



Regulation Best Interest Disclosure

For Retail Customers Under 17 CFR 240.151-1

This guide summarizes important information concerning the scope and terms of the brokerage services offered by XML Securities, LLC, member FINRA/SIPC (also referred to as “XML BD”, “we”, “us” or “our”) and details the material conflicts of interest that arise through our delivery of brokerage services to you. We encourage you to review this information carefully, along with any applicable account agreement(s) and disclosure documentation you may receive from us.

As you review this information, we would like to remind you that we are registered¹ with the U.S. Securities and Exchange Commission (SEC) as a broker dealer providing brokerage services. Investment advisory services are provided through our affiliated investment advisor firm, XML Financial Group (also referred to as “Advisor”, “XML” or “affiliate”). Our brokerage services are the focus of this guide. For additional information, please also refer to our Client Relationship Summary (Form CRS) also available on <https://www.xmlfg.com/>. The Form CRS contains important information about the types of services we offer along with general information related to compensation, conflicts of interest, disciplinary action and other reportable legal information. For a variety of reasons, Financial Professionals associated with us may not be able to offer all products and services described herein. Please discuss with them the types of products and services they are able to provide and any specific limitations. For information on the investment advisory services offered through our affiliate and how they differ from our brokerage services, please review the XML Form CRS, XML ADV Part 2A Brochure and the XML Wrap Fee Program Brochure available as disclosures on <https://www.xmlfg.com/disclosures/>. Questions and requests for documents can be sent to info@xmlfg.com.

Please carefully review and consider the information in each section below.

Contents

Brokerage Services	1
Brokerage Service Models and Products	4
Brokerage Fees and Our Compensation	5
Conflicts of Interest	8
Additional Resources	13
Appendix I Additional Notices	
Appendix II Privacy Policy Notice	

Brokerage Services

When you establish a brokerage account through us at our Clearing Firm, First Clearing² (“Clearing Firm”), you have the ability to buy, sell and hold investments within your account. The primary service we provide is making recommendations as to buy, sell or hold securities and our trading capability. We execute purchases and sales on your behalf, and as directed by you. In a brokerage services relationship we can trade with you for our own account, for our affiliate or for another client, and we can earn compensation on those trades. The capacity in which we act as a broker dealer is disclosed on your trade confirmation. However, we are not required to communicate this in advance, obtain your consent, or inform you of any profit earned on trades.

We also offer brokerage services which are engaged via an application or subscription agreement. We refer to these types of accounts held directly with the investment sponsor, such as mutual fund companies, variable annuity companies and investments such as Reg D offerings and 1031 exchanges as application-based accounts. These types of accounts are used also to buy, sell or hold securities.

¹ Registration of an investment advisor does not imply any level of skill or training.

² First Clearing is a trade name used by Wells Fargo Clearing Services, LLC, a registered broker-dealer and non-bank affiliate of Wells Fargo & Company.

Cash Brokerage and Margin Brokerage Accounts

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

Given that a margin brokerage account has specific eligibility requirements, unique costs, and governing regulatory requirements, the default brokerage account type is a cash brokerage account. You must execute a separate margin agreement before engaging in margin activity. **Included with your margin agreement is the Margin Disclosure Statement. This statement contains important information you should understand and consider before establishing a margin brokerage relationship with us.** For more information on margin brokerage services, consult with your Financial Professional or refer to the Clearing Firm’s Margin Disclosure Statement.

Brokerage Account Types

We offer many different types of brokerage accounts such as individual, joint, estate, trust, partnership, individual retirement account (IRA), collateral/Priority Credit Line (PCL), margin and other types of retirement accounts as outlined in the account agreement(s). You should refer to the Clearing Firm’s brokerage account agreement(s) for more information concerning the available accounts, details and terms or consult with your Financial Professional.

Brokerage Services, Recommendations and Account Monitoring

With your brokerage account, a Financial Professional will likely make recommendations to buy, sell or hold securities and assets. When we make a securities recommendation, investment strategy recommendation or recommendation to rollover assets from your Qualified Retirement Plan (QRP) to an Individual Retirement Account (IRA), the recommendation is made in our capacity as a broker-dealer unless otherwise stated at the time of the recommendation. Any such statement may be made in writing or orally to you. Moreover, when we act in a brokerage capacity, we do not agree to enter into a fiduciary relationship with you. **We encourage you to read the *Rollover Considerations* provided on <https://www.xmlfg.com/resources/> prior to initiating any rollover.**

