forth below.

- *Financial Professional Limitations*: Not all of our financial professionals can offer the full range of investments and services we offer. Some choose to only offer advisory services.
    - These are material limitations on the custodial platform or account type that your financial professional may recommend to you, and you should discuss any such limitations with your financial professional. In addition, you may research your financial professional's experience and licenses on FINRA's BrokerCheck website at BrokerCheck.finra.org/.
- *Investment Limitations:* While we offer a wide range of investments, including investment funds and products, there are certain types of investments we do not offer. For instance, we do not offer all mutual funds from every single mutual fund company issuer, or every type of ETF. We also do not offer every type of insurance product or college savings plan. This means that our financial professionals are limited to recommending only those investments that we are authorized to offer. This is a material limitation on the securities or investment strategies that our financial professionals may recommend to you.

- *Account Monitoring:* Our financial professionals do not monitor your brokerage account after effecting a securities transaction for you, including those investments our financial professionals recommend, unless you specifically request that our financial professionals do so and we agree in writing to provide such monitoring. While our financial professionals remain available to assist you, our financial professionals do not automatically monitor your account or your investment performance after effecting a securities transaction. This is a material limitation on our services and the services of our financial professionals.

- *Discretionary Investment Authority:* Our financial professionals do not make investment decisions for you or manage your brokerage account on a discretionary basis. Because our financial professionals do not have discretionary investment authority, this means that we cannot buy or sell investments in your account without first obtaining your consent. Our financial professionals may recommend investments to you, but you are responsible for making the decision whether to purchase or sell investments, and we will only do so when specifically directed by you. This is a material limitation on our services and the services of our financial professionals.

1.3. Fees and Costs

This section provides information about the material fees and costs associated with your account, transactions, and holdings. Because our fees vary depending on the specific transaction or service provided, the information below first describes the fees and costs associated with your account, and then the fees and costs associated with transactions and investment holdings that our financial professionals may recommend.

1.3.1. Fees and Costs Associated with Account

You must first open an account with us to use our brokerage services. Our Retail Platform offers an array of account types with different features and benefits that are intended to address the different needs and objectives of our retail customers. When opening an account with us, you may choose between many different options or account types for your brokerage account, including accounts held with our clearing firm; directly held accounts; education accounts (e.g., college savings plans); retirement accounts (e.g., IRA accounts); and certain specialty accounts (e.g., margin accounts).

Depending on the type of account you open, you will pay certain fees and costs associated with your account and holdings. Unlike the transaction-based fees described below, the fees associated with your account and holdings are typically paid annually, although some account-based fees are associated with specific transactions. In some cases, the fees and costs associated with your account and holdings are assessed indirectly by third parties, such as custodial firms or clearing firms, and we pass along these fees to you. The fees below may vary based on whether your financial professional has chosen Wells Fargo Clearing Services as their custodian clearing firm platform or if buying securities directly held with the sponsor. Please discuss any questions about these fees with your financial professional.

Highlighted below are the material fees and costs associated with your account:

- *Account Maintenance Fees* – We generally charge you an annual "account maintenance fee" for maintaining your brokerage account with us. This account maintenance fee compensates us for certain maintenance services that we provide to your brokerage account and reimburses us for certain operational expenses that we incur in maintaining your account. This fee typically ranges between $45 and $125 at Wells Fargo, depending on the account type, and is paid annually.

- *Account Fee Waiver Criteria* – The account fees listed above will be waived if one of the following criteria is met:

  - One or more accounts that contain assets totaling $500,000 or more as of June 30. This includes all personal brokerage accounts householded by your brokerage firm.
  - Any investment account, IRA, or Advantage account with mutual fund positions of $100,000 or more (money-market funds, closed-end funds, and exchange-traded funds do not count toward this exemption).
  - Investment accounts that have completed at least six trades during the period July 1 of the previous year and the end of June in the current year.
  - Managed accounts that pay a fee in lieu of commissions.
  - DVP accounts.
  - Investment accounts opened on or after January 1 of the current year.
  - Individual participant's accounts that are part of a QRP, excluding IRA accounts.
  - 529 Education Savings Accounts.
  - Annuity only accounts.

- *Account Transfer Fees* – We generally charge you a one-time "account transfer fee" to reimburse us for the costs associated with transferring your account to another broker-dealer. The account transfer fee includes fees associated with the Automated Customer Account Transfer System, commonly referred to as the ACAT fee. This fee is typically $125 and is paid when you initiate the transfer of your account to another broker-dealer.

- *Account Termination Fees* – We generally charge you a one-time "account termination fee" to reimburse us for the costs associated with terminating your account with us. This fee is typically $125 for qualified accounts and is paid when you terminate your account relationship with us.

- *Margin Fees* – We generally charge you for our margin services, where our clearing firm extends credit (a loan) to you for the purpose of buying securities. Margin fees, which are typically the interest associated with the margin loan, compensate our clearing firm and us for the cost and risk of lending money to you. Margin interest rates typically range from Prime to Prime + 4%, depending on your account balance.

- *Wire Transfer Fee* – We generally charge you a one-time "wire transfer fee" to wire cash from your account to another account held outside our firm. The wire transfer fee is typically $15 but may be more for certain international wire transfers.

- *Inactivity Fee* – We charge an annual fee for account inactivity. The fee ranges from $0 to $65 at Wells Fargo per inactive account, per year, depending on the type of account.

- *IRA Fee* – We charge an annual retirement account maintenance fee for maintaining your retirement account with us. This account maintenance fee compensates us for certain maintenance services that we provide to your retirement account and reimburses us for certain operational expenses that we incur in maintaining your account. This fee is typically $55 at Wells Fargo, depending on the account type, and is paid annually.

- *Additional Costs and Fees* – Incidental additional costs and fees may apply for various services provided for your account with us. Please see the client schedule of fees for your custodian at https://www.prosperafinancial.com/disclosures/ for further details or discuss any questions you may have about these fees with your financial professional.

More Information

More information about the fees and costs associated with your account is available in the schedule of fees and costs in your brokerage agreement with us.

1.3.2. Fees and Costs Associated with Transactions and Holdings

We are paid each time you trade in your brokerage account or make a new investment. This payment is typically called a "commission," but it may also be called a "sales charge" or a "markup." This kind of payment presents a conflict for us because it creates an incentive to encourage you to trade more and make additional investments. The commission rate or amount varies depending on the investment and the size or amount of the transaction.

In addition, investments that are interests in investment funds, such as mutual funds, non-traded investments, and UITs, or products, such as college savings plans and variable insurance products, bear ongoing fees and expenses that are embedded into the cost of the investment holding. You pay these ongoing fees and expenses indirectly because they are factored into the cost of the investment. More information about ongoing fees and expenses associated with investment funds and variable insurance products is available in the fund or product prospectus.

Because the fees and costs vary among investments, set forth below and on the following pages is particularized fee and cost information regarding the types of transactions and investment holdings generally purchased or traded by our retail customers.

Where applicable, we have included certain hypothetical transactions as examples for illustrative purposes. Please note that fees and costs associated with your specific transaction may differ from these hypothetical examples.

<u>Equities</u>

Characteristics

The Firm offers a wide range of equity securities, which give stockholders a share of ownership in a company. Stocks usually are one part of an investor's holdings. Before deciding to buy or sell an equity security, such as a publicly traded company, it is important for you to evaluate the risks associated with the company. As part of this evaluation, you will want to carefully review the company's relevant disclosure documents, such as its initial registration statement and prospectus in the case of an initial public offering, which we offer to our clients, or its most recent audited financial statement in the case of a secondary market transaction. Stocks in public companies are registered with the SEC and in most cases, these companies are required to file reports with the SEC quarterly and annually. You may access these disclosure documents on the SEC's website at SEC.gov/Edgar.

Fees and Costs

Buying and selling stocks entails fees. You will typically pay a commission every time you buy or sell an equity security. You will pay this commission in addition to the price you pay for the equity security you choose to buy or sell. This commission is a one-time fee, which typically ranges between $0 and 5% plus a $9.95 confirm fee per trade. Listed NYSE and AMEX equity transactions will incur an additional $.01 per share execution fee. Our firm is not a "discount" broker-dealer; discount broker-dealers generally offer lower commission rates.

For example, if you purchase 1000 shares in a public company at $5 per share, you will typically pay a commission ranging from $0 to $250, plus the $9.95 confirm fee.

More Information

You may also obtain information about equity securities generally by visiting the SEC's website at Investor.gov/introduction-investing/investing-basics/investment-products/stocks or on FINRA's website at FINRA.org/investors/learn-to-invest/types-investments/stocks.

Bonds

Characteristics

The Firm offers a wide range of bonds, such as corporate bonds, government bonds, and municipal bonds. Bonds are debt securities issued by corporations, governments, or other entities that pay fixed or variable interest rates to investors for a specific period of time. When the bond reaches maturity, the bond issuer generally returns the principal amount of the bond to investors. There are many types of bonds and the features, characteristics, and risks associated with bonds can vary significantly.

For most bonds, a bond's coupon rate is the rate of interest it pays annually and is expressed as a percentage of its face value. Usually, the coupon rate is calculated by dividing the sum of coupon payments by the face value of a bond. This coupon rate is static and is fixed at the time of the bond's issuance.

Bonds generally are priced at an initial face value (sometimes called "par" value) of $1,000 per bond. However, once the bond is traded on secondary markets, the bond's price may be lower than the face value, which is referred to as a "discount," or higher than the face value, which is referred to as a "premium." As the coupon rate remains constant, when the bond is priced at a discount, the investor will receive a higher interest yield (return) as a result of paying less than the face value. On the other hand, when the bond is priced at a premium, the investor will receive a lower interest yield (return) as a result of paying more than the face value. Bond prices typically have an inverse relationship with bond interest yields (e.g., as bond prices decrease, interest yields increase; as bond prices increase, interest yields decrease).

