

## Important information about your account

Securities America, Inc. (SAI), Securities America Advisors, Inc. (SAA), Arbor Point Advisors, LLC (APA), and Ladenburg Thalmann Asset Management (LTAM) are subsidiaries of Ladenburg Thalmann Financial Services Inc. (“Ladenburg”), a diversified financial services company. In November 2019, Ladenburg and Advisor Group Inc. (“Advisor Group”), one of the nation’s largest networks of independent wealth management firms, announced that they entered into a definitive merger agreement to join the two companies. The transaction, which is subject to customary closing conditions, including the approval of Ladenburg’s shareholders, and receipt of required regulatory clearances and approvals, is expected to close in the first quarter of 2020. For more information about Advisor Group, please see [www.advisorgroup.com](http://www.advisorgroup.com).

The account you are opening with SAI is not impacted by the merger. However, if your account is subject to an investment advisory agreement with SAA, APA or LTAM, the transaction with Advisor Group, when completed, is considered an “assignment” of your investment advisory agreement and, (under the Investment Advisers Act of 1940), requires your consent.

After the assignment, your investment advisory agreement will remain in effect and all terms will remain unchanged. **This change in ownership and assignment will not affect your relationship with your advisor, SAA, APA, or LTAM. By submitting your account application, you are acknowledging receipt of this notification and of your consent to the assignment of the agreement that will result from the above-described transaction with Advisor Group.**

## SECURITIES AMERICA BROKER/DEALER TERMS AND CONDITIONS

The following is a legally binding agreement (the "Agreement") between you and Securities America, Inc. ("SAI") with regard to your account whether or not you and your account receive advisory services under a separate agreement. Please review the Agreement as it contains important information regarding your risks and responsibilities. Do not return it with your account application and keep it with your records.

### Parties to the Agreement

[USE OF PROUOUNS: Please note that the use of pronouns (e.g. we, us, you, etc.) is not consistent with pronoun references made in the Premiere Select Retirement Account Customer Agreement. Be sure to read the following definitions carefully.] In this document, "us," "we," and "our" refers to SAI, a Financial Industry Regulatory Authority ("FINRA") member firm and Introducing Broker/Dealer and applies to all activities in any accounts opened with us. References to NFS refer to National Financial Services LLC a New York Stock Exchange member firm (collectively the "Parties"). NFS has been engaged to provide account custody and clearing services for brokerage accounts opened through SAI. The terms "account owner," "you," and "your" refer to the owner(s) indicated on the account application or such individuals added as account owners. For accounts owned by entities, such as trust or business accounts, these terms refer both to the entity and to all persons authorized to transact business on behalf of the entity.

"Representative" refers to the person or persons who have been selected by you to service your account. Such services may include making insurance or investment related recommendations or accepting orders on your behalf; providing you with necessary documents and information; as well as updating or changing our records to reflect your current financial or personal situation. Your Representative may be duly licensed and registered with SAI. In some instances, your Representative may not be registered with SAI but will be an investment advisor representative of an SEC Registered Investment Advisor firm affiliated with SAI ("RIA"); and in some cases, your Representative may be registered with SAI and affiliated with our RIA firm. If your Representative is an investment advisor representative of our RIA, any reference to "us," "we," and "our" refers to SAI and our RIA, as may be applicable; and, the term "Parties" includes both SAI and our RIA. The services your Representative provides to you under this Agreement may vary based on his or her affiliation with SAI and/or our RIA.

Brokerage account activities are processed and cleared through NFS and customer assets are held by NFS.

### Notices

SAI is a FINRA member firm and is registered with the U.S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board ("MSRB"). FINRA runs a public disclosure program known as BrokerCheck that provides information about the background and experience of brokerage firms and their registered persons. An investor brochure that includes information about the BrokerCheck Program is available by calling the BrokerCheck Program Hotline at (800) 289-9999 or by accessing the BrokerCheck website at <http://brokercheck.finra.org>. In addition, an investor brochure that describes the protections that may be provided by MSRB rules and how to file a complaint with the appropriate regulatory authority is posted on the MSRB website at <http://msrb.org>. Representatives affiliated with our RIA will provide disclosure information about himself or herself in a Form ADV Part 2B. Other information about our RIA is available at <http://SEC.gov>.

As set forth under Monitoring your Account, You are responsible for monitoring the activities of your Representative and you should contact us at the attention of our Compliance Department whenever any activities are unauthorized or contrary to your express directions. You may contact us using the following address and telephone number.

**Securities America, Inc.**  
**12325 Port Grace Blvd.**  
**La Vista, NE 68128**  
**800-747-6111**

If you would like to file a complaint related to your account, you may contact our Compliance Department using the following address and telephone number.

**Securities America, Inc.**  
**Attn: Client & Regulatory Inquiry Group**  
**12325 Port Grace Blvd.**  
**La Vista, NE 68128**  
**800-747-6111**

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## COMMITMENTS BETWEEN YOU AND THE PARTIES

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### Our Commitments to You

When we accept your account application, we are agreeing to serve as your broker and to maintain an account for you. We agree, subject to industry regulations and our internal procedures that upon acceptance of an authorized order, we will buy, sell, or otherwise dispose of securities for you according to your instructions. We and NFS agree to provide various services and features, as described in this Agreement.

Custody is provided by NFS. We are not a custodian and therefore cannot hold your securities, stock powers, monies or any other personal or real property in which you may have an interest.

Neither we as a company nor NFS offer any tax, legal or accounting advice regarding the suitability or profitability of a security or investment. You should consult your own tax advisor regarding tax consequences with respect to transactions in or for your account. In addition, unless otherwise disclosed as required by law or regulation, SAI and SAI's Registered Representatives are not fiduciaries as that term is defined under the Employee Retirement Income Securities Act of 1974 (ERISA), as amended, and other statutory and regulatory requirements applicable to the retirement plans or retirement accounts. Your Representative may also be an investment advisor representative and/or may also hold industry or association designations such as Certified Financial Planner (CFP). However, when your Representative is acting solely in his/her capacity as an SAI Registered Representative, and has not been engaged by you in a financial planning process or advisory agreement, any recommendations will be made in accordance with FINRA suitability standards and not in the capacity as an investment advisory fiduciary, CFP, or other standard.