It is important for you to understand that when a Financial Professional makes a recommendation to a retail customer, we must act in the best interest of the retail customer at the time the recommendation is made, without placing our financial or other interest ahead of the retail customer’s interests. This obligation occurs at the time the recommendation is made, considering reasonably available alternatives, based on the retail customer’s financial profile and other financial information known to us in accordance with . Financial Professionals make recommendations based on the factors known to them at the time the recommendation is made. There is an expectation of outcome, however this is without the benefit of hindsight. It is important to remember that we cannot predict the future, nor guarantee the performance objectives will be met for any investment. You may accept or reject any recommendation. It is also your responsibility to monitor the investments in your brokerage account, and we encourage you to do so regularly. We do not commit to provide on-going monitoring of brokerage accounts. If you prefer on-going monitoring of your account or investments, you should speak with a Financial Professional about whether an advisory service relationship is more appropriate for you. These terms and conditions are applicable per the SEC’s Regulation Best Interest (Reg BI) under the Securities Exchange Act of 1934.

Please also consider that from time to time we will provide you with additional information, documentation and resources to assist you with the oversight of your brokerage account. This may include but is not limited to educational resources, sales and marketing materials, performance reports, asset allocation guidance, and/or periodic brokerage account summary reports. When we offer these services and information, we do so as a courtesy to you. These documents and services are not designed to monitor specific investment holdings in your brokerage account, they do not contain specific investment recommendations about investment holdings or strategies or create a call to action. You should not consider them a recommendation to buy, sell or hold any particular securities in your brokerage account. Upon your request, we will review such information and reports with you and may provide you with investment recommendations, but we are not under a specific obligation to do so. These materials are not intended to, and should not, replace your regular review of the account statements provided to you by the custodian of your account.

Day-Trading

We do not recommend day-trading strategies and are firm is not structured to support this activity. This activity would be should be serviced by another firm. As defined per FINRA Rule 2270, a "day-trading strategy" means an overall trading strategy characterized by the regular transmission by a customer of intra-day orders to effect both purchase and sale transactions in the same security or securities. If you are considering day-trading, please read the educational material at <https://www.finra.org/investors/insights/am-i-pattern-day-trader> and notify us of your intent.

Restrictions

We will be unable to recommend certain securities, accept only as unsolicited orders or be unable to transact in certain securities for a variety of reasons, and which can change from time to time. These include; investments of or in our affiliated entities, which are listed on our Form BD, which is available to the public to view at <https://brokercheck.finra.org/firm/summary/145589>; the stock of our parent company Focus Financial Partners Inc., symbol FOCS; securities which have been designated as restricted by our Clearing Firm or respective custodian; a security in which a Financial Professional is in possession of non-public material information, in which we must abstain from making recommendations or commenting on; and/or a security which we have commented on publicly or securities which we deem as subject to market manipulation or suspected fraudulent activity. Please discuss any concerns regarding restrictions with your Financial Professional as these could affect the timing to place trades or prevent trading altogether, create a regulatory violation and could be out of our control.

Clearing Services

We have entered into an agreement with the Clearing Firm to carry your accounts, serve as the custodian, and provide certain back office functions. We and the Clearing Firm share responsibilities with respect to your account as set forth in the Designation of Responsibilities that was delivered to you upon opening of your account. We are referred to as the "Introducing Firm". Please refer to the Designation of Responsibilities in the brokerage new account agreement for more information on how such responsibilities have been allocated between us and the Clearing Firm.

Understanding Risk

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

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

Investment Objective	Investment Objective Description	Risk Tolerance	Risk Tolerance Definition
Income	Income portfolios emphasize current income with minimal consideration for capital appreciation and usually have less exposure to more volatile growth assets.	Conservative	Conservative Income investors generally assume lower risk, but may still experience losses or have lower expected income returns.
		Moderate	Moderate Income investors are willing to accept a modest level of risk that may result in increased losses in exchange for the potential to receive modest income returns.
		Aggressive	Aggressive Income investors seek a higher level of returns and are willing to accept a higher level of risk that may result in greater losses.
Growth and Income	Growth and Income portfolios emphasize a blend of current income and capital appreciation and usually have some exposure to more volatile growth assets.	Conservative	Conservative Growth and Income investors generally assume a lower amount of risk, but may still experience losses or have lower expected returns.
		Moderate	Moderate Growth and Income investors are willing to accept a modest level of risk that may result in increased losses in exchange for the potential to receive modest returns.