Unlike equities, where prices are usually evaluated based on their daily closing prices, many bonds do not have a uniform closing price because they are traded in over-the-counter (OTC) markets or another negotiated market. Bond prices are affected by many different factors, including but not limited to, supply and demand for the bond, the issuer's credit rating, bond size, interest rates, and age-to-maturity. With regard to the age-to-maturity pricing factor, bonds are paid in full (at face value) when they mature, though there are options to call, or redeem, some bonds before they mature (and some bonds permit the issuer to call the bond prior to maturity). Since a bondholder is closer to receiving the full-face value as the maturity date approaches, the bond's price moves toward par as the bond ages. Many bonds are priced by discounting the expected cash flow to the present using a discount rate.

Fees and Costs

You will typically pay a "markup" as a transaction cost to the clearing firm when you buy a bond, as most bonds are traded on a principal (dealer) basis in the OTC market (although some bonds may be bought on an agency (commission) basis). With most bonds, instead of charging you a commission to perform the transaction for you, the broker-dealer marks up the price of the bond to above its face value. When you buy bonds through a broker-dealer on the secondary market, the bonds will have price markups. The markup thus represents the difference between the price a broker-dealer pays for a bond and the price at which it is sold to you by the broker-dealer.

With new issues of bonds, the broker-dealer's markup generally is included in the par value, so you do not pay separate transaction costs. Everyone who buys a new issue pays the same price, known as the offering price. If you are interested in a new issue of a bond, you can get an offering document describing the bond's features and risks.

If you sell a bond before it matures, you may receive more or less than the par value of the bond. Either way, the clearing firm will mark down the price of your bond, paying you slightly less than its current value (and will then mark up the price slightly upon resale to another investor). This is how broker-dealers are compensated for maintaining an active secondary market.

Part of the profit earned by the clearing firm in marking up and marking down bond prices is shared with us for acting as the introducing broker-dealer on the transactions. We also buy or sell you bonds on a principal basis as the direct trade clearing firm.

The amount of a markup/markdown charged on a bond transaction will depend on a number of factors and particular circumstances for each transaction, including the type of bond (corporate, government, or municipal), transaction size, credit quality, unit price, maturity, liquidity, and market scarcity. However, markup/markdowns will not exceed 3% or 1% for treasuries. Each transaction will also incur a $9.95 confirm fee and a $1 per $1000 face value execution fee for listed corporate bond transactions.

For example, if you purchase 1 corporate bond priced at par (or $100) for a total face value of $1,000, and the markup is $2 per bond, you would pay $1,020. You would also pay the $9.95 confirm fee and a $1 execution fee for the $1,000 face value of this transaction.

More Information

More information describing a specific bond's features and risks is available in the bond's offering document. More information about bonds, including pricing and issuer credit ratings, is also available on FINRA's website at FINRA.org/investors/learn-to-invest/types-investments/bonds, the SEC's website at Investor.gov/introduction-investing/investing-basics/investment-products/bonds or the MSRB's website at MSRB.org/EducationCenter.

Options

Characteristics

The firm offers option contracts for you to buy or sell. Options are contracts that give you the right, but not the obligation, to buy or sell an underlying asset at a fixed price within a certain period of time. Conversely, an option "writer" stands obligated to buy or sell a specified amount of the underlying asset at any time until expiration (if assigned). Various exchanges operating in the United States and regulated by the SEC offer public trading markets where different types of options are bought and sold, such as equity, index, and interest rate options. Option contracts may also be traded on certain European markets.

An option contract that gives you the right to buy the underlying asset is referred to as a "call" option, and an option contract that gives you the right to sell the underlying asset is referred to as a "put" option. Most options have certain standardized terms that indicate the nature and amount of the underlying asset, the expiration date, the exercise price, and whether the option is a call or put. Many securities that are publicly traded in the United States have put or call options contracts, which are available for trading on an exchange in the United States. Equity options, for example, are designated by reference to the issuer of the underlying security, the expiration month or expiration date of the option, and the option's exercise price and type (put or call).

As option contracts provide leverage, some option strategies can result in unlimited risk to the investor. You should understand all characteristics and risks of the strategy you are pursuing prior to trading options.

Prior to buying or selling options, you will receive a copy of the "Characteristics & Risks of Standardized Options," also known as the options disclosure document (ODD). Investors should read a copy of the ODD prior to buying or selling an option. The ODD contains required disclosure of the characteristics and risks of standardized option contracts. The ODD is available at the Options Clearing Corporation website at TheOCC.com/Characteristics-Risks.

No certificates are issued to show your ownership of an option. You must review the confirmations and statements that you receive from us in order to confirm your positions in options as of the date of the confirmation or statement. It is very important to understand the process for exercising your rights as the holder of an option contract.

Fees and Costs

You will typically pay a commission every time you buy or sell an option contract. You will pay this commission in addition to the premium associated with the option contract, which you will pay regardless of whether you choose to exercise the option to buy or sell the underlying asset. The commission is a one-time fixed fee, which typically ranges between $0 and 5% plus a $1.25 execution fee per contract and $9.95 confirm fee per transaction. The premium is not a standardized term of the option contract. The premium does not constitute a "down payment." The premium is a non-refundable payment and is in addition to the commission and/or execution charge being assessed.

For example, if you purchase the option to buy 100 shares of a public company (which is one contract), you will typically pay a $0 to $5 commission, plus the $9.95 confirm fee and a $1.25 execution fee for this transaction, regardless of whether you choose to exercise the option or not.

More Information

In addition, more information regarding options is available by visiting FINRA's website at FINRA.org/investors/learn-to-invest/types-investments/options or at the Options Clearing Corporation's website at theOCC.com/education.

Mutual Funds

Characteristics

The Firm offers a wide range of mutual funds from many different mutual fund companies. Mutual funds are registered investment companies that issue redeemable securities. Mutual funds issue shares on a continual basis, and there is no secondary trading market for mutual fund shares. Mutual funds are required to sell their shares at the fund's net asset value (NAV) per share plus any applicable sales charge or load, which is described below. The fund's NAV is calculated by dividing the total value of all the fund's assets, minus any liabilities such as ongoing fees and expenses (described below), by the number of shares outstanding.

An important aspect of mutual fund investing is to read the mutual fund's prospectus carefully before investing. Each mutual fund prospectus contains important information that will help you make an informed decision about an investment in a mutual fund. In deciding whether to invest in a mutual fund, you should consider several different factors, including the mutual fund's past performance, investment objective, investment strategies and risks, the investment adviser responsible for the management of the mutual fund's assets, and the fees and expenses associated with an investment in a particular mutual fund. While past performance of a mutual fund is not indicative of future results, a mutual fund's long-term performance record and portfolio manager's experience and qualifications may be important factors in deciding to invest in a mutual fund.

Fees and Costs – Generally

You will typically pay a sales charge or load when you buy shares in a mutual fund. We receive a portion of this sales charge for our efforts and the efforts of our financial professionals in selling shares of the mutual fund. Additional transaction costs may be incurred for transactions on our clearing firm platforms versus potentially lower transaction costs when purchasing and maintaining custody directly with the sponsor.

Most mutual funds utilize multiple share classes, with differing fees and expenses for distribution and shareholder services. Though there are many different types of share classes, the most common share classes available to you are Class A, Class C, and Class R. Each class typically has different fees and costs, and therefore fund performance results will differ as those fees and expenses reduce performance across share classes. You should also note that the amount of time you expect to hold your investment in a mutual fund may play an important role in determining which share class is most appropriate for you, and you should discuss this consideration with your financial professional.

Fees and Costs – Share Class Distinctions

While there are no standard definitions for these share classes, and each mutual fund defines its share classes in its prospectus, set forth below are some basic descriptions of the most common share classes available to you:

- Class A – This share class usually carries a front-end sales charge, which is typically assessed as a percentage of your investment. This means that a sales charge is deducted from your investment each time you purchase shares in the mutual fund and typically ranges from 0% to 6%. Class A shares also typically have ongoing fees and expenses, which sometimes include fees commonly referred to as 12b-1 fees, and these 12b-1 fees are intended to finance distribution activities intended primarily to result in the sale of additional shares of the mutual fund. Despite these ongoing fees and expenses, Class A shares typically have lower operating expenses compared to the other share classes of the same mutual fund that may be available to you. This means that ongoing costs will typically be lower than ongoing costs associated with other share classes of the same mutual fund that may be available to you. Many mutual funds offer "breakpoint" discounts for large investments in Class A shares, which means that the front-end sales charge decreases as the investment increases. These breakpoints are described in the mutual fund's prospectus.

For example, if you purchase $10,000 of Class A shares of a mutual fund that assesses a 5% front-end sales charge on your investment, you will pay a $500 front-end sales charge and the remaining $9,500 of your investment will be used to purchase Class A shares of the mutual fund.

- Class C – This share class is characterized by a level asset-based sales charge that you pay internally that is included in the expense ratio by figuring it into the NAV daily share price as a percentage of your assets, typically ranging from 0.31% to 4.13%. It does not have a front-end sales charge like Class A shares but does have a contingent deferred sales charge (also known as a CDSC) charged on liquidations during the first year. This CDSC means that you pay a sales charge when you sell your mutual fund shares. The amount of the CDSC is typically assessed as a percentage of your investment, and it declines over time and eventually is eliminated the longer you hold your shares. Most Class C shares generally eliminate the CDSC after one year.

For example, if you purchase $10,000 of Class C shares of a mutual fund with a 1.75% asset-based sales charge, you will not pay a front-end sales charge or a CDSC after one year, so the entire $10,000 investment will be used to purchase Class C shares of the mutual fund at the time of purchase. However, each year, your investment will be charged a 1.75% asset-based charge, so your initial $10,000 investment will be reduced to $9825 after the first year as a result of the asset-based sales charge, assuming no appreciation of the shares in that one-year period.