### Statements

NFS will send to the address of record a statement of your account:

- every calendar quarter, at a minimum; or
  - for any month when you have trading or cash management activity.
- Your brokerage account statements will show all activity in your account for the stated period, including securities transactions, cash and margin balances, credits and debits to your core account, and all fees paid directly from your account.

NFS will also send to you a confirmation for every securities transaction in your account. The only exceptions are automatic investments, automatic withdrawals, dividend reinvestments, transfers to other accounts, and transactions that involve only your core account; for these activities, your regular account statement serves in place of a confirmation.

### Your Commitments to the Parties

When you sign an account application, you agree to the following Commitments to the Parties, many of which are spelled out more completely elsewhere in this Agreement:

- To accept full responsibility for the content and accuracy of all authorized instructions placed on your account, and for all results and consequences of these instructions; this includes all investment decisions and trading orders, and all instructions placed by you or any other person you authorize including your Representative.
- Understand that electronic communications sent via email are not considered private. Messages sent electronically may be intercepted or accessed by unauthorized or unintended parties. No representation or warranty is made or given that any communications sent to us or your Representative(s) via email will be secure. For your protection, in certain circumstances we may not act on instructions received via email without first confirming the validity of the request. This means that certain requests may be delayed while we validate the authenticity of the request.
- To carefully review all trade confirmations and account statements and report discrepancies immediately as more fully explained later in this Agreement under Monitoring your Account.
- To pay all fees, charges, and expenses incurred in your account. The Parties may change their fees and commissions at any time subject to applicable legal requirements. SAI reserves the right to vary commissions and other charges among clients in connection

with special offers, combinations of services, or in other circumstances. The Parties may pay all or a portion of the revenues or marketing allowance fees derived from certain transactions in your account, or from servicing your account, to third parties including your Representative.

- To let us, your Representative, or NFS monitor and/or record any phone conversations with you.
- To let us, your Representative, or NFS verify the information you provide and obtain credit reports and other credit-related information about you at any time, such as payment and employment information (whether for margin or any other purpose).
- For the name and address of any credit reporting agency from whom we or NFS has obtained information about you, send a written request to us or the card issuer, as applicable.
- To let us, our RIA or NFS share with third parties any information you provide, but only as required by law or as permitted by our, our RIA's and/or NFS's privacy policy(ies) respectively.
- To monitor the activities of any Representative serving your account and contact us with regard to any unauthorized activities or activities that are contrary to your expressed instructions. You understand that you need to contact us if you have any concerns regarding your account. Your failure to provide us with timely notice can be viewed by us as authorization or ratification of such activities for which you are responsible.
- To refuse to lend or borrow monies or securities from your Representative or any other person associated with the Parties.
- To refuse to allow your Representative or any other person(s) associated with the Parties to serve as trustee, guardian, fiduciary, or co-owner for your account unless you are an immediate family member of the Representative (i.e. spouse, parent, child or other person living in the Representative's household).
- To refuse to purchase or sell securities in order to receive a pending or announced dividend as the value of the security will usually decline by the amount of the dividend.
- To refuse to purchase or sell a security, insurance, or other product based upon the promise that you will receive a commission rebate, share in compensation due your Representative, or for any other inducement such as a prize or gift.
- To resolve disputes concerning your relationship with us or NFS (other than class actions) through arbitration rather than in a court of law. See "PRE-DISPUTE ARBITRATION AGREEMENT – Paragraph 37 of the Customer Agreement.
- To understand that if the core account investment vehicle included in your brokerage account is an Insured Cash Account Program ("Program") or Bank Deposit Sweep Program ("BDSP") your Representative will make available to you, as applicable, the Program or BDSP Disclosure Document describing the product in detail including;
  - > The description of the Program or BDSP
  - > The location where you can view a list of eligible banks (each a "Program Bank") in which deposits will be made for the Program or BDSP and the applicable interest rate.
- To understand that if your core account investment vehicle included in your brokerage account is the Program or BDSP, you represent that you have read this Customer Agreement and the applicable Program or BDSP Disclosure Document and understand, authorize and consent to the Clearing Firm administering your core account investment vehicle according to the terms and conditions of those documents.
- To understand that different protections and terms apply to investments in shares of a mutual fund and deposits of funds into a BDSP ; including differences between SIPC protection and FDIC insurance.
- To obtain, read and be bound by the prospectus or Disclosure Document, as applicable, for any money market mutual fund or FDIC insured Program or BDSP into which you deposit, purchase or exchange.
- To determine if any funds transferred to an account at a bank in the Program or BDSP and any separate bank accounts held at that same bank will affect FDIC insurance coverage for all your funds held at that bank.

- If you have the Program or BDSP as your core account investment vehicle, to authorize the withdrawal of cash from the Program or BDSP, as applicable, to satisfy any and all debits against your brokerage account.
- If you have a money market mutual fund as your core account investment vehicle, to authorize the liquidation of shares to satisfy any and all debits against your brokerage account.
- To understand that, as it relates to brokerage accounts, we or the Clearing Firm can change the core account investment vehicle(s) available for your brokerage account or amend the terms and conditions relating to the use of such core account investment vehicle at anytime upon notice to you.
- To understand that whenever you purchase or exchange any mutual fund or variable annuity/life product, you are responsible for obtaining and reading that fund's prospectus.
- To refuse to use cash or cash equivalents to purchase securities or to make a deposit to your account, and to use traceable instruments such as personal checks, wires or Electronic Funds Transfer (EFT).
- To refuse to obtain credit or otherwise borrow money from your Representative or other third party to purchase securities.
- To refuse to enter into any other personal business relationship with your Representative, including but not limited to providing funds for any type of business activity that involves your Representative or someone associated with your Representative.
- To obtain from your Representative current offering documents prior to purchasing an interest in any partnership, real estate investment trust, mutual fund, variable product, unit investment trust or new issue security.
- For each purchase of mutual fund shares, you agree to provide your Representative with information regarding your current holdings within the same fund family, either individually or in related accounts, and to advise your Representative at the time of each mutual fund purchase whether or not you have recently liquidated mutual fund shares within the same fund family or a different fund family. This information will enable us to provide you with any volume discounts (also known as "breakpoints") to which you may be entitled.
- To make payment for deposits to your account to NFS. You should never make payment payable to SAI, our RIA or your Representative.
- To notify us in writing any time there is a material change in your financial circumstances or investment objectives as set forth in your account application.
- You understand and agree that SAI and the Parties may amend this Agreement from time to time without prior notice to you, except as may be required by applicable law. The most current version of the Agreement is available from your Representative, or by contacting SAI. You agree to be bound by the current and future terms of this Agreement, from the time you first use your account or sign your Premiere Select Retirement Account application, whichever happens first.