		Aggressive	Aggressive Growth and Income investors seek a higher level of returns and are willing to accept a higher level of risk that may result in greater losses.
Growth	Growth portfolios emphasize capital appreciation with minimal consideration for current income and usually have significant exposure to more volatile growth assets.	Conservative	Conservative Growth investors generally assume a lower amount of risk, but may still experience increased losses or have lower expected growth returns.
		Moderate	Moderate Growth investors are willing to accept a modest level of risk that may result in significant losses in exchange for the potential to receive higher returns.
		Aggressive	Aggressive Growth investors seek a higher level of returns and are willing to accept a high level of risk that may result in more significant losses.
Trading and Speculation	Trading and Speculation investors seek out a maximum return through a broad range of investment strategies which generally involve a high level of risk, including the potential for unlimited loss of investment capital.		

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

Cash Sweep Program Feature

Our brokerage services include a Cash Sweep Program feature. This program permits you to earn a return on uninvested cash balances in your brokerage account by allowing cash balances to be automatically “swept” into a “Cash Sweep Vehicle,” until such balances are otherwise required to satisfy obligations arising in your account. These Cash Sweep Vehicles include interest-bearing deposit accounts, and if permissible, money market mutual funds or such other sweep arrangements made available to you. **You will receive additional and ongoing information regarding the Cash Sweep Program in your account agreement(s) and in communications from the Clearing Firm.** More information about the Cash Sweep Program can be found in the Cash Sweep Program Disclosure Statement available as a disclosure on <https://www.xmlfg.com/brokerage-services/>.

Account Minimums, Activity Requirements and Limitations of Service

There is no minimum initial account balance required to open a brokerage account with us. If your account either fails to fund or you do not return account opening documents or provide requested information, your account will be closed. In addition, some types of brokerage accounts have minimum account activity requirements, account fees and/or minimum on-going balance requirements that must be maintained, or your brokerage account could have a negative balance, where you owe fees and could be closed. These requirements are detailed in the account agreement(s) you receive when you open your brokerage account. Generally, low account balances under \$10,000 have a higher cost ratio to maintain. Neither our firm nor our Clearing Firm is structured for low balance, low activity brokerage activity. We employ people to service account and professionals to offer guidance, which come with higher costs. For this type of activity, online, self-directed brokerage services may offer better options and be more cost effective in servicing for this type of activity.

You should also understand that Financial Professionals must be able to service many clients and accounts. Prospective clients and clients whom they feel have unrealistic expectations, are not responsive to communications, are habitually acting recklessly or contrary to advice, or require more than a reasonable level of service can deplete the Financial Professionals resources and those of the firm and interfere with the Professional’s ability to meet their other obligations. Therefore, the Financial Professionals reserve the right to decline to service an account and can establish their own minimum account balance requirements. For example, a Financial Professional may choose to service only those brokerage accounts who satisfy account-specific or total household asset conditions. Minimum asset requirements are disclosed to you orally by your Financial Professional. For brokerage accounts with low balances, please consider your anticipated level of investment activity and the Schedule of Fees for custodial inactive account fees and charges found in the brokerage account documentation.

Brokerage Service Models and Products

We are structured as a full-service brokerage firm. Financial Professionals make recommendations, however ultimately it is your decision. The principal type of brokerage service we engage in is buying and selling securities in a brokerage account. The primary types of securities we transact in are exchange traded equities, corporate equity securities over-the-counter; corporate debt securities, open-end mutual funds, closed-end funds, exchange-traded funds (ETFs), municipal securities, options and income securities. Primarily, we service brokerage accounts held at our Clearing Firm. However, we also provide brokerage services for investments held directly with product sponsors, such as mutual fund companies,

as with the case for 529 plans, and insurance companies for variable life insurance or variable annuities. We refer to this business as “application-based” as you establish an account via an application and usually identify an allocation of investments and method for continuing to invest as applicable.

While we are able to take your unsolicited trade orders on an occasional basis, our business model and operations are not structured to accept frequent unsolicited orders. You are unable to trade online in your accounts directly with our Clearing Firm. Therefore, your costs will be higher to conduct these transactions than you would pay at other financial firms who have business models for client directed trading and large scale client trading platforms.

House Accounts

Typically clients work with a designated Financial Professional to make recommendations and service their brokerage account. However, for a variety of reasons, when a Financial Professional is not associated with a brokerage account, that account is considered a House Account. If you do not see a Financial Professional’s name on your brokerage statement your account is likely a House account. Your account will be not be reviewed by a specific Financial Professional and will only be serviced upon your initiation by contacting us at our main office at 703-827-2300. Have your account statement ready and mention you have a house account.

Brokerage Fees and Our Compensation

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

Transaction-Based Fees

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

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

Account and Service Fees

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

You should understand that based on the brokerage service model you choose, the same or similar products, accounts and services vary in the fees and costs charged to you. For more information concerning administrative and service fees, refer to your brokerage account documentation.