- Class R – This share class is available to retirement investors purchasing shares in a mutual fund through employer-sponsored retirement plans, such as 401(k) plans, or non-profit entities. Class R shares do not have a front-end sales charge or CDSC like Class A or Class C shares, but Class R shares do have ongoing fees and expenses such as 12b-1 fees which range from 0.16% to 2.98% and are intended to finance the distribution activities related to sales of the fund shares. These fees and expenses are deducted from your assets on an ongoing basis.

For example, if you purchase $10,000 of Class R shares of a mutual fund through your employer-sponsored retirement plan, you will not pay a front-end sales charge or a CDSC, so the entire $10,000 investment will be used to purchase Class R shares of the mutual fund at the time of purchase. However, certain ongoing fees and expenses, such as 12b-1 fees, will be deducted from your investment. If the ongoing fees and expenses are 1.25%, your $10,000 investment will be reduced to $9875 after the first year as a result of the ongoing fees and expenses.

Each transaction will also incur a $9.95 confirm fee and an additional $10.00 liquidation fee for full liquidations.

Fees and Costs – Breakpoints

While it may make sense to own mutual funds from different mutual fund companies, it also may increase the total sales charges that you pay to purchase those mutual funds. Mutual fund companies often offer discounts or reduced sales charges based on the total amount you choose to invest with the mutual fund company. The investment levels needed to receive these discounts are known as "breakpoints." Mutual fund companies typically allow you to combine holdings with those of immediate family members to reach these breakpoints.

Set forth below are some common ways you can receive the benefits of breakpoints.

- *Rights of Accumulation*: "Rights of accumulation" allow you to combine your mutual fund purchase with your existing investment in the mutual fund company to reach a breakpoint.

- *Letter of Intent*: You can take advantage of breakpoints by agreeing to purchase a certain dollar amount in a mutual fund over a specified period of time. In most instances, this requires signing a "Letter of Intent" (LOI).

The prospectus of every mutual fund describes its breakpoint policies, including how you can reach breakpoints. You can request a copy of a mutual fund's prospectus from your financial professional. You can also access prospectuses for mutual funds we offer at SEC.gov/oiea/Article/edgarguide.

Fees and Costs – Ongoing Fees and Expenses

In addition to the 12b-1 fees mentioned above, mutual funds typically also deduct other ongoing fees and expenses, such as management fees or servicing fees, from fund assets. These ongoing fees and expenses are typically used to pay for the mutual fund's continued annual operating expenses (these ongoing fees are sometimes referred to as the mutual fund's "expense ratio"), such as paying the mutual fund's investment manager, accounting and auditing expenses, legal expenses, and recordkeeping expenses. In addition, as noted above, the ongoing fees and expenses include fees commonly referred to as 12b-1 fees, and these 12b-1 fees are intended to finance distribution activities intended primarily to result in the sale of additional shares of the mutual fund and include marketing and advertising expenses.

These ongoing fees and expenses are typically charged daily as a percentage of your assets. You pay these fees and expenses indirectly because they are deducted from your assets on an ongoing basis. These payments, as well as the conflicts of interest associated with them, are described more fully below in this Reg BI Disclosure.

More Information

More information on a mutual fund's sales charges, ongoing fees and expenses, and overall expense ratio is available in the mutual fund's prospectus. You can request a copy of a mutual fund's prospectus from your financial professional. You can also access prospectuses for mutual funds we offer at SEC.gov/oiea/Article/edgarguide.

Closed-End Funds

Characteristics

The Firm offers a wide range of closed-end funds, including interval funds, from many different fund companies. An important aspect of closed-end fund investing is to read the fund's prospectus carefully before investing. Each closed-end fund prospectus contains important information that will help you make an informed decision about an investment in a closed-end fund. In deciding whether to invest in a closed-end fund, you should consider several different factors, including the fund's investment objective, investment strategies and risks, the investment adviser responsible for the management of the fund's assets, and the fees and expenses associated with an investment in a particular closed-end fund.

Similar to mutual funds, closed-end funds are pooled investment vehicles. However, there are some important differences between these types of funds. Traded closed-end funds become listed securities through an IPO, which we may participate in as a selling group member.

Unlike mutual funds, most traditional closed-end funds do not continuously offer their shares for sale. Instead, such funds typically sell a fixed number of shares through an initial public offering, after which their shares typically trade on a secondary trading market. The price of shares in a closed-end fund that trades on a secondary market after their initial public offering is determined by the market and may be higher or lower than the shares' NAV. In addition, there are certain non-traded closed-end funds that do not sell their shares on an ongoing basis, and do not trade on a secondary trading market.

Many closed-end funds have no "maturity" or termination date, and shareholders may exit their investments only by selling shares on the secondary trading market. Nonetheless, these closed-end funds without termination dates may still be terminated based on the investment manager's decision. Certain other closed-end funds, however, have a specified or targeted termination date, at which time the shareholders receive an amount equivalent to the shares' NAV at the termination date. Non-traded closed-end funds typically contemplate having a "liquidity" event at some point once the fund's offering has ceased. Liquidity events include listing the fund's shares on a secondary trading market and liquidation.

Unlike mutual funds, closed-end fund shares are not redeemable, which means that the fund is not required to buy shares back from investors upon request. Non-traded closed-end funds typically offer to repurchase their shares from investors in periodic tender offers. In addition, some closed-end funds, commonly referred to as "interval funds," offer to repurchase their shares from investors at specified intervals.

The shares of an interval fund typically do not trade on a secondary market and interval funds generally offer their shares on a continuous basis at a price based on the fund's NAV. In order to operate as an interval fund, the fund must offer to repurchase its shares at regular intervals every three, six, or twelve months, as disclosed in the fund's prospectus. The price that interval fund shareholders receive on a repurchase will be based on the per share NAV determined as of a specified date, minus any redemption fees or charges that may apply to the transaction.

Fees and Costs

You will typically pay a sales charge when you buy shares in a closed-end fund's public offering, or a commission if you buy and sell shares in a closed-end fund in a secondary trading market. You will pay this sales charge or commission in addition to the amount of the fund you choose to buy or sell. For a public offering purchase, the fund's sales charge is a one-time fixed fee, which is typically a percentage of the investment amount, and usually ranges between 1% and 5% of the investment amount for closed-end funds. For a closed-end fund transaction in the secondary trading market, the commission is also a one-time fixed fee, which also is typically between 1% and 5% per trade. If you purchase a closed end fund from us during its IPO, you will also pay selling group concessions and fees that will reduce the value of your investment. Each transaction will also incur a $9.95 confirm fee.

For example, if you purchase $10,000 of shares in the initial offering of a closed-end fund that assesses a 2% sales charge on your investment, then a $200 sales charge will be deducted and the remaining $9,800 of your investment will be used to purchase shares in the closed-end fund's initial offering. If you purchase $10,000 of shares in a closed-end fund on a secondary trading market that assesses a 5% commission, you will pay a $500 commission, plus the $9.95 confirm fee*.*

Some interval funds also charge you a redemption charge when you accept an interval fund's offer to repurchase your shares. This redemption charge is a one-time fixed fee, typically 1% or less of the redemption proceeds. Unlike the sales charges and commissions, the redemption charge is not paid to us, but is paid to the fund to compensate it for expenses associated with the repurchase.

For example, if you own $10,000 of shares in an interval fund that assesses a 1% redemption charge, and you accept an interval fund's offer to repurchase all of your shares, a $100 redemption charge will be deducted and you will receive the remaining $9900 as your redemption proceeds.

Closed-end funds, including interval funds, also deduct other ongoing fees and expenses, such as management fees, from fund assets. In addition, the ongoing fees and expenses of many interval funds include 12b-1 fees, and these 12b-1 fees are intended to finance distribution activities intended primarily to result in the sale of additional shares of the interval fund and include marketing and advertising expenses. These ongoing fees and expenses, which are reflected in the fund's overall expense ratio, are typically used to pay for the fund's continued operations, such as paying the fund's investment manager, accounting and auditing expenses, legal expenses, and recordkeeping expenses.

These ongoing fees and expenses are typically charged daily as a percentage of your assets. You pay these fees and expenses indirectly because they are deducted from your assets on an ongoing basis. These payments, as well as the conflicts of interest associated with them, are described more fully below in this Reg BI Disclosure.

More Information

More information on the sales charges, ongoing fees and expenses, and overall expense ratio for closed-end funds, including interval funds, is available in the fund's prospectus. You can request a copy of the fund's prospectus from your financial professional. You can also access prospectuses for funds we offer at SEC.gov/oiea/Article/edgarguide.

Exchange-Traded Funds

Characteristics

The Firm offers a wide range of exchange-traded funds (ETFs). ETFs are investment funds that are listed for trading on a national securities exchange and can be bought and sold in the equity trading markets. Shares in the ETF represent an interest in a portfolio of securities.

ETFs possess characteristics of both mutual funds and closed-end funds. Similar to mutual funds, an ETF pools assets of multiple investors and invests those pooled assets according to its investment objective and investment strategy. ETFs also continuously offer their shares for sale like mutual funds. In addition, ETFs share certain characteristics with closed-end funds, namely that the fund's shares trade on a secondary market and may trade at prices higher or lower than the fund's NAV.

However, ETFs do not sell or redeem individual shares. Instead, certain "authorized participants" have contractual arrangements with the ETF to purchase and redeem ETF shares directly from the ETF in blocks called "creation units" and "redemption units," respectively, where each creation or redemption unit typically represents 50,000 shares of the ETF. After purchasing a "creation unit," the authorized participants generally sell the ETF shares in the secondary trading market.