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## TRUSTED CONTACT INFORMATION

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FINRA Rule 4512 requires that SAI make reasonable efforts to obtain the name of and contact information for a trusted contact person upon opening of a non-institutional account or when updating account information for an existing non-institutional account.

By providing trusted contact information you are authorizing SAI to contact the trusted contact person and disclose information about your account to address possible financial exploitation, to confirm the specifics of your current contact information, health status, or the identity of any legal guardian, executor, trustee or holder of a power of attorney or as otherwise permitted by FINRA Rule 2165.

Please note the following:

- The trusted contact person must be age 18 or older and may not be authorized to transact business on behalf of your account.
- SAI may elect to notify this individual that he or she was named as a trusted contact.
- When trusted contact information is provided, pursuant to FINRA Rule 2165, SAI must attempt to notify the trusted contact person if we have placed a temporary hold on a disbursement of funds or

securities from your account due to concerns that financial exploitation is occurring, unless SAI reasonably believes the trusted contact person is engaged in the financial exploitation.

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## **DISCLOSURES RELATED TO: INVESTMENT RISK, TRANSACTION CHARGES, REVENUE SHARING, POTENTIAL CONFLICTS OF INTEREST**

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You understand that investment in securities involves risks and that many variables, including but not limited to market and economic fluctuations, may have a substantial negative effect on the value of your securities positions. Furthermore, you represent that you are willing to assume these risks and that you are in fact financially able to bear these risks. You also acknowledge and agree that you have an affirmative obligation to notify us in writing should there be material change in your investment objectives.

You understand that securities products purchased or sold through a SAI branch office located on a financial institution's premise (i.e., bank or credit union) are not insured by the FDIC, are not deposits or otherwise obligations of the financial institution, are subject to investment risk, including possible loss of principal invested, and are not insured by SIPC as to the loss of principal amounts invested. Further, you understand that in the event the financial institution is located on a military installation, the securities products are not being offered on behalf of the Federal Government, and the offer is not sanctioned, recommended or encouraged by the Federal Government.

**Mutual Fund Purchases in a Brokerage Account.** You acknowledge that when purchasing mutual fund investments in your Brokerage account (including no-load funds) that you may be assessed certain transaction, execution and confirmation charges which will be specified on the transaction confirmation. You further acknowledge and understand that mutual fund shares may be purchased directly from the mutual fund company without any sales charges on no-load funds, or any charges in excess of the amounts disclosed in the prospectus for mutual fund shares sold with a sales charge. You understand that the funds' Distribution and Service Plan, as allowed under SEC Rule 12b-1, permit the funds to pay fees to broker dealers with respect to the distribution of the funds' shares, and that we may receive such a fee as a result. Information concerning all fees and charges are also set forth in the funds' prospectus.

**Sales Charges on Mutual Fund Purchases.** As explained below, many mutual funds offer volume discounts to the front-end sales charge assessed on Class A shares at certain predetermined levels of investment, which are called "breakpoint discounts." In contrast, Class B and C shares usually do not carry any front-end sales charges. Instead, investors who purchase Class B or C shares pay asset-based sales charges, which may be higher or lower than the ongoing asset based charges associated with Class A shares. Investors that purchase Class B or C shares may also be required to pay a sales charge known as a contingent deferred sales charge when they sell their shares prior to the expiration of particular time periods (as referred to as surrender charges), depending upon the rules of the particular mutual fund. You also understand that SAI may share all or a portion of such fees with our Representatives.

It may not be advisable for you to switch or move assets from one variable product or mutual fund to another if such transfer involves payment of an additional up-front or contingent sales charge or surrender charge. However, there may be circumstances in which it is reasonable to do so. Exchanges within the same mutual fund family may be available with no commission or sales charges and at reduced processing costs.

**Breakpoint Discounts.** Most mutual funds offer investors a variety of ways to qualify for breakpoint discounts on the sales charge associated with the purchase of Class A shares. In general, most mutual funds provide breakpoint discounts to investors who make large purchases at one time. The specific terms and conditions under which breakpoint discounts may become available are determined by mutual funds and can vary. Generally, an investor can procure a breakpoint discount through either a single purchase large enough to reach a breakpoint, or multiple purchases in a single mutual fund or any of the funds in a fund complex, the aggregate value of which is large enough to reach a breakpoint. An investor may reach breakpoint thresholds by aggregating transactions made by certain family members and transactions in certain other related accounts, or by aggregate purchases over time to meet applicable breakpoint thresholds through

rights of accumulation or letter of intent. You agree to review the individual fund prospectus and Statement of Additional Information for detailed information on ways to reduce or eliminate the sales charge. You understand that you are responsible for informing your Representative of all relevant facts, so that your Representative may assist you in identifying and obtaining any reductions or waivers to which you may be entitled.