How We Are Compensated

We receive direct and indirect compensation in connection with your accounts. Direct compensation is paid directly from the respective account. Indirect compensation is compensation paid in ways other than directly from the account and may or may not impact the value of the associated investments or service options related to your account, such as compensation paid by the issuer. The sections below describe the compensation that we receive in connection with various types of brokerage accounts and the investments available to you. In many cases, the descriptions that follow refer to a prospectus or offering documents.

Transaction-Based Schedules

The following schedules are the default settings for transaction fees in brokerage accounts at our Clearing Firm. However, we allow Financial Professionals to apply a minimum flat transaction charge that typically ranges from \$20 - \$50, or as otherwise negotiated and communicated to you verbally or in writing. Financial Professionals also have the ability to discount these schedules as mutually agreed upon. For example, non-profit, charitable organizations often pay lower transaction fees. However, when the transaction cost we apply to you is below our costs to the Clearing Firm, the difference is applied to the Financial Professional as an expense. Therefore, Financial Professionals have an incentive to apply transaction fees that at least cover the transaction expense.

Commission Schedule for Stocks, Rights, Warrants, Secondary Market Closed-End Funds (CEFs) and ETPs

This schedule below details the default commission schedule charged to you and received by us and your Financial Professional for trades of stocks, rights, and warrants.

Principal Band	% of Principal
\$499 or less	10%
\$500 - \$2,499	2.1% + \$28
\$2,500 - \$19,999	1.5% + \$43
\$20,000 - \$49,999	0.7% + \$203
\$50,000 and above	0.6% + \$253

For 2 or more lots plus \$10 per lot for the first 10 lots and \$6.5 for the next remaining lots.

Minimum: 10% of Principal or \$20, whichever is less.

Maximum: Principal of \$499 or less = not applicable, no max applied.

Principal of \$500 - \$1,500 (10% of principal for the first \$500 and 2.5% of principal for the remaining principal.)

\$1,500.01 and above (5% of principal or the greater of \$1.06 per share and \$106, whichever is less.)

Option Rates Equity and Index

Single Option Execution for Options \$1.00 and Greater

Principal	Commission
\$0 - \$2,499.99	2% of Principal + \$25
\$2,500 - \$19,999.99	1.4% of Principal + \$40
\$20,000 - \$24,999.99	0.8% of Principal + \$160
\$25,000 and above	0.4% of Principal + \$260

Minimum: \$0 - \$199.99, 25% of principal, \$200 and above, \$50 flat

For 2 or more contracts

Multiple Options Executed on the Same Day for Options \$1.00 and Greater

Schedule above plus \$8 per contract on quantities less than 11 or \$25, plus \$5.50 per contract on quantities equal to or greater than 11.

Minimum:

Principal: SELL	Commission
\$0 - \$199.99	25% of Principal
\$200 and above	\$50 flat
Principal: BUY	Commission
Other than Open	25% of Principal up to \$199.99 or \$50
Open	\$50 flat

Maximum

Principal	Commission
\$0 - \$199.99	25% of Principal for the first \$199
\$200 - \$999.99	9% of Principal for the next \$800
\$1,000 - \$9,999.99	7.2% of Principal for the next \$9,000
\$10,000 and above	5.2% of Principal for the remaining

Secondary Market Debt and Preferred Securities

A debt security refers to a debt instrument, such as a government bond, corporate bond, certificate of deposit (CD), municipal bond, or preferred stock that can be bought or sold between two parties and has basic defined terms such as the amount borrowed, the interest rate, the maturity date and the renewal date. For debt securities, including preferred securities we can apply a commission of \$13/bond with a \$50 min flat fee or (i.e., markup or markdown) of 2% to 3% for longer-dated debt, and 0% to 2% for short-dated debt from the prevailing market price of the security or investment on secondary market

transactions. Refer to further explanation of commission compensation under the section herein, "Mark-ups and mark-downs in riskless principal transactions".

Municipal Bonds

When you execute a transaction in municipal bonds the Clearing Firm will send you a trade confirmation at or prior to completion of your transaction. Refer to the trade confirmation to review the commission rate and commission amount applied to the transaction, transaction fee (postage fee), the location to obtain the official statement, capacity in which we were acting, transaction details, notice of material events, security and yield information as applicable.

Preferred Stock

When you execute a transaction in preferred stock the Clearing Firm will send you a trade confirmation at or prior to completion of your transaction. Refer to the trade confirmation to review the transaction details which include the commission amount applied to the transaction, transaction fee (postage fee), if made pursuant to a registration statement and the location and how to obtain the prospectus, if callable, security information schedule, maturity and yield information as applicable.