This creation and redemption process for ETF shares provides arbitrage opportunities designed to help keep the market price of ETF shares at or close to the NAV per share of the ETF. For example, if ETF shares are trading at a price below the NAV (generally referred to as a "discount"), an authorized participant can purchase ETF shares in secondary market transactions, and – after accumulating enough shares to compose a "redemption unit" – redeem them from the ETF for the more valuable underlying securities. The authorized participant's purchase of ETF shares in the secondary market would create upward pressure on ETF share prices, which would bring them closer to the NAV per share of the ETF.

Fees and Costs

You will typically pay a commission every time you buy or sell shares in an ETF. You will pay this commission in addition to the amount of the ETF you choose to buy or sell. This commission is a one-time fixed fee, typically 1% to 5% per trade. You will also pay the usual $9.95 confirm fee.

For example, if you purchase $10,000 of shares in an ETF at a 2% commission, you would pay a $200 commission, plus the $9.95 confirm fee.

ETFs also deduct ongoing fees and expenses, such as management fees, from ETF assets. These ongoing fees and expenses are typically used to pay for the ETF's continuing operations, such as paying the ETF's investment manager, accounting and auditing expenses, legal expenses, and recordkeeping expenses. However, ETFs generally have lower expense ratios than mutual funds because most ETFs are not actively managed and, therefore, do not incur the internal costs of buying and selling the underlying portfolio securities.

These ongoing fees and expenses are typically charged annually as a percentage of your assets. You pay these fees and expenses indirectly because they are deducted from your assets on an ongoing basis. We may receive payments from the legitimate profits of the ETF's investment adviser, where such payments are generally referred to as "third-party payments" or "revenue sharing." These payments, as well as the conflicts of interest associated with them, are described more fully below in this Reg BI Disclosure.

More Information

More information about ETFs, including their ongoing fees and expenses and overall expense ratio, is available in the ETF's prospectus. You can request a copy of a mutual fund's prospectus from your financial professional. You can also access prospectuses for mutual funds we offer at SEC.gov/oiea/Article/edgarguide.

Unit Investment Trusts

Characteristics

The Firm offers a wide range of unit investment trusts (UITs). UITs are pooled investment vehicles in which a portfolio of securities is selected by the trust's sponsor and deposited into the trust for a specified period of time. The UIT's portfolio of securities is not actively traded, as the trust generally follows a "buy and hold" investment strategy. The portfolio will generally remain fixed until the termination of the trust. UIT term lengths vary, but generally speaking, they have a maturity date that is between 15 to 24 months from the initial offering date.

At the UIT's maturity, an investor typically has three options. One is to receive the proceeds based on the value of the investment. An investor could also roll over into a newly issued UIT. Another option that may be available to investors in limited circumstances is to receive proportionate shares of the securities held in the portfolio.

The UIT's portfolio is generally designed to follow an investment objective over a specified period of time. A UIT is formed by the trust sponsor, who enters into an agreement with the trustee. When the trust is formed, several investment terms and conditions are set forth in the trust agreement, such as the trust objective, what securities will be placed in the trust, when the trust will terminate, and what fees and expenses will be charged to the trust's assets. These terms and conditions of the trust will be listed in the prospectus.

Fees and Costs

You will typically pay a sales charge when you buy units in a UIT's initial offering, or a commission when you buy or sell units in a UIT in a secondary trading market. You will pay this sales charge or commission, typically from 0% to 5%, in addition to the amount of the UIT you choose to buy or sell. UITs also incur a $9.95 confirm fee per transaction.

For example, if you invest $10,000 in a UIT's initial offering that assesses a 2.5% sales charge, then a $250 sales charge will be deducted and the remaining $9,500 of your investment will be used to purchase units in the UIT's initial offering. If you purchase $10,000 of units in a UIT on a trading market that assesses a 2.5% commission, you will pay a $250 commission plus the $9.95 confirm fee.

In some instances, collection of all or part of a sales charge is deferred over a period subsequent to the settlement date for the purchase of units. Typically, the deferred sales charge is deducted from the unitholder's distributions on the units during the collection period until the total amount of the sales charge is paid.

Repeatedly selling UITs before their maturity date followed by the purchase of a newly issued UIT will cause you to incur sales charges with greater frequency.

UITs also deduct other fees and expenses from trust assets, such as organizational and operating expenses. These fees and expenses include portfolio supervision, recordkeeping, administrative fees, and trustee fees. UITs also charge creation and development fees, which compensate the sponsors for creating and developing the trusts. However, UITs generally do not deduct a separate management fee because the portfolio is not actively managed. We may receive a portion of these fees and expenses, generally referred to as "third-party payments" or "revenue sharing." These payments, as well as the conflicts of interest associated with them, are described more fully below in this Reg BI Disclosure.

More Information

More information about UITs, including their sales charge and ongoing fees and expenses, is available in the UIT's prospectus.

Real Estate Investment Trusts

Characteristics

The Firm offers a wide range of real estate investment trusts (REITs), which own and typically operate income-producing real estate assets, such as office buildings, shopping malls, apartments, hotels, resorts, self-storage facilities, warehouses, and real estate mortgages or loans. Unlike other real estate companies, REITs do not develop real estate properties to resell them, but rather buy and develop properties primarily to operate them as part of their own investment portfolio.

As an investment for a retail customer, REITS provide exposure to the investment performance of commercial real estate. REITs are required to pay out most of the taxable income to their shareholders. Some REITs can offer higher dividend yields than some other investments.

We offer both publicly traded REITs (traded REITs), which are typically listed for trading on a national securities exchange, and non-traded REITs, which are not listed for trading on public exchanges. While traded REITs can be bought and sold on a secondary trading market, the non-traded REITs cannot be bought or sold readily in a secondary trading market and are typically only available for purchase when the REIT is conducting a public offering of its shares. While the market price for shares of traded REITs is readily available, that is not the case for shares of non-traded REITs. Shares of non-traded REITs are considered to be illiquid investments because you may not be able to sell your shares readily. Also, in the case of non-traded REITs, which generally are purchasing real estate assets as they are conducting their offerings, dividend yields may come from offering proceeds or borrowings rather than from rental income, reducing the amount available to invest in real estate assets. Non-traded REITs also typically have an external manager whereas traded REITs typically have internal employees. The interests of external managers, who receive fees from the REIT for managing the REIT and assisting with acquisitions, can conflict with the interests of the shareholders of the non-traded REITs.

Fees and Costs

You will typically pay a commission when you buy shares in a REIT's public offering or buy or sell shares in a REIT in a secondary trading market. For an initial offering purchase, the REIT commission is a one-time fixed fee, typically a percentage of the investment amount, and usually ranges between 0% and 5% of the investment amount. The commission is deducted from the amount you invest. For a purchase or sale transaction in the secondary trading market, the REIT commission is also a one-time fixed fee, typically 0% to 5% per trade. The commission is a separate charge from the purchase or sale amount and each transaction will also incur a $9.95 confirm fee.

For example if you purchase $10,000 of shares in a public offering of a REIT that assesses a 5% sales charge on your investment, then you will pay a $500 sales charge and the remaining $9,500 of your investment will be used to purchase shares in the REIT's offering. If you purchase $10,000 of shares in a REIT in the secondary trading markets that assesses a 5% commission, you will pay a $500 commission plus the $9.95 confirm fee.

REITs bear the fees and expenses associated with acquiring, operating, and disposing of their assets. You pay these fees and expenses indirectly because they impact the profitability of the REIT and the value of your shares.

We may receive a portion of these fees and expenses, generally referred to as "third-party payments" or "revenue sharing." These payments, as well as the conflicts of interest associated with them, are described more fully below in this Reg BI Disclosure.

More Information

More information about REITs, including their initial commissions and ongoing fees and expenses, is available in the REIT's prospectus.

Non-traded Investments

Characteristics

The Firm offers a wide range of non-traded alternative investments ("Alts"), which invest in a number of strategies, including, but not limited to, oil and gas, real estate, managed futures, or credit markets.

We offer both registered and non-registered traded Alts, which means some have been registered with the SEC and file public statements and some have not registered with the SEC and do not file public statements. Non-traded Alts cannot be bought and sold on a secondary trading market and are typically only available for purchase when the Alt is conducting an offering of its units. The market price for units of non-traded Alts will not be readily available. Units of non-traded Alts are considered to be illiquid investments because you may not be able to sell your units readily. Also, in the case of non-traded Alts, which generally are purchasing real estate assets as they are conducting their offerings, dividend yields may come from offering proceeds or borrowings rather than from rental income, reducing the amount available to invest in real estate assets. Non-traded Alts also typically have an external manager. The interests of external managers, who receive fees from the Alt for managing the Alt and assisting with acquisitions, can conflict with the interests of the Alt investors. We also offer Alt investments managed or sponsored by us or our affiliates.

Fees and Costs

You will typically pay a commission when you buy units in an Alt, a one-time fixed fee, and the initial offering commission (which can be described as a commission and dealer manager or due diligence fee) may be up to 10% of the investment amount. The commission is deducted from the amount you invest. Alts are also charged a $100 per position per year fee for outside assets held in IRA accounts.

For example, if you purchase $10,000 of shares in an alternative product that assesses a 6% commission on your investment, then you will pay a $600 commission and the remaining $9,400 of your investment will be used to purchase shares in the Alt's offering. You may also be charged a one-time confirm fee with your purchase, depending on the type of investment purchased and whether purchased through your brokerage account or directly with the Alt vendor plus the $100 per position per year fee for outside assets held in IRA accounts.

Alts bear the fees and expenses associated with acquiring, operating, and disposing of their assets. You pay these fees and expenses indirectly because they impact the profitability of the Alts and the value of your shares.

We may receive a portion of these fees and expenses, generally referred to as "third-party payments" or "revenue sharing." These payments, as well as the conflicts of interest associated with them, are described more fully below in this Reg BI Disclosure.

More Information

More information about Alts, including their initial commissions and ongoing fees and expenses, is available in the Alt's prospectus or private placement memorandum.