**Charges and Fees for Services Performed.** You understand your account may be assessed certain fees and charges for miscellaneous services performed, including but not limited to account transfer and termination fees, research fees, bank wire fees, inactivity fees, third party check fees and legal transfer fees. You understand that these fees may be changed from time to time and that You will receive notice of such change as required by regulation. You understand that should such fee assessment result in a negative balance in your account, we have the right to liquidate assets to cover such negative balance without notice to you. You understand that a current schedule of brokerage account fees and charges is available on our website at [www.securitiesamerica.com](http://www.securitiesamerica.com) under Investors/Investor information or from your Representative upon request.

**Transaction or Ticket Charges.** Transaction or ticket charges may apply to securities sales, purchases and exchanges in your account in addition to sales charges, loads, concessions or other expenses that you may be responsible for depending on the type of product in question. The amount charged varies for mutual funds, variable products, stocks, bonds and option transactions. Factors that determine transaction charges include size of purchase, type of transaction, mutual fund family, advisor, advisor representative, variable product sponsor and processing method (on-line/phone/systematic). Full transaction charges may not apply to certain transactions associated with mutual fund and variable product sponsors participating in the Premier Funds program. Accordingly, the transaction charges incurred will vary. At your Representative's discretion he/she may apply these transaction charges to the expenses that you pay for your securities transactions. For more information on these transaction charges or commissions, please review your confirmation or statement; ask your Representative or visit our website [www.securitiesamerica.com](http://www.securitiesamerica.com) under Investors/investor information.

**Compensation and Reimbursement of Expenses to SAI and Representative.** SAI and your Representative receive revenue on the products and services you purchase from several sources. These sources include fees and charges you pay and other arrangements we have in place with affiliated and non-affiliated entities including: sales charges; commissions; periodic fees; periodic expenses paid from product assets such as 12b-1 fees from mutual funds and the funds available in variable annuities; financial planning and advisory service fees; a portion of the organization and offering fees and expenses for REITs, limited partnerships and other non-public securities offerings.

SAI receives compensation from those mutual funds and variable product sponsors made available to you through your Representative. This compensation may include:

- sales charges (sometimes called loads); and
- trailing commissions (including service fees known as 12b-1 payments).

As described below, we may also receive additional payments called revenue sharing payments and/or marketing allowances from certain Product Sponsors under special agreements with those firms. Specific details regarding the Premier Funds and Premier Partners Programs are set forth below. Other revenue and marketing allowance payment programs involving certain Real Estate Investment Trusts (commonly referred to as REITs) also exist. SAI, at its sole discretion, and as allowed by law, may share some or all of these additional payments with your Representative.

Representatives of Product Sponsors, often referred to as "wholesalers," work with SAI and Representatives to promote their products. Consistent with rules set out by FINRA, these wholesalers and/or their firms may pay or make contributions to SAI for training or education of Representatives. Product Sponsors may also make payments to SAI to promote the marketing of their products to clients which includes seminars for clients and potential clients. These firms may also invite Representatives to due diligence or continuing education meetings regarding their products. From time to time SAI may also recognize certain Representatives through promotional programs that

include attendance at off-site training sessions that may be sponsored or co-sponsored by these Product Sponsors.

It is SAI policy not to promote any fund family or insurance carrier's products over another based solely on any additional payments or other considerations that might be received from the sale of their products. Sponsors of these products are generally granted equal access to our Representatives to promote their products, and Representatives are encouraged to make recommendations to clients based on the clients' needs and objectives. However, receipt of such payments could create a greater incentive by your Representative to recommend products that provide such payments. You are encouraged to talk with your Representative about any fees or compensation they receive from the sale of investment products.

Representatives may be incented to join and remain affiliated with Securities America through certain compensation arrangements which could include bonuses, enhanced pay-outs, forgivable loans and/or business transition loans. The receipt of such compensation may be considered to be a conflict of interest.

SAI may receive reimbursement from NFS, for all or a portion of any transfer of asset fees which customers could incur from other clearing providers upon the transfer of accounts to an SAI account carried by NFS. If SAI receives this type of reimbursement, SAI may retain all or a portion of such reimbursements or, at its discretion, may pass through all or a portion of such reimbursement to its clients and/or Representatives.

**Premier Funds Program.** SAI created the Premier Funds program for certain mutual funds and variable product sponsors. These Product Sponsors are selected to participate based on several criteria including brand recognition, product breadth, investment performance, training and wholesaling support. In exchange for certain benefits, such as broader access to SAI Representatives, Product Sponsors in the Premier Funds program are required to pay SAI for participation in the program by sharing with SAI a portion of the revenue generated from the sales of their products. SAI may, at its sole discretion, share all or a portion of the revenue generated under the Premier Funds Program with Representatives who recommend products of sponsors in the program. Certain product sponsors also provide for the payment of a marketing allowance to SAI which may be based upon a percentage of the amount of the sponsor's product purchased by clients. SAI, at its sole discretion, may share all or some of any marketing allowance payments with Representatives as part of compensating them for their marketing and distribution expenditures incurred as a result of promoting the sponsor's products.

For a list of participating funds and variable product sponsors, please ask your Representative or visit our website [www.securitiesamerica.com](http://www.securitiesamerica.com) under "Investors/Investor Information".

**Premier Partners Program.** Securities America Advisors, Inc. ("SAA" also referred to herein as "RIA") is an SEC registered investment advisor and is an affiliate of SAI. SAA created the Premier Partners program for independent investment advisor firms. Investment advisor firms are selected to participate based on several criteria including, investment strategy, investment performance, transaction reporting capabilities and training and wholesaling support. In exchange for certain benefits, such as broader access to Representatives, investment advisors in the Premier Partners program are required to pay SAA for participation in the program by sharing with SAA a portion of the revenue generated from the sales of their services and/or paying a specified annual dollar amount. In addition, Representatives may receive reimbursements, marketing and distribution allowances, due diligence fees, or other compensation based on deposits and/or assets under management directly from third-party asset manager program sponsors for the costs of marketing, distribution, business and client development, educational enhancement, and/or due diligence reviews incurred by SAA and/or Representatives relating to the promotion or sale of the program sponsor's products or services.