Certificates of Deposit (CDs)

When we trade a Certificate of Deposit ("CD") the Financial Professional will receive compensation termed as credit(points) from the issuer in connection with your purchase of a CD. Except for the mark-up or mark-down discussed above in connection with secondary market transactions and a handling fee, if any, disclosed on your trade confirmation, you will not be charged commissions in connection with your purchase of a CD. When you execute a transaction in a CD the Clearing Firm will send you a trade confirmation at or prior to completion of your transaction. Refer to the trade confirmation to review the transaction details which include the capacity in which we acted, interest information, security information schedule, maturity, and yield information as applicable.

Mutual Funds

We currently offer access to hundreds of mutual funds varying in share class structure and investment style. If you invest in mutual funds in a brokerage capacity, we receive direct and indirect compensation in connection with such mutual fund investments. You can find a description of the amount and payment frequency of sales charges, fees and expenses charged and paid by the fund in the fund's prospectus. Fees and expenses disclosed in the fund's prospectus are charged against the investment values of the fund. Below are brief explanations of the type of mutual fund expenses. **Prior to investing in mutual funds please read the *Guide to Mutual Fund Investing* available at <https://www.xmlfg.com/brokerage-services/> or free upon request.**

12b-1/Shareholder Service Fees

Annual 12b-1 fees, also known as trails, are paid by the fund and paid to us out of fund assets under a distribution and servicing arrangement to cover distribution expenses and sometimes shareholder service expenses that we may provide on the fund's behalf. Shareholder servicing fees are paid to respond to investor inquiries and provide investors with information about their investments. These fees are asset-based fees charged by the fund family. These fees range from 0.00% to 1.00%, but the majority of these fees are below 0.85%. These fees are usually passed on your Financial Professional as a commission.

Front-end Sales Charge Fees

Front-end sales charge fees may be charged and paid to us, including your Financial Professional, when you purchase a fund. The front-end sales charge is deducted from the initial investment on certain share classes. This charge normally ranges from 1.00% to 5.75%. Some purchases may qualify for a reduced front-end sales charge due to eligible breakpoint discounts based on the amount of transaction and rights of accumulation. In addition, some purchases may qualify for a sales charge waiver based on the type of account, the investor's status as a registered investment professional, or immediate family members, and/or certain qualifications within the account. contact your Financial Professional if you believe you are eligible for sales charge waivers or discounts.

Contingent Deferred Sales Charges (CDSC)

CDSC is a charge you pay the fund company upon withdrawal of money from a fund prior to the end of the fund's CDSC period. CDSC charges range from 0.00% to 5.50%. CDSC periods can range from zero to seven years. This charge typically exists only on share classes that do not have a front-end sales charge. It is sometimes referred to as the back-end load. CDSCs are not charged when you purchase a fund. The fee charged will depend on the share class purchased by the investor. A CDSC is not passed on to your Financial Professional.

When you execute a mutual fund transaction the Clearing Firm will provide you with a trade confirmation at or prior to completion of your transaction. Refer to the trade confirmation to review the transaction details which include the capacity in which we acted, sales charge and now applied, how to obtain the prospectus, security information schedule and additional risk disclosures, as applicable.

Annuities

Under arrangements with insurance companies, we, including your Financial Professional, are able to offer universal life and variable annuities. We receive commissions from the insurance companies for the sale of these products annuities. The compensation options are set by the insurance company however the Financial Professional, who is also registered as an insurance agent, usually is able to select their compensation option on a per policy basis. This compensation could be a large upfront commission with low trail, or low upfront compensation and a longer trail commission. Commissions and trails paid to us vary by product type and vary by insurance carrier. This compensation is separate from and in addition to compensation for other brokerage services, or investment advisory services offered through our affiliate. The compensation option will be indicated on the policy application, or default indicated. Please ask the Financial Professional regarding the option selected. The annuity companies can terminate or change the terms of our compensation with notice.

Alternative Investments Information

We are able to offer alternative investments to qualifying investors by executing a selling agreement with the product sponsor. These can range from private equity firms, third party managers, private placements, with real estate investment trusts and other application-based investments that we are eligible to conduct business with. The compensation we and the Financial Professional receive is unique to the respective investment and detailed in our selling agreement with the investment sponsor. Therefore, before investing, please ask your Financial Professional about the compensation and associated conflicts pertaining to the respective alternative investment .