College Savings Plans

Characteristics

The Firm offers various college savings plans, which are a type of "529 plan." 529 plans are tax-advantaged and state-sponsored investment programs designed specifically for education savings and named after the section of the Internal Revenue Code that authorized them.

There are two general types of 529 plans: college savings plans and prepaid tuition plans. College savings plans are securities that allow investment earnings to grow tax-deferred, and withdrawals are exempt from federal taxation when used for qualified educational expenses. College savings plans generally operate through state-sponsored trusts and permit investors to allocate contributions to one or more trust portfolios or "investment options" offered in the plan. Prepaid tuition plans allow investors to "lock in" tuition rates at certain specified educational institutions. Every state offers at least one type of these 529 plans, and some states offer both types of 529 plans. The remainder of this disclosure discusses college savings plans.

College savings plan contributions are generally invested in certain underlying investment options, such as mutual funds, that support the plan. The contributions will fluctuate in value as the underlying investment options increase or decrease, and there is no guarantee that the amount contributed to the college savings plan will equal the amount necessary for future education expenses. Although similar to mutual funds in certain ways, college savings plans are issued by state governments, and are not directly regulated or registered under the federal securities laws.

An important aspect of investing in college savings plans is to read the offering document (often called a program description or "official statement") carefully before investing. Each program description contains important information that will help you make an informed decision about an investment in a college savings plan. In deciding whether to invest in a college savings plan, you should consider several different factors, including each investment option's past performance, investment objective, investment strategy and risks, the investment adviser responsible for advising the state issuer, and the fees and expenses associated with an investment in a particular investment option. While past performance of an investment option is not indicative of future results, an investment option's long-term performance record may be an important factor in deciding to invest.

Fees and Costs

You will typically pay a sales charge when you purchase a college savings plan. We receive a portion of this sales charge for the sales and related services we provide to the primary distributor of the college savings plan.

Most college savings plans offer multiple units (often called share classes), similar to the share class structure offered by many mutual funds. Though there are several types of college savings plan share classes, the most common share classes available to you are Class A and Class C. Each class typically has different fees and expenses, and therefore investment option performance results will differ as those fees and expenses reduce performance across share classes. You should also note that the amount of time you expect to hold your investment in a college savings plan may play an important role in determining which share class is most appropriate for you, and you should discuss this consideration with your financial professional.

While there are no standard definitions for these share classes, and each college savings plan defines its share classes in its offering document, set forth below are some basic descriptions of the most common share classes available to you:

- Class A – This share class usually carries a front-end sales charge, which is typically assessed as a percentage of each contribution. The net amount of your contribution after the deduction of the sales charge is invested in shares of the college savings plan investment option(s) that you select. Class A shares typically have lower operating expenses compared to the other share classes of the same investment option. This means that ongoing costs will typically be lower than ongoing costs associated with other share classes of the same investment option. Many college savings plans also offer "breakpoint" discounts for large investments in Class A shares of investment options, which means that the front-end sales charge decreases as the investment increases. These breakpoints are described in the college savings plan's offering document.

  For example, if you purchase $10,000 of Class A shares of an investment option for a college savings plan that assesses a 5% front-end sales charge on your investment, then you will pay a $500 front-end sales charge and the remaining $9,500 of your contribution will be used to purchase Class A shares of the investment option.

- Class C – This share class is characterized by a level asset-based sales charge that you pay internally that is included in the expense ratio by figuring it into the NAV daily share price as a percentage of your assets in an investment option. It does not have a front-end sales charge like Class A shares but does have a CDSC like Class C shares. Like Class C shares, the CDSC is generally eliminated after a short period of time (usually one year).

  For example, if you purchase $10,000 of Class C shares of an investment option of a college savings plan with a 1.75% asset-based sales charge, you will not pay a front-end sales charge or a CDSC, so the entire $10,000 contribution will be used to purchase Class C shares of the investment option at the time of purchase. However, each year, your contribution will be charged a 1.75% asset-based charge, so your $10,000 contribution will be reduced to $9825 after the first year, assuming no appreciation or depreciation of the shares in that one-year period.

In addition to these sales charges, college savings plans typically deduct certain ongoing fees and expenses from each investment option, such as program management fees, from assets in the investment options. Although these ongoing fees and expenses may vary based on your college savings plan, some of the more common ones are set forth below:

- Program Management Fee – College savings plans generally deduct a program management fee to pay the program manager for providing investment advisory, accounting, and other services to the plan. This fee is typically charged annually as a percentage of your assets and is reflected in the NAV of the plan's investment options.

- Maintenance Fee – Most college savings plans charge an annual maintenance fee. This fee, which compensates the plan sponsor for costs of maintaining the plan, may be waived in certain circumstances, such as when your plan assets exceed certain thresholds.

- Underlying Mutual Fund Expenses – Most college savings plan investment options invest in one or more mutual funds and bear a portion of the fees and expenses of these underlying funds. The underlying mutual fund expenses are deducted from fund assets and reflected in the NAVs of the underlying mutual funds, which means they are also reflected in the NAV of the college savings plan's investment options. More information on the mutual funds that underlie the plan's investment options is available in the college savings plan's offering document. In addition, more information on the underlying mutual funds, including their ongoing fees and expenses and overall expense ratio, is available in the funds' prospectuses.

You pay these fees and expenses indirectly as they are deducted from your investment option assets, or the assets of underlying mutual funds, on an ongoing basis.

More Information

More information on the sales charges and ongoing fees and expenses is available in the college savings plan's offering document, which you can request from your financial professional.

Variable Products

Characteristics

The Firm offers variable annuities and variable life insurance policies (variable products). These variable products are issued by different insurance companies and will be in the form of a contract or policy between you and the insurance company. There are differences from one variable product to the next in the features, benefits, fees and costs of the product and in minimum and maximum premium amounts. Below is general information about most variable products. Information about the particular features, benefits, fees and costs for a specific variable product can be found in the prospectus for that product. You will receive a copy of the prospectus for the variable product that your financial professional recommends to you.

Variable annuities can help with saving for retirement. Funds invested in these annuities can grow tax-deferred. This means you will pay no federal taxes on the income and investment gains on the funds you invest in your annuity until you make a withdrawal, receive income payments, or a death benefit is paid. When you withdraw your funds, however, you will pay tax on the gains at ordinary federal income tax rates rather than lower capital gains rates. When you start taking income payments, you can select payment options that will guarantee you payments for as long as you live. Some annuities offer additional features and guarantees, available as options or riders.

Variable life insurance provides life insurance protection (i.e., a death benefit) and also allows you to build up a cash value that can grow tax-deferred. Most variable life insurance policies allow you to take out loans against your cash value and to make withdrawals (as long as the remaining cash value is sufficient to keep the policy in force). You can also terminate your policy by surrendering it and receiving the remaining cash value. Terminating your policy will terminate your death benefit protection. Most insurance companies offer riders and other options with their variable life insurance policies, such as disability insurance, income benefits or accelerated death benefits.

When you purchase a variable annuity or variable life insurance product, your insurance premium contributions (net of any fees and charges deducted from premiums) are invested in the investment options – typically underlying mutual funds – that you select. The value of your investment – usually referred to as your cash value – will fluctuate as the values of the underlying mutual funds increase or decrease.

Most insurance companies impose a minimum requirement on the initial premium. In the case of variable life insurance, you will likely be required to make premium payments periodically to keep the policy in force. While you may have some flexibility in the amount or timing of these periodic premium payments, you should consider whether you can afford to continue making premium payments when deciding to purchase a variable life insurance policy. If you fail to make sufficient payments to keep the policy in force, the policy will lapse (that is, terminate without value) and you will no longer have any death benefit protection.

Variable products are not short-term savings vehicles. Withdrawing funds or surrendering a variable product in the short term after purchase will likely trigger surrender fees and charges and may also trigger tax penalties. You can lose the money you invest in variable products, including potential loss of your initial investment, due to poor performance of the investment options you select and/or the cumulative impact of fees and charges on your cash value.

Fees and Costs – Premium Payment Deductions

In the case of some variable products, the insurance company deducts a fee from your premium payment, with the effect that only the net premium amount is invested or allocated. In the case of variable annuities, the fee deduction is usually to cover a state insurance premium tax. In the case of variable life products, the fee deduction can also cover the insurer's sales expenses.

Fees and Costs – Surrender and Withdrawal Charges

Most variable products impose a surrender charge if you surrender your variable product or make a withdrawal of your cash value during the surrender charge period. This surrender charge and the surrender period are described in the product prospectus. Surrender charge periods vary by variable product but are generally around six to eight years for variable annuities, even though they sometimes may range up to 15 years on some variable life insurance policies.

The surrender charges also vary by variable product, and generally begin around 7% of the purchase payment in year one and end around 2% of the cash value in the final year of the surrender charge period. Typically, the surrender charges decrease over the duration of the surrender charge period, with the higher surrender charges applying to surrenders and withdrawals made at the beginning of the surrender charge period, and the lower surrender charges applying to surrenders and withdrawals made toward the end of the surrender charge period. Tax penalties can also apply to surrenders or withdrawals under annuities made before age 59½.

Fees and Costs – Ongoing Fees and Expenses

Insurance companies deduct fees and expenses from your cash value to cover fees and expenses. These ongoing fees and expenses commonly include mortality and expense (M&E) risk fees, cost of insurance fees (assessed under variable life insurance policies), administration fees, transaction fees, and fees associated with certain optional riders. The M&E risk fees are calculated as a percentage of your insurance coverage or account value and are described as an annualized rate charged against assets. However, some fees, such as administration or transaction fees, are fixed amount fees charged annually or when specific transactions occur and are deducted from your cash value. The cost of insurance fees charged on variable life insurance is typically calculated by applying a rate based on your underwriting classification to the "net amount at risk" (the difference between your product's death benefit and cash value). These fees typically are deducted from your cash value on an ongoing basis. If you add riders to your variable annuity or variable life insurance policy, the fees for those riders will be deducted from your cash value.