For a list of the Premier Partners Program participants, please ask your Representative or visit our website [www.securitiesamerica.com](http://www.securitiesamerica.com) under "Investors/Investor Information".

**Income Distribution Partners Program.** We created the Income Distribution Partner program for certain third party money managers, variable products, mutual fund and fixed insurance product sponsors. These Product Sponsors are selected to participate based on several criteria including brand recognition, product breadth, investment performance, training and wholesaling support. In exchange for certain

benefits, such as broader access to Representatives, sponsors participating in the Income Distribution Partners program are required to pay SAI for participation in the program by sharing with SAI a portion of the revenue generated from the sales of their products. Representatives must complete formal Income Distribution Training to have access to the SAI income distribution planning desk. The SAI income distribution planning desk is available to develop distribution plans for clients of those Representatives who have completed the formal training. The income distribution plans use suitable products available from both the Income Distribution Sponsor Partners and products on the Securities America Approved Product list. Representatives using the planning services are not required to use the products included in the proposal and do not receive a greater or lesser commission for utilizing these products. The marketing educational and distribution activities paid for with revenue sharing, however, could lead Representatives to focus more on those products that make revenue sharing payments to SAI, as opposed to sponsors that do not make such payments. For the most current list of Income Distribution Partner program participants, please ask your Representative or visit [www.securitiesamerica.com](http://www.securitiesamerica.com) under Investors/Investor Information.

**Non-Publicly Traded Products.** SAI, also offers several non-publicly traded products, including, but not limited to non-listed real estate investment trusts ("REITS"), limited partnerships ("LPs"), and 1031 exchange programs; hedge fund or funds; managed futures; tax credit programs; oil and gas programs; venture capital funds; and private equity funds. SAI conducts or causes to be conducted a due diligence analysis of these products prior to making them available to the public. Such due diligence is not a guarantee or assurance that the products will not lose their value and you should read any offering document or prospectus for such products carefully as they describe the risk associated with such investments. In addition to receiving commissions on the sale of these products, SAI may receive due diligence and/or marketing allowance payments from certain sponsors. While the arrangements with each sponsor may vary, each product sponsor may pay a due diligence or marketing allowance fee based upon the amount of assets held at the sponsor or on the gross amount of each sale, depending on the product. In certain cases, these additional payments are paid or directed to Representatives who sell these products. This may create a conflict of interest based on the amount of compensation each Representative receives when recommending one non-publicly traded product over another.

**Due Diligence and Product Administration Expenses.** Consistent with prudent product approval practices SAI may require that an independent third party conduct a review of a product sponsor, investment company, investment advisor, or one of their products or services prior to making the product or service available for solicitation to the general public by Representatives. SAI may incur costs in connection with the analysis provided by the due diligence analyst. SAI may in turn require that the investment company or investment advisor reimburse SAI for such expenses. In addition, SAI may at its discretion require investment companies and investment advisors to pay annual fees to reimburse SAI for ongoing due diligence and product administration expenses.

**Revenue Sharing and Referral Arrangements With Our Clearing Firms.** SAI receives various forms of revenue from NFS based upon client activity, as well as the amount of assets custodied with NFS. In general, these revenue sources include, but are not limited to, a percentage or portion of fees and transaction charges collected by the Clearing Firm and shared with SAI, which may include: ticket charges, margin interest charges, IRA fees, inactivity fees, and other fees set forth in the attached fee schedule and money market fund 12b-1 trails. SAI may also participate in revenue sharing arrangements based on fees charged by no transaction fee (NTF) funds which are available on NFS's platform.

SAI has a referral arrangement with NFS, whereby SAI may receive business credits or other compensation from NFS based on the amount of SAI client assets currently custodied by NFS which may be transferred to the advisory platform maintained by Fidelity Institutional Wealth Services Group (IWS), a division of NFS' affiliated company Fidelity Brokerage Services, LLC, by Representatives, as well as Representatives who may terminate their registration with SAI and FINRA and conduct business as an investment advisor representative of our RIA or of an independent registered investment advisor (IRIA). SAI may recommend the IWS advisory platform and provide ongoing service and support to investment advisor representatives of our RIA and to IRIA's Representatives of SAI. IRIAs are under no obligation to

transfer client assets to IWS and do not receive any additional compensation or remuneration for selecting IWS. Similarly, clients do not incur any additional fees or expenses as a result of payments of business credits or compensation by NFS to SAI.

**Benefits of the Program or BDSP to SAI and Others.** The Program and BDSP create financial benefits for SAI, our affiliates and NFS. We will receive a fee from each Program Bank in connection with the BDSP. We will also pay a fee to NFS. In the Program, each month, a level administrative fee is applied to advised accounts using the Program as the core account investment vehicle. The level account fee is predetermined by formula, as stated in the Program Disclosure Document, and SAI cannot earn income in excess of the stated level account fee. The aggregate interest generated by Program Banks participating in the Program is used to pay the level account fee for each individual client and to pay any third-party vendor fees. All interest left over after these payments is then credited to client accounts participating in the Program. A detailed explanation of the method for calculating interest and fees is available in the Program Disclosure Document, as provided to you, and as available on the Investors section of the Securities America website. The revenue generated by us in the BDSP or Program may be greater than revenues generated by sweep options at other brokerage firms, and may be greater than other core account investment vehicles currently available to you or possible core account investment vehicles that we have used in the past or may consider using in the future. SAI and any Program Banks who are affiliated with it may receive additional benefits under the BDSP. SAI will disclose on its list of Program Banks maintained at [www.securitiesamerica.com](http://www.securitiesamerica.com) any Program Bank with which it is affiliated.

**Fixed Insurance.** SAI is a licensed insurance agency and may receive commissions in connection with the sale of fixed insurance products by Representatives who are licensed to sell fixed insurance products. SAI, in addition to receiving commissions on the sale of these insurance products, receives payments from certain insurance sponsors for marketing, training, and distribution support. None of these additional payments, however, are paid or directed to any Representative/insurance agent who sells these products. In addition, SAI Representatives/insurance agents do not receive a greater or lesser commission for sales of these insurance products from which SAI receives revenue sharing payments. The marketing, educational, and distribution activities paid for with revenue sharing, however, could lead our Representatives/insurance agents to focus more on those insurance products that make revenue sharing payments to SAI – as opposed to insurance sponsors that do not make such payments – when recommending insurance products to their clients.