Brokerage – Excluded Advisory Assets

As described above, our brokerage services differ from our affiliate's advisory services. In some instances we may allow an advisory client to include what are referred to as "excluded assets" within their advisory account. Excluded assets are not subject to the wrap program fee. These excluded assets are subject to our standard brokerage charges when traded. Please refer to the XML Financial Group Wrap Fee Brochure for more information available at <https://www.xmlfg.com/brokerage-services/>.

Conflicts of interest

Conflicts of interest exist when we provide brokerage services to you. A conflict of interest is a situation in which we engage in a transaction or activity where our interest is materially averse to your interest. The mere presence of a conflict of interest does not imply that recommendations are not in your best interest, but it is important that we acknowledge the presence of conflicts. Moreover, our regulatory obligations require that we establish, maintain, and enforce written policies and procedures reasonably designed to address conflicts of interest associated with our recommendations to you.

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

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

Compensation We Receive From Clients

Transaction-based conflicts

In your brokerage account you pay certain transaction fees (commissions and sales charges) in connection with the buying or selling of each investment product, including mutual funds, variable annuities, alternative investments, exchange traded funds, equity securities, and bonds. Where these fees apply, the more transactions you enter into, the more compensation that we and your Financial Professional receive. This compensation creates an incentive for your Financial Professional to recommend that you buy or sell, rather than hold, these investments. We also have an

incentive to recommend that you purchase investment products that generate higher transaction fees, instead of products that generate lower fees or no fees at all.

Mark-ups and mark-downs in riskless principal transactions

We act in an agency capacity when, acting at your request and on your behalf, we trade a security with the market, separately charging you a commission. As there is only one transaction (between client and market) we, an agent cannot charge a mark-up or mark-down. We do not maintain an inventory of securities. When we act in a principal capacity, we conduct what is referred to as a "riskless principal" transaction. We act as a riskless principal when we trade a security with the market for our own account (as principal), record that transaction in our own trading books, then promptly sell/buy the same security to/from you, the client, (also as principal), either at the same price (such as for advisory accounts) or with a mark-up or mark-down. Therefore there are two transactions; one between client and riskless principal; one between riskless principal and market.

We are compensated based upon the difference (mark-up) between the price you pay for a security purchased from us and the price we sell such security to you over the prevailing market price, or the difference (mark-down) between the price you sell a security to us and the price we purchase such security from you over the prevailing market price. Refer to the trade confirmation to view the mark-up or mark-down which must be shown as both a dollar amount and as a percentage of prevailing market price. We prohibit mark-ups and mark-downs on eligible assets in advisory accounts offered through our affiliate. The application of these mark-ups or mark-downs creates an incentive for us to trade these types of securities over securities with lower or no compensation.

Securities Based Lending/ Priority Credit Line (PCL)

The Priority Credit Line (PCL) is a line of credit backed by the value of eligible securities in a designated account. This product is designed to help you meet personal or business cash-flow needs. There are many terms and conditions, including important restrictions regarding the purposes the funds can be used for. They cannot be used for securities related activity. A PCL application will be reviewed and either approved or denied by XML BD. We and/or First Clearing reserve the right to reject a PCL application for any reason. In the capacity as a broker agent, your Financial Professional can recommend and facilitate the implementation of a PCL. For PCLs opened through XML BD at First Clearing, the PCL default rate is the rate calculated per the *Statement of Interest Charges* located in the brokerage account agreement documents. However, XML BD offers a firm adjusted rate for new PCL's through XML BD. The firm Adjusted Rate must be manually activated and approved by us in order for it to take effect. This Adjusted PCL rate is at the discretion of XML BD and is a percentage above our cost of funds, which can change without our control. XML BD and your Financial Professional will receive a portion of the interest applied over our cost of funds as compensation in the form of revenue share. This creates a conflict for recommending a PCL or not recommending a PCL depending on the anticipated account activity in the designated account collateralized against the PCL loan or for you to borrow at greater amounts. Thus, XML BD has elected to implement an Adjusted PCL rate to minimize the conflict related to compensation for XML BD and Financial Professionals. Please read through the materials provided related to the PCL and discuss the PCL restrictions, use of funds and interest rate with your Financial Professional. Once a PCL is active you can refer to the custodial statements to view the interest rate and charges under the section titled "State of Interest Charged".

Accounts transferring to XML BD with an established securitized loan interest rate lower than the firm Adjusted rate may or may not be granted an interest rate exception.