In addition, you will indirectly pay the ongoing fees and expenses for the mutual funds that are the underlying investment options for your variable product in which you invest. These fees and expenses are separate from the fees charged by the insurance company and will be reflected in the performance of the underlying investment options. These ongoing fees and expenses include the mutual fund's management fees, servicing fees, and 12b-1 fees, and are typically charged as an annualized rate against fund assets.

The commissions, surrender charges, and ongoing fees and expenses associated with variable products vary by insurance company and the type of variable product. More information regarding the commissions, surrender charges, and ongoing fees and expenses for variable products is available in the variable product's prospectus.

Fees and Costs – Our Commissions

When you purchase a variable product, the issuing insurance company will pay a commission to us. While you do not pay this commission directly, the insurer factors this commission into the product's fees and costs in the case of variable products. In this way, you indirectly pay the commission. We receive this commission for our sales efforts and for assisting you with the insurance application and the underwriting and delivery processes related to the purchase of a variable product. We share a portion of this commission with your financial professional.

Insurance commissions we receive vary based on the variable product and insurance company, and we receive higher commissions for some types of variable products than for others, which creates a conflict of interest for us. In addition, in the case of life insurance, the commissions may vary between initial premium payments and subsequent premium payments. Although insurance commissions vary, we typically receive between 0% and 7% commission for a variable annuity sale, and also between 0% and 7% commission for a variable life insurance sale.

For example, if you purchase a $100,000 variable annuity from an insurer that pays us a 5% commission, we will receive, and you will indirectly pay, an initial commission of $5,000. If you contribute another $20,000 to your variable annuity contract as an additional payment, we will receive, and you will indirectly pay, a subsequent commission of $1,000.

Fees and Costs – Marketing Expenses and Allowances

Some insurance companies also pay us a marketing allowance for our marketing activities on their behalf. The marketing allowances are usually calculated as a percentage of new sales (premiums paid by our retail customers), a percentage of the cash value in variable products held by our retail customers, or both. The percentage paid varies from insurer to insurer and can range from .01% to 1% of new sales and from .01% to 1% of cash value. Some insurers additionally or alternatively make contributions to cover the costs of the business meetings and events that we hold for our financial professionals. Not all of the insurers on our Retail Platform make these payments to us.

Marketing representatives of insurance companies or their affiliated distributors, often referred to as "wholesalers," work with our financial professionals to promote their variable products. These insurance companies and their wholesalers may pay for or provide training and education programs for our financial professionals. Insurance companies and their wholesalers may provide small gifts or business entertainment to our financial professionals, may cover expenses with our financial professionals attending business meetings they sponsor, and may provide financial assistance to financial professionals for their marketing events and activities.

You do not pay these marketing expenses directly. However, the marketing expenses are built into the pricing of the variable product, so you indirectly pay for the cost of the marketing expenses, such as training and education programs for our financial professionals sponsored by the insurance company and their wholesalers.

More Information

More information about variable products, including the insurance commissions and other fees and expenses built into the cost of the insurance, is available in the variable product's prospectus. You can request a copy of a variable product's prospectus from your financial professional.

In addition, more information on the mutual funds underlying the variable product's investment options, including the mutual fund's ongoing fees and expenses and overall expense ratio, is available in the mutual funds' prospectuses. You can request a copy of underlying mutual fund prospectuses from your financial professional.

2. Conflicts of Interest

We have identified certain conflicts of interest (conflicts) that relate to the recommendations we and our financial professionals make. A conflict arises when an economic benefit incentivizes either us or a financial professional to put our interests and/or the interests of the financial professional ahead of the interests of a retail customer. Some of these conflicts exist between retail customers and both our firm and financial professionals, while others exist between retail customers and our firm alone or between retail customers and financial professionals alone. The section below discloses material facts relating to these conflicts so that you are able to make an informed decision regarding any recommendation a financial professional provides you.

2.1. Conflicts for Both Our Firm and Financial Professionals

Conflicts between retail customers and both our firm and financial professionals may be caused by a variety of arrangements, including the role we play in a transaction, compensation arrangements, or trading arrangements. The material facts relating to these conflicts are as follows:

- *We and our financial professionals get paid when you trade or invest based on our recommendations.* We are paid each time you trade in your brokerage account or make a new investment. We also pay our financial professionals a portion of the transaction-based payments that we receive. These transaction-based payments, usually called commissions, incentivize us and your financial professional to encourage you to trade more and purchase additional investments that result in additional revenue for our firm and your financial professional.

- *For some investments you purchase based on our recommendation, we receive payments from a third-party that are in addition to the transaction-based payments described above.* This is typically the case when you purchase mutual funds, college savings plans, non-traded alternative investments, and variable products. For example, certain issuers make ongoing payments to us based on invested assets (and not just new investments), such as 12b-1 fees, shareholder servicing fees or trail compensation. These third-party payments are described in further detail in the prospectus or offering materials for the investment, which will be made available to you in connection with any purchase. All of these third-party payments incentivize us and your financial professional to sell you or recommend you hold investments that entail these payments rather than investments that do not entail these payments or entail comparatively lower payments.

- *For investments with multi-share class structures, we generally receive comparatively more compensation when we recommend you purchase or hold a share class that is likely to be more costly for you*. Some investments, such as mutual funds, college savings plans, and variable annuities, offer multiple share classes, and depending on the share class in which you are invested, we may earn higher commissions, ongoing payments and/or other compensation. These comparatively higher commissions, ongoing payments and other compensation incentivize us and your financial professional to sell you or recommend you hold the share class in a multi-share class structure that results in the most compensation for us and is likely to be more costly for you. Please note, however, that where issuers have multi-share class structures, the lowest-cost share classes may not be available to retail investors, due to high minimum investment amounts or account type requirements (e.g., a retirement account or an advisory account). You can find more information about the compensation paid on different share classes in the prospectus for the investment, or by asking your financial professional.

- *We get paid when you engage in a rollover transaction.* We can recommend that you roll over assets from your workplace retirement plan into an IRA account. When you engage in a rollover to an IRA, we and your financial professional will receive compensation in connection with the investments you hold in your IRA account. IRA rollover recommendations incentivize us and your financial professional to encourage the purchase of investments that result in additional compensation for us and your financial professional.

- *We have an incentive to recommend the account type that pays us the most compensation.* We can recommend that you invest through different account type arrangements, such as through a brokerage account, an account directly held with the issuer of the investment (or its transfer agent), or an advisory account. Included within these choices is selecting one of our custodians or selecting between wrap and non-wrap (where transaction fees are charged) advisory accounts. Depending on factors such as the type and level of services you require as well as the frequency of trading in your account, one of these account types may be more cost-effective for you than the others. The availability of different account types incentivizes us and our financial professional to recommend the account type that results in the most compensation for us and your financial professional.

2.2. Conflicts for Our Firm Alone

Conflicts between retail customers and our firm may be caused by a variety of arrangements, including the role we play in a transaction, compensation arrangements, trading arrangements, or customer-specific arrangements. The material facts relating to these conflicts are as follows:

- *Some issuers of the investments our financial professionals recommend periodically pay us based on the total amount of sales we make of their investments or the total amount of customer assets we direct to them.* These payments are sometimes called "revenue sharing" payments. Revenue sharing payments incentivize us to sell you or recommend you hold investments that entail such payments rather than investments that do not entail these payments or entail comparatively lower payments. Many issuers or their affiliates also make payments to us to cover the costs associated with certain educational conferences or training seminars we host for our financial professionals. These payments are flat and are not tied to total sales or customer assets. These flat payments incentivize us to sell you or recommend you hold investments issued by issuers that make these flat payments rather than investments of issuers that do not make these payments or make comparatively lower payments.

- *Our clearing firm also makes revenue sharing payments to us.* Our clearing firm makes periodic payments to us in the amount of our total customer assets invested in certain investments as of certain dates. These payments incentivize us to sell you or recommend you hold investments that entail such payments rather than investments that do not entail these payments or entail less of these payments. Our clearing firm also shares fees such as inactivity, transaction, asset movement, and interest on your cash balances with us, which creates a conflict when recommending any event within the account, including the recommendation to hold cash in your account.

- *Our clearing firm reduces our costs or pays us bonuses based on transaction and assets under management totals at that firm.* Our firm is incentivized to recommend you open an account and execute transactions due to reduced costs or bonuses we receive upon reaching growth benchmarks.

- *We execute certain fixed income trades through our firm, and/or from our firm's at-risk inventory.* When we execute fixed income transactions for your account, we profit from those trades. Our firm is incentivized to recommend fixed income transactions where we act as the executing broker dealer, and are further incentivized to recommend securities for which we incur market risk to hold.

- *Some products pay us due diligence, origination, and marketing expense fees.* We are incentivized to recommend products paying us certain due diligence, origination, or marketing fees.

- *Products we recommend may have common investors, operator ownership, or be sponsored by our firm.* We are incentivized to offer products with common ownership or operator ownership with our firm or to offer products we act as managing broker dealer to the selling group.

- *We have an incentive to minimize our own execution costs*. Some securities transactions and investment strategies may be easier and less costly for us to execute than others. For instance, it may be less costly for us to execute a purchase order for a highly traded equity security through a national securities exchange than it would be for us to execute a purchase order for a thinly traded and relatively illiquid equity security through the OTC markets. These differential execution costs incentivize us to recommend investments with execution costs that are lower for us, even if they are not necessarily in your best interest.