**Potential Conflicts of Interest.** SAI is a wholly-owned subsidiary of Securities America Financial Corporation (SAFC), which is itself, a wholly-owned subsidiary of Ladenburg Thalmann Financial Services, Inc. (LTFS). LTFS provides financial products and services through its subsidiaries which include companies that are registered as investment advisors, broker/dealers, an investment company, a trust company, and insurance companies or agencies. A listing of other companies owned by LTFS, and thus affiliated with SAI is located at <http://www.ladenburg.com/company/info/privacy-disclosure>.

Representatives may sell various investment products, insurance products; make referrals for investment banking services and make referrals for trust services provided through the various LTFS subsidiaries. A potential conflict of interest may exist when Representatives recommend these products or services. Due to the interrelationship of these entities, conflicts of interest may arise that are not readily apparent to you. SAI and LTFS may engage in marketing allowance or sponsorship arrangements with third parties, sub-advisors, and brokerage firms to promote the distribution of investment products, however, Representatives are under no obligation to sell these products or to meet any selling quotas related specifically to these products, but they may receive compensation when these products are sold and may receive fees for referring clients for these services. We encourage you to discuss any potential conflicts of interest with your Representative.

Certain securities, such as over-the-counter stocks and fixed income securities are traded primarily in "dealer" markets. In such markets, securities are directly purchased from, or sold to, a financial institution acting as a dealer, or "principal." Dealers executing principal trades typically include a "mark-up," "mark-down," and/or spread in the net price at which transactions are executed. Your Representative may recommend certain bond trade transactions utilizing a LTFS subsidiary, LTCO, to execute a transaction for a security traded in the dealer markets; LTCO will either execute the transaction as agent through a

dealer unaffiliated with LTCO, or as principal in accordance with applicable law. Those accounts covered under the Employee Retirement Income Security Act of 1974, as amended (ERISA) are exempt from principal transactions. The client will bear the cost (including any mark-up, mark-down, and/or spread) imposed by the dealer as part of the price of the security. SAI may have a conflict of interest in using LTCO to execute principal transactions because LTCO will receive compensation in connection with the trade as dealer. Clients may also purchase securities through broker-dealers in initial public offerings, secondary offerings and special purpose acquisition company transactions. An LTFS subsidiary may act as an underwriter or manager for such offerings, and as such, will receive compensation equal to either all or a portion of "gross spread" (the difference between the price the client pays for the security and the price at which it purchased the securities). Our firm may also receive a portion of the gross spread as a member of the syndicate offering. The amount of the gross spread is described in the relevant prospectus, offering circular or official statement.

SAI has a compliance program in place that is intended to identify, mitigate and, in some instances, prevent actual and potential conflicts of interest, ensure compliance with legal and regulatory requirements and ensure compliance with client investment guidelines and restrictions. Our compliance program includes written policies and procedures we believe to be reasonably designed to prevent violations of applicable law and regulations.

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## MONITORING YOUR ACCOUNT

As an account owner, you are responsible for monitoring your account. This includes making sure that all transactions are accurate and that you are receiving confirmations, account statements, and any other expected communications. You should review these communications to ensure that the information about you and the activities in your account are accurate and contain nothing suspicious or unauthorized. You understand that The Clearing Firm does not monitor your brokerage account for you and has no duty to advise you of any issue regarding your brokerage account or us.

If you have the Program or BDSP as your core account investment vehicle, you understand that we or the Clearing Firm will not monitor the amount of your Program or BDSP balance to determine whether it exceeds the limits of FDIC insurance, and that you are responsible for monitoring the total amount on deposit with each Program Bank in order to determine the extent of FDIC insurance coverage available to you. If you are a trustee or other fiduciary, you are responsible for determining the application of the insurance rules for the account and its beneficiaries. Depending on the amount of deposits that you have at any Program Bank apart from your Program or BDSP Deposits, you may wish to limit deposits in the Program or BDSP.

So long as we or The Clearing Firm or Product Sponsor send communications to you at the physical or electronic address of record given on the application, or to any other address given to us by an owner, the communications are legally presumed to have been delivered, whether you actually received them or not. In addition, confirmations are presumed to be accurate unless you specifically notify us in writing within five days of when they were sent to you; account statements, within ten days.

If you have not received a communication you expected, or if you have a question or believe you have found an error in any communication, telephone us immediately and follow up with written notice at the telephone number and address listed under **Notices**.

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## LIMITS OF RESPONSIBILITY

Although all entities that provide services to your account strive to ensure the quality and reliability of those services, neither we nor the Clearing Firm can be responsible for the availability, accuracy, timeliness, completeness, or security of any service related to your account. These services are provided "as is" and "as available".

You therefore agree that we and NFS are not responsible to you for any losses (meaning claims, damages, actions, demands, investment losses, direct or indirect, incidental, special, punitive, consequential, or other losses, as well as any costs, charges, attorneys' fees, or other fees and expenses) that you incur as a result of conditions beyond our control or any agreement between the Parties. This includes, for example:

- Any action that is done in accordance with the procedures described in this Agreement or an applicable mutual fund or securities

prospectus or the Program or BDSP Disclosure Document or other investment description.

- The acceptance and processing of any order or transaction placed in your account, whether received electronically or through other means, as long as the order appears to be authentic.
- Investment decisions or instructions placed in your account or other such actions attributable to you or any authorized person including your Representative.
- Occurrences related to governments or markets, such as rules and regulations, restrictions, suspensions of trading, bank closures or bank regulatory, legal or other limitations or restrictions or high market volatility or trading volumes.
- Uncontrollable circumstances in the world at large, such as wars, terrorist activities, earthquakes, power outages, or unusual weather conditions.
- Occurrences related to computers and communications, such as a network or systems failure, a message interception, or an instance of unauthorized access or breach of security over which we have no control or reasonable ability to know it has occurred (such as theft of your personal information by a third party, spyware or malware on your computer) or other actions or inactions by you resulting in unauthorized activities in your account.
- Telephone requests for money transfers, so long as we transmit the proceeds to you or the bank account number identified by you.
- Any checks or other debits to your account that are not honored because the account has insufficient funds.