Priority Credit Line Disclosures

IT IS IMPORTANT THAT YOU READ AND UNDERSTAND THIS INFORMATION PRIOR TO OPENING YOUR PRIORITY CREDIT LINE ACCOUNT

The securities, which you pledged to secure your Priority Credit Line, are the collateral for the loan to you. If the pledged securities decline in value, so does the value of the collateral supporting your loan, and, as a result, we can take action, such as issue a maintenance call and/or sell securities or other assets in any of your accounts held with us, in order to maintain the required equity in your account.

It is important that you fully understand the risks involved in pledging securities for a loan. These risks include the following:

- **You can lose more funds than you deposit in your pledged account(s).** A decline in the value of securities that are pledged for the Priority Credit Line may require you to provide additional funds to Wells Fargo Clearing Services, LLC ("First Clearing"), which has made the loan, to avoid the forced sale of those securities or other assets in your account(s).
- **We can force the sale of securities or other assets in your pledged account(s).** If the equity in your account(s) falls below the maintenance requirements or our higher "house" requirements, we can sell the securities or other assets in any of your accounts held with us to cover the maintenance deficiency. You also will be responsible for any shortfall in the account after such sale.
- **We can sell your securities or other assets without contacting you.** Some investors mistakenly believe that firms such as ours must contact them for a maintenance call to be valid, and that the firm cannot liquidate securities or other

assets in their accounts to meet the call unless the firm has contacted them first. This is not the case. While we will try to notify you of maintenance calls, we are not required to do so. However, even if we have notified you and provided a specific date by which you can meet a maintenance call, we can still take necessary steps to protect our financial interests, including immediately selling the securities without notice to you.

- **You are not entitled to choose which securities or other assets in your account(s) are liquidated or sold to meet a maintenance call.** It is vital for you to understand that because the securities are collateral for the Priority Credit Line, we have the right to decide which security to sell in order to protect our interests. Because our interests may not be aligned with yours, you should understand that we may sell securities or assets, which you may desire to keep. If there are securities or assets, which you desire to own during the term of your Priority Credit Line, you should not pledge them as collateral for the loan.

- **We can increase our “house” maintenance requirements at any time and are not required to provide you with advance written notice.** These changes in firm policy often take effect immediately and may result in the issuance of a maintenance call. Your failure to satisfy the call may cause us to liquidate or sell securities in your account(s).

- **You are not entitled to an extension of time on a maintenance call.** While an extension of time to meet maintenance requirements may be available to customers under certain circumstances, a customer does not have a right to the extension.

Advances made on your Priority Credit Line may be made for any purpose other than purchasing, carrying or trading in securities, or reducing or retiring indebtedness incurred to purchase, carry or trade in securities.

Additional Considerations Associated with Pledging Advisory Accounts

In addition to the risks mentioned above, with respect to investment advisory account(s) that are pledged or otherwise used as collateral in connection with the Priority Credit Line, the exercise of our rights and powers over the assets in your advisory account(s), including the disposition and sale of any and all assets pledged as collateral may be contrary to your interests and the investment objective of your advisory account(s). Any recommendation to participate in the Priority Credit Line, as well as the related compensation that we or our affiliate may receive, could create conflicts of interest between you and us or, if applicable our affiliate. For example, such recommendation to participate in the Priority Credit Line could result in a situation in which we are required to liquidate securities your Financial Advisor or money manager would otherwise not sell, and which may not otherwise be in your best interests to sell, to satisfy a maintenance call. We or a third-party money manager will seek to manage your advisory account(s) as agreed under your advisory program agreement(s), provided that, if a maintenance call takes place, we or your money manager may not be able to manage your advisory account(s) consistent with our or the money manager’s overall strategy. Any action taken by us, or an affiliate, against the assets in your advisory account(s) pursuant to your Priority Credit Line Agreement will not constitute a breach of our fiduciary duties as an investment advisor to you under your advisory program agreement(s). In addition, the costs associated with the Priority Credit Line, including the costs associated with a maintenance call, are not included in your advisory program fees and may result in additional compensation to us, our affiliate, and the Financial Advisor. See your advisory program disclosure document(s) for additional information on the conflicts of interests and risks associated with pledging your advisory account(s).

Cash Sweep

In brokerage accounts held at the Clearing Firm the Cash Sweep Program allows you to earn a return on the uninvested cash balances in your account by automatically placing ("sweeping") cash balances into a sweep vehicle until such balances are invested by you or otherwise needed to satisfy obligations arising in connection with your account. Important information regarding your options, bank aggregate amounts, FDIC and SIPC coverage and fees are available in the Cash Sweep Program Disclosure Statement provided when you opened your brokerage account and available on our website as a disclosure on <https://www.xmlfg.com/brokerage-services/>.