2.3. Conflicts for Financial Professionals Alone

Conflicts between retail customers and our financial professionals may be caused by a variety of arrangements, including compensation arrangements, retail customer-specific arrangements, or outside business activities. The material facts relating to these conflicts are as follows:

- ✓ *The amount of compensation we share with your financial professional depends on the investments recommended to you and your financial professional's sales volume.* The amount of commissions, fees, transaction-based payments, ongoing payments, and other forms of compensation we share with financial professionals is dictated by a compensation grid. Our compensation grid is not investment neutral, meaning that the percentage of the compensation for any given transaction that your financial professional receives varies based on the investment recommended. Our non-investment-neutral grid incentivizes your financial professional to recommend to you the investment that results in the highest net payout for your financial professional. In addition, our compensation grid has thresholds or bands that enable your financial professional to increase his or her compensation through an incremental increase in sales. Moreover, your financial professional's payout percentage can be adjusted monthly depending on your financial professional's average total sales and overall performance during the previous year. These thresholds, bands and payout percentage adjustments incentivize your financial professional to encourage more trading and the purchase of additional investments that result in your financial professional meeting certain sales targets and other metrics. This conflict is especially acute as your financial professional approaches the end of the month.

- ✓ *Non-cash compensation such as incentive trips and travel allowances we share with your financial professional depend on the investments recommended to you and your financial professional's total sales volume.* Your financial professional will earn incentive trips and travel allowances based on his or her total sales volume during a given time period. This incentivizes him or her to recommend transactions and is especially acute as your financial professional approaches the end of the calculation period. These incentives are not based on sales of any specific security or account type and are solely based on total revenue of any type earned by the financial professional.

- ✓ *Your financial professional will be assessed a minimum transaction fee*, which is a conflict not to recommend small transactions or trades.

- ✓ *Some new recruits have bonuses and loans that are dependent upon meeting sales targets.* Some of the financial professionals that are new recruits to our firm are provided with forgivable loans or back-end bonuses that are tied to total production by a milestone date. If your financial professional has received one of these loans or is eligible for one of these bonuses, they incentivize your financial professional to encourage more trading and the purchase of additional investments that result in your financial professional meeting production targets so that his or her loan will be forgiven by the firm or so that his or her back-end bonus will be paid by the firm. This conflict is especially acute as your financial professional approaches his or her milestone date.

- ✓ *Your financial professional may incur lower internal costs based upon which investment program or account type you select.* Your advisor may be incentivized to recommend one investment program or account type over another as we offer reduced internal fees based on total advisory assets under management in our non-wrap advisory program. This is a conflict and incentive to recommend an advisory account in our non-wrap program. Additionally, choosing one advisory custodian over another may result in reduced internal costs for the advisor.

- ✓ *Some of our financial professionals receive additional training and support from certain issuers.* Certain issuers and their affiliates provide some of our financial professionals with more training and administrative support services than others. If your financial professional receives this additional training and support, his or her use of these issuers' higher level of training and administrative support services incentivizes your financial professional to recommend investments issued by issuers that provide such training and services over issuers that do not, even if such investments are not necessarily in your best interest.

- ✓ *Some of our financial professionals' marketing efforts are subsidized by wholesalers.* Some of our financial professionals receive reimbursements or direct payments from the wholesalers of certain investments for marketing expenses they incur in connection with the distribution of wholesalers' investments. If your financial professional receives these wholesaler reimbursements or direct payments, they incentivize your financial professional to recommend investments that entail these wholesaler reimbursements or payments over investments that do not, even if such investments are not necessarily in your best interest.

- ✓ *Some financial professionals have outside business activities that compete for their time.* Some of our financial professionals engage in outside business activities. If your financial professional engages in any outside business activities, these activities can incentivize your financial professional to spend more time on the outside business activity rather than on his or her brokerage relationship with you. You may research any outside business activities your financial professional may have on FINRA's BrokerCheck website at BrokerCheck.FINRA.org/.

PROSPERA
FINANCIAL SERVICES

ACKNOWLEDGMENT OF OUR FIDUCIARY STATUS WITH RESPECT TO RETIREMENT ACCOUNTS

The U.S. Department of Labor recently issued a new rule pertaining to investment advice provided to retirement investors, called Improving Investment Advice for Workers & Retirees. The rule applies to retirement accounts governed by the Employee Retirement Income Security Act (ERISA) and/or the Internal Revenue Code (Code), including Individual Retirement Accounts (IRA) and Education Savings Accounts (ESA). Pursuant to the rule, we are providing the following acknowledgment:

When we provide "investment advice," as defined under Title I of ERISA or the Code, to you regarding your retirement plan account, IRA, or ESA, we are fiduciaries within the meaning of ERISA and/or the Code. The way we make money creates some conflicts with your interests, so when we operate as a fiduciary for your retirement account(s) we operate under a special rule, PTE 2020-02, that requires us to act in your best interest and not put our interest ahead of yours. To the extent that particular communications to you or activities are considered "investment education" or otherwise non-fiduciary under ERISA, we are not a fiduciary in connection with such communications or activities.

The Department of Labor has published a guide available on the Department of Labor website entitled, **Choosing the Right Person to Give You Investment Advice: Information for Investors in Retirement Plans and Individual Retirement Accounts.**

California Privacy Policy

Introduction
Prospera Financial Services ("Prospera," "we," "us" or "our"), is committed to protecting the privacy and security of your information. This California Privacy Notice ("Notice") specifically applies to California residents and supplements our primary privacy policy posted on our website. This Notice applies solely to individuals who reside in California ("California Consumers," "you," or "your") and is adopted to comply with the California Consumer Privacy Act of 2018 ("CCPA") and other applicable California privacy laws.

The CCPA does not apply to personal information that we may collect from you in connection with obtaining a financial product or service from us, due to other applicable privacy laws, including but not limited to the Gramm-Leach-Bliley Act and its implementing regulations (collectively "GLBA"), and the California Financial Information Privacy Act. What we do with personal information covered by those laws is not subject to the CCPA and is therefore not included within the scope of this Notice.

This Notice explains how we collect, use, process, disclose, share, and retain your personal information to which CCPA applies, when you access or use our website or services (collectively, our "Services"). This Notice informs you about certain choices and rights you may have associated with your information and how you can manage the privacy of your personal information.

By accessing or using our Services, you agree to the terms of this Privacy Notice.

Types of Personal Information We Collect
Personal information means any information that identifies, relates to, describes, or could be reasonably associated or linked with a particular person or household. It also includes other information that may be associated with you, such as your usage data, location, preferences, or interests, if that information can be used to identify you, your household, or your device, or any other information as otherwise defined under applicable law. The types of personal information we collect about you depend on your interactions with us and are described in more detail below.

Prospera has collected the following categories of personal information from users of our Services within the last 12 months:

- Individual Identifiers: including your name, username, contact information such as mailing address, phone number, and email address.
- Usage and Technical Information: includes features that gather information about how you use our website. This assists us with keeping track of preferences, creating a more tailored user experience, and better serving users' particular interests and needs. This information may include IP addresses, website pages viewed and the duration, browser or operating system information, mobile device type, system settings, and aggregate and/or deidentified data related to a person's interaction with our website.
- Communications with Us, Preferences, and Other Information you Provide to Us: includes any messages, opinions, and feedback that you provide to us, your user preferences (such as in receiving updates or marketing information), and other information that you share with us when you contact us directly (such as for customer support services).

Please note, that we appreciate all feedback you provide regarding the website. However, any feedback or comments sent to the website shall be and remain the exclusive property of Prospera. We reserve the right to share your feedback with other Prospera personnel or third parties of our choosing in order to improve our Services.

Sensitive Personal Information
With your consent, we may process the following categories of sensitive personal information when you use our Services:

- Geolocation data;
- Racial or ethnic origin information;
- Sexual orientation information;
- Biometric information;
- Financial account log-in information;
- Social security number;
- Driver's license number;
- State identification card number; and/or
- Passport number.

How We Collect Information

We generally collect personal information and create and maintain records about individuals for our legitimate business purposes and in relation to the Services we provide to you.

1. **Personal Information You Provide to Us:** We collect information that you decide to share with us. For example, we collect personal information directly from you when you engage with our Services through our website, sign up for our mailing list, contact us via email or a form on the websites, or otherwise interact with us or use our Services. At times, we may require you to provide certain information, including personal information, in order to provide you with Services you request. We may require you to provide your name, email address, or other contact information when you contact us with a question or comment. In some circumstances, we will not be able to further our relationship with you (for example, to provide you with our Services) without certain personal information. We will inform you at the relevant time if this is the case.

   We collect any other information or content you provide to us, such as when you provide feedback about our products or services or make other submissions to us or use other features of our Services that may be offered from time to time, which may require the collection of certain personal information in order to utilize the features. Examples of user content data may include information about your opinions, feedback, preferences, and any other personal information you choose to provide in your interactions with us.

2. **Personal Information We Collect Automatically:** We automatically collect certain personal information when you access and use our Services. The types of information we collect may include:

- Internet Activity. We collect certain information about your internet activity when you use our website. Such information may include your IP address.
- Usage Data. Prospera collects information about your activity on our website via cookies and similar technologies.

3. **Personal Information We Collect From Other Sources:** We may collect personal information about you from other sources such as publicly available sources, and/or other external agencies, but always in accordance with the authorization procedures and privacy settings you establish with such services. We may also collect personal information stored by third parties such as social media sites (e.g., Facebook and Twitter) if you choose to provide us access to that information. The information we may receive varies by site and is controlled by that site. By associating an account managed by a third party with your Prospera account and authorizing Prospera to have access to this information, you agree that Prospera may collect, store and use this information in accordance with this Notice.

How We Use Your Information

Prospera may use the information it collects in a variety of ways for its business or commercial purposes, such as to:

- Facilitate your use of the Services;
- Confirm your eligibility to use the Services;
- Fulfill your requests and provide support;
- Facilitate your movement through the Services;
- Send you communications such as administrative e-mails, promotional e-mails, answers to your questions, and updates about the Services; by letter, e-mail, or other forms of communication;
- Improve the website's content, features, and/or services;
- Improve or develop new Prospera Services, and/or marketing efforts;
- Analyze traffic to and through the website;
- Monitor and analyze user behavior and activity on or through the website in order to keep the website secure and personalize your user experience;
- Protect or enforce Prospera's rights and properties;
- Protect or enforce the rights and properties of others;
- Comply with applicable laws, in response to a lawful and enforceable request by a law enforcement, judicial, or other public authority, or in connection with an applicable legal obligation; and
- Where you otherwise have given Prospera your consent and permission to do so.