If any service failure is determined to be our responsibility, we will be liable only for whatever benefit you would have realized up to the time by which you should have notified us, as specified earlier in "Monitoring Your Account."

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## INDEMNIFICATION

You agree to indemnify us from, and hold us harmless for, any losses (as defined in Limits of Responsibility) resulting from your actions or failures to act, whether intentional or not, including losses resulting from actions taken by third parties on your behalf.

Beyond taking reasonable steps to verify the authenticity of instructions, we have no obligation to contact you with regard to the purpose, wisdom, or propriety of any instruction we receive from you or your authorized agents.

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## TERMS CONCERNING THIS AGREEMENT

### Applicability

This Agreement is the only agreement between you and us, concerning its subject matter and covers all brokerage and non-brokerage accounts that you, at whatever time, open, reopen, or have opened with us. In addition, if you have already entered into any agreements concerning services or features that relate to this account, or if you do so in the future, this Agreement incorporates by reference the terms, conditions, and policies of those agreements. In the case of any conflict between this Agreement and an agreement for a particular service or feature, the service or feature agreement will prevail.

### Termination

Notwithstanding contrary statements from third parties (such as Product Sponsor companies), we or The Clearing Firm can terminate your account, this Agreement or any account feature, at any time or for any reason - including reasonable belief that a version of this Agreement containing unauthorized changes has been used - upon written notice to you. You can close your account, or terminate any optional feature at any time, by notifying us in writing or calling us on a recorded line and providing us with your instructions. When an account is closed, all debit cards, checkwriting, and other features associated with it are terminated. The bank associated with your debit card and checkwriting services cannot close your brokerage account, but can terminate its debit card or checkwriting services.

In order to ensure you are able to receive communications, (including statements, checks, etc.) from us, it is important that you notify us of your address should you move. If we receive mail returned from the U.S. post office as undeliverable and we or your Representative are unable to contact you or find your correct address, you may be designated as a "lost security holder." If this happens, your account may be restricted and/or closed. You may not be able to place trades or receive funds from your account until you update your address. If you are designated as a

"lost security holder" we will attempt to find you by conducting data base searches. In addition, if we are unable to contact you for a certain period of time (the period of time is specified by applicable state laws and may vary from state to state) your account balance and any un-cashed checks or outstanding credits may be transferred to a state unclaimed property administrator.

Regardless of how or when your account is closed, you will remain responsible for all unpaid obligations of your account. This includes charges, debit items, or other transactions you initiated or authorized, whether arising before or after termination, as well as any fees incurred but not yet charged to your account. Payment for these obligations will be deducted from your final account balance.

### Governing Laws and Policies

With respect to matters between you and us, this Agreement and its enforcement shall be governed by the laws of the State of Nebraska, but not its conflicts of law provisions. With respect to matters involving NFS, this Agreement and its enforcement shall be governed by the laws of the Commonwealth of Massachusetts. In the event NFS is made a party either as a respondent or cross respondent to a claim initiated originally solely against you, SAI or our RIA, NFS shall have the right to require that all issues be adjudicated under the laws of the Commonwealth of Massachusetts.

### Modification and Enforcement

We may amend this Agreement at any time. This may include changing, dropping, or adding fees and policies, changing features and services or the entities that provide them, and limiting the usage or availability of any feature or service, within the limits of applicable laws and regulations. The most current version of this Agreement is available online at [www.securitiesamerica.com](http://www.securitiesamerica.com) under personal investing/investor information or by contacting your Representative. No provision of this Agreement can be amended or waived except in writing by an authorized representative of SAI. Your Representative is not authorized to act on behalf of SAI or our RIA to change any terms of this Agreement.

We or The Clearing Firm may transfer our interests in your account or this Agreement to any of our successors and assigns, whether by merger, consolidation, or otherwise. You may not transfer your interests in your account or this Agreement except with our prior written approval, or through inheritance, corporate dissolution, or similar circumstance, as allowed by law, in which case any rights and obligations in existence at the time will accrue to, and be binding on, your heirs, executors, administrators, successors, or assigns.

We or The Clearing Firm may enforce this Agreement against any and all account owners. Although we or The Clearing Firm may not always enforce certain provisions of this Agreement, both parties retain the full right to do so at any time.

If any provision of this Agreement is found to be in conflict with applicable laws, rules, or regulations, either present or future, that provision will be enforced to the maximum extent allowable, or made to conform, as the case may be. However, the remainder of this Agreement will remain fully in effect. No waiver of any provision of this Agreement will be considered a waiver of any other provision.

If for any reason (such as the termination of a contract between us and The Clearing Firm) your account is held directly by The Clearing Firm, it may be restricted, and there may be new or different fees and commissions. Examples of restrictions include the ability to place sell orders only and the loss of electronic trading.

Although there is no minimum balance requirement beyond those set by industry regulation, we may review your account for activity and may charge an inactivity fee, close your account, or transfer your account to another provider. We will notify you in writing before we close or transfer your account. If your account is transferred, it may have different fees, features and terms.

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## ADDITIONAL ACCOUNT TERMS AND CONDITIONS

### Transferring Money Electronically

Options for transferring cash in and out of your core account electronically include wires, which use the Federal Reserve wire system, and Electronic Funds Transfer (EFT), which work like an electronic check. These features are optional and require separate instructions from you, which we will relay to NFS.

### Applicable Rules and Regulations

All transactions through NFS are subject to the rules, guidelines and customs of the marketplace where they are executed, and those of any clearing facility NFS may use, as well as applicable state and federal

laws and any trading policies and limitations of NFS that are in effect at the time.