Per our agreement with the Clearing Firm we are eligible to receive a monthly revenue share calculated on the average net assets in Wells Fargo Bank Deposit Sweep in accordance with a schedule. This creates a conflict to encourage clients to elect the Cash Sweep Program. This conflict is mitigated in that the clearing directs the cash sweep program applied to the different types of accounts. Bank Deposit balances in IRA and ERISA discretionary advisory accounts are excluded from the revenue share calculation. The Financial Professional recommending brokerage accounts types, investment products and allocations are not compensated directly from revenue we receive from Bank Deposit Balances. In a very low interest rate environment, and in accordance with our agreement with the Clearing Firm, this revenue share could result in no monthly revenue and the Clearing Firm may change our schedule, discontinue the fee payments in whole or part, or issue a new fee schedule.

The interest rate you will receive will likely be lower than on money market funds or that you would receive in an account directly with a bank. You can elect not to participate in the Cash Sweep Program and/or periodically invest cash balances directly in available money market mutual funds or other products offered as direct investments outside of the Cash Sweep Program by providing instructions to your Financial Professional.

Margin Balances

Interest is charged on margin debit balances in accordance with the margin agreement and Statement of Interest Charges as provided in your brokerage account documentation. On your debit balances, our cost of funds will be based on the published broker call rate, per our agreement with the Clearing Firm. We earn the difference between the interest rate charged to you and our cost of funds. Our agreement with the Clearing Firm increases the profitability of margin lending as client margin debit balances increase. This creates a conflict in that we receive this revenue in addition to the compensation for other brokerage products and services. Certain types of accounts prohibit the use of margin. Please read the Margin Disclosure Statement available as a disclosure on <https://www.xmlfg.com/brokerage-services/>.

Account maintenance and other administrative fees

For the services we and the Clearing Firm provide or make available to you with respect to your brokerage account, there are certain account maintenance and other administrative fees, including transfer, wire, or other miscellaneous fees, as described in the brokerage account documentation. We receive a portion of the annual account fee. The postage fee paid to us is indicated on the trade confirmation as a transaction fee. The revenue share related to these fees helps to off-set other account related servicing expenses paid by us to the Clearing Firm. While this creates a conflict, we mitigate this conflict in that the Financial Professionals do not receive compensation from these fees. The percentage of revenue we receive may change as negotiated with the Clearing Firm. At the Clearing Firm's sole discretion, the revenue share and our costs can change or be discontinued.

The Clearing Firm has set Account Fee Waiver Criteria for the annual account fee, including the Advantage AMA Account fee. Please consult your Financial Professional to determine if your account(s) meets one of these criteria or inquire if your Financial Professional will grant a waiver for the annual account fee. Some, but not all, Financial Professionals are allocated a certain dollar amount to allocate as waivers for the annual account fee for accounts that otherwise do not meet an Account Fee Waiver Criteria. This creates a conflict among the accounts of the Financial Professional as to who receives a waiver.

Compensation We Receive from Third Parties

Clearing Firm Agreement Extension

As part of a 2020 renegotiated extension of the clearing agreement, we received a cash extension award from the Clearing Firm. This award is used for the considerable operations, technology, and compliance expenses and not direct or indirect compensation to Financial Professionals. We have a pro-rated termination Fee Schedule should we terminate its clearing agreement before the end of the contract term. These benefits and penalty present a conflict of interest related to our use of the Clearing Firm. However, the transition dollars are a common occurrence in the industry, and other Clearing Firms offer similar arrangements. A change to another Clearing Firm would likely generate the same award. To change Clearing Firms is a significant undertaking for a broker dealer and its clients. The use of a Clearing Firm is a long-term commitment and integral part of our broker dealer's business model, operations and product and service offerings, thus it is not a change to be made frequently.

Recruiting Cost Support Concession

During the term of our agreement with the Clearing Firm, we are eligible to enter into a Recruiting Cost Support Concession agreement for payment regarding qualified financial advisors who convert assets to the Clearing Firm as measured by the agreement. This creates a conflict for us as there is an incentive to bring Financial Professionals and their client's assets to the firm and recommend they utilize the Clearing Firm. We feel this is mitigated in that the Clearing Firm is a significant aspect of our operations and business model. There is an inherent economy of scale and it is a standard industry practice for an introducing broker-dealer to have only one Clearing Firm. The more custodians a firm uses, the greater the burden on the internal operations, supervision, monitoring and the day-to-day handling of accounts. Therefore, Financial Professionals who wish to join our firm and utilize brokerage accounts, would only be able to do so at the Clearing Firm.

Investment Compensation