How We Disclose Your Information

We may disclose your personal information to help provide our Services to you. For instance, we may disclose your information with our service providers to respond to your requests or to provide customer service. We may also provide your personal information to third party service providers who assist us in providing certain services. For example, we may disclose the information we collect from you with our cloud hosting service providers.

We may also disclose your information for the following purposes:

- To facilitate and improve the quality and marketing of our Services.
- To protect our users and network against fraud and security threats.
- To comply with a legal obligation.
- To protect and defend our rights or property.
- To prevent or investigate possible wrongdoing in connection with the Services.
- To protect the personal safety of individuals or the public.
- To protect against legal liability.
- When there is a good faith belief that such action is necessary to investigate or protect against harmful activities to our guests, visitors, associates, or property (including the website), or to others. This may include disclosures to law enforcement to investigate potential criminal activity or other civil violations.

We may disclose your information with the following types of entities and third parties:

- **Service Providers:** Prospera may engage fulfillment companies, service providers, individuals, and agents to facilitate and help us provide our Services. Such service providers perform tasks, services, or functions on our behalf, or assist us in analyzing how our Services are used or delivered. Service providers may assist us with web hosting or development, technical support, and other support services. Prospera reserves the right to provide personal information to such companies to the extent it may be necessary for them to provide services to or on behalf of Prospera. Any such companies must agree to maintain the confidentiality of any personal information we may provide to them and are contractually obligated not to disclose or use it for any other purpose. Such companies may also collect personal information directly from you in connection with providing their services, and they will have the right to provide that personal information to us. Such other companies may not use your private or personal information for purposes other than providing services through or on behalf of Prospera.
- **Law Enforcement or Other Lawful Authority:** We may from time to time be required to provide information to law enforcement or other governmental authorities pursuant to a warrant, court order, or other lawful process.

Over the last 12 months, we have disclosed the following types of personal information:

Category of Information	Examples of Information Shared or Disclosed	Categories of Recipients
Identifying Information	Name, mailing address, email address, phone number, date of birth, and other identifiers.	Our service providers, and government entities (where required by law)
Payment Information	Your name and billing totals for payment and invoice processing. Note that we use third party payment processors to facilitate your payments and do not store your payment card information.	Our service providers, and government entities (where required by law)
Communications with Us, Preferences, and Other Information you Provide to Us	Messages, feedback, and other communications you provide directly to us.	Our service providers, and government entities (where required by law)
Usage and Technical Information	Information about your interaction with our website and content on third- party sites or platforms, such as social networking sites (e.g. IP address; browsing history; search history; device information; information about user's interaction with website, such as scrolling, clicks, and mouse-overs via cookies, pixel tags, web beacons, transparent GIFs; browser information; operating system and platform; geolocation information; user content (e.g. photos, videos, audio, images, social media /online posts, first-party works).	Our Service Providers, and government entities (where required by law)

Categories of Personal Information Sold

We do not sell your personal information including sensitive personal information to third parties. Please note that "sale" of personal information does not include those instances when such information is part of a merger, acquisition, or other transaction involving all or part of our business. If we sell all or part of our business, make a sale or transfer of assets, or are otherwise involved in a merger or other business transaction, we may transfer your personal information to a third party as part of that transaction. If such transaction materially affects the manner in which your personal information is processed, we will notify you of such change prior to its implementation.

How Your Information is Stored and Secured

<u>Retention and Deletion of Personal Information</u>

We will retain your personal information for as long as necessary to provide our Services, and as necessary to comply with our legal obligations, resolve disputes, and enforce our policies. Retention periods will be determined taking into account the type of information that is collected and the purpose for which it is collected, bearing in mind the requirements applicable to the situation and the need to destroy outdated, unused information at the earliest reasonable time.

Under applicable regulations, we will keep records containing client personal information, account opening documents, communications and anything else as required by applicable laws and regulations. We will not retain your personal information or sensitive personal information longer than reasonably necessary for the purposes for which the information was collected.

We may rectify or remove incomplete or inaccurate information, at any time and at our own discretion.

<u>Securing Your Information</u>

Prospera takes the privacy and security of your information seriously, and uses reasonable, appropriate and customary procedures and technologies to help protect the confidentiality of any personal information we collect. Prospera employs reasonable administrative, physical, and technical safeguards to protect the information we collect, process, and store. However, no website, network, or system can be absolutely protected against intentional or malicious intrusion attempts despite taking appropriate and reasonable precautions. Furthermore, Prospera does not control the devices, computer or network through which you access the website or over which you may choose to send personal information or other information to us, and therefore cannot prevent potential interceptions or compromises to your information while in transit. Prospera makes no guarantee as to the security, integrity or confidentiality of any information transmitted to or from the website. Prospera is committed to safeguarding your information to the best of its ability but cannot guarantee the security of electronic communications or transmission made over the Internet.

"Do Not Track" Signals

We do not support "Do Not Track." Do Not Track is a preference you can set in your web browser to inform websites that you do not want to be tracked. You can enable or disable "Do Not Track" by visiting the "Preferences" or "Settings" page of your web browser.

Third parties may collect data that relates to you. We cannot control third parties' responses to do-not- track signals or other such mechanisms. Third parties' use of data relating to you and responsiveness to do-not-track signals is governed by their respective privacy policies.

California Resident Privacy Rights

Subject to certain limitations, you have the following rights under California law:

- Right to Access: to have access to your personal information upon request – that is, you may receive a copy of such information upon receipt of a verifiable request, along with other information related to the collection or processing.
- Right to Disclosure of Direct Marketers: to have access upon simple request, and free of charge, the categories and names/addresses of third parties that have received personal information for direct marketing purposes.
- Right to Information About Collecting, Selling, Sharing, or Disclosing Personal Information: upon receipt of a verifiable request, you may obtain a list of:
    1. The specific pieces of your personal information Prospera holds;
    2. The categories of personal information collected about you, sold to third parties, or disclosed to third parties for business purposes;
    3. The categories of personal information sold within the last 12 months;
    4. The categories of sources from which personal information is collected;
    5. The business or commercial purpose for collecting or selling personal information; and
    6. The categories of third parties with whom personal information is shared, sold, or disclosed for a business purpose.

- Right to Opt-Out of the Sale of Personal Information: California residents have the right to opt- out of the sale of their personal information under certain circumstances. As noted elsewhere, we do not sell your personal information.
- Right to Deletion: to obtain the deletion of your personal information in the situations set forth by applicable data protection law and upon receipt of a verifiable request.
- Right to Non-Discrimination: As defined under relevant law, you have a right to non-discrimination in the Services or quality of Services you receive from us for exercising your rights.

Please contact us utilizing the toll-free number or email address listed in the "Contact Us" Section below in relation to exercising these rights. We may ask you to provide information about yourself so that we can verify your identity as part of this process. This information may include your name, email address, and any other information necessary to reasonably verify your identity, to ensure that your information is not shared with anyone impersonating you. We may ask for additional information if we have difficulty confirming your identity. We will not share your information or honor other requests in those situations in which we are unable to confirm a request for your information is a "verifiable request." Once we have verified your identity, we will work to fulfill your request in a timely manner. Please note there may be some situations in which we are unable to fulfill your request, such as if we cannot find any information about you within our systems. Additionally, we may not be able to honor a deletion request in some situations, such as if your information is necessary to fulfill the Services you requested or meet a legal obligation. We will inform you whether we can fulfill your rights request.

Under California law a consumer can appoint an "authorized agent" to make certain verifiable requests upon their behalf, such as the right to know what information we collect about the consumer or to request deletion of the consumer's information. An "authorized agent" may submit a request on behalf of a California resident who has authorized the agent to act on their behalf. Because the security and privacy of your information is paramount, we will ask that you identify such persons and directly confirm that such persons are authorized to act as your agent and exercise your applicable rights under California law in such situations. This may require us to contact you directly and alert you that an individual has claimed to be your agent and is attempting to access or delete your information. We will also independently verify your identity to ensure that an unauthorized person is not attempting to impersonate you and exercise your rights without authorization. We will not share your information or honor any other requests in those situations where you cannot or do not grant permission in writing for an identified authorized agent to act on your behalf, or where we cannot independently verify your identity.

If you are a California resident and have any questions about this Notice, our practices, your personal information, or your rights and choices under applicable laws, please contact us at the information below.

Your California Privacy Rights Regarding Direct Marketing Information

California residents have the right to request information from a company regarding the manner in which it shares certain categories of personal information with third parties for their direct marketing purposes, in addition to the rights set forth above. Prospera does not share personal information with third parties for their direct marketing purposes.

Contact Us

Please direct any questions you may have about this Notice to any one of the following:

By mail:
Prospera Financial Services
5429 LBJ Freeway, Ste. 750, Dallas, TX 75240

By email:
prosperaclientcommunications@prosperafinancial.com

By phone:
(972) 581-3000

The foregoing contact information may change from time-to-time by modification of this Notice.

Updates to This Notice
Prospera reserves the right to revise this Notice from time to time at our sole discretion. Our website will link to our current Notice and any changes we make will be reflected in an update to our Notice and by revising the "last updated" date at the top of this Notice. You are advised to check back to this page periodically to learn of any changes made to our policies. Changes to this Notice are effective when they are posted on this page.

Difficulty Accessing Our Notice
Individuals with disabilities who are unable to usefully access our Notice online may contact us to inquire how they can obtain a copy of our policy in another, more easily readable format.

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