## **BUSINESS CONTINUITY PLAN DISCLOSURE**

We have developed a comprehensive business continuity plan ("the Plan") that covers the broker-dealer operations of Securities America, Inc., advisory services of Securities America Advisors, Inc. and advisory services of Arbor Point Advisors, LLC collectively referred to as the "Companies." The Companies are owned by Securities America Financial Corporation. While each of the Companies operates as a separate entity they may share certain personnel and facilities in providing, as necessary and appropriate, administrative and support services for their respective clients. The Plan is designed to ensure that the Companies are prepared to continue providing service to our clients in the event that we experience a significant disruption of any kind to our business operations. The Plan addresses business disruptions of varying severity and scope at our headquarters; provides for frequent testing, testing in response to any material changes affecting our business and takes into consideration our critical third-party relationships.

As part of our Plan, we have developed a proprietary, geographically diverse back-up facility complete with space for key employees as well as telephones, computers, and other necessary hardware. This proprietary facility is located on a separate power grid from our headquarters and is serviced by a different power provider. It has local and long-distance telephone service providers that are distinct from those that service the Companies' headquarters.

What follows is a description of how the Companies intend to respond to the following four types of disruptions: (1) a firm-only disruption, (2) a disruption that affects a single building, (3) a disruption that affects the entire city or business district, and (4) a disruption that affects the entire Midwest region. We have also included information about how long we expect it would take us to recover from these disruptions.

### **Firm-Only Disruptions**

To respond to a disruption that affects only the Companies or one of the companies individually, such as a computer virus, we have developed an emergency response/crisis management team. This team has successfully guided us through disruptions through the use of a crisis communications system and through procedures that address life, health, and safety issues; damage assessment; damage mitigation; personnel mobilization; and mission-critical systems. If this type of disruption takes place, we intend to restore all critical services within one day after the disruption occurs. However, in light of the various types of disruptions of this nature that could take place, it may take longer for us to resume operations in one or more services during any particular disruption.

### **Disruptions that Affect a Single Building**

In the event of a disruption that affects the Companies' headquarters and data centers, such as a fire in the building, our Plan calls for a response involving multiple locations. We would resume critical services by moving key personnel to our Emergency Operations Center, and, to the extent necessary, to our back-up facility. Certain key personnel may also work remotely by connecting to the Companies' network from a remote location. In addition to relocating key personnel to back-up facilities, we would, if necessary, transfer responsibility for certain operations and support services to our offsite offices. We intend to resume operations in all of our critical service areas within one day after a disruption of this nature occurs. It may, however, take two to three days, or longer in some instances, to resume doing business in one or more critical service areas depending on the availability of data and applications from our data centers.

### **Disruptions Affecting the Entire City or Business District**

If a disruption significant enough to affect the entire city or business district, such as a terrorist attack, cuts off access to the Companies' headquarters, under our Plan we would resume critical services at our back-up facilities and certain of the Companies' offsite locations. As above, certain key employees would work remotely, and certain operations and support services would be handled by other of the Companies' offices. We intend to resume operations in all of our critical

service areas within one day after a disruption of this nature occurs. It may, however, take three to four days, or longer in some instances, to recover depending on the availability of data and applications from our data center and on the availability of key employees.

### **Disruptions Affecting the Entire Midwest Region**

In the event of a disruption that affects the entire Midwest region such as a regional power outage, we would resume critical service areas from back-up facilities and certain of the Companies' offsite locations. Although the Companies intend to resume operations within one day after the disruption occurs, one or more of our critical service areas may not be able to resume operations until the disruption is over.

In all of the situations described above, the Companies expect to continue doing business and expect to resume operations within the specified time frames. However, in the event that a business disruption results in a significant loss of life at our headquarters or otherwise results in our key employees being unavailable or unable to report to their designated back-up facility, the recovery times described above may be significantly increased. Furthermore, although we expect to continue operating regardless of the type of disruption, it is impossible to anticipate every scenario. It is, therefore, possible that a significant business disruption could result in the Companies deciding that we are unable to continue doing business. In those situations, our Plan provides procedures to help ensure that our customers have prompt access to their funds and securities.

### **Client Access to Their Funds**

A site outage should not impact a client's ability to access their available funds, as the Plan is designed to ensure sustained service. As a general practice, the Companies do not hold customer funds or securities. Funds and securities are held either by the clearing firms at which the client's account is established or directly at the product sponsor. Since client funds and securities are not held at by the Companies, they remain accessible directly through the clearing firm or product sponsor, despite any site outage. Telephone numbers at which the client may reach the clearing firm or direct sponsor company that maintains custody of their account are listed in the client's account statements. Please note that a client's ability to trade securities may be impacted by market events outside our control, such as when the markets were closed following 9/11. Our Plan provides for necessary personnel being available to approve transactions that result in the disbursement of available funds.

### **Communication with Regulators**

In the event of a business interruption that disables the home office communication systems, the Companies' Compliance Department(s) management staff all maintain back-up access to electronic data storage and reporting systems through multiple independently networked work sites, including wireless access. Moreover, the Companies' primary transaction reporting is done through third party market participants. With respect to business interruptions that may have a material impact on the liquidity of customer accounts, each company's Compliance Department would notify regulators as is appropriate under the then current circumstances.

We continue to devote substantial resources to the enhancement of our business continuity planning. We are continuing to assess how our Plan takes into consideration our critical third-party relationships; and ensure its coverage of all of the Companies' locations. We may enter into agreements with other firms to perform certain clearing services and administrative functions on our behalf in the event of a disruption, until we have the capability to resume performing those tasks.

The Companies' Plan is subject to modification. We will publish information regarding updates or modifications to the Plan on our website at <https://www.securitiesamerica.com>. Updated information about the Plan can be obtained by mailing a request for a written copy. All requests for updated information should be sent to the following address:

**Securities America, Inc. – ATTN: Paul Huerter  
12325 Port Grace Blvd.  
La Vista NE 68128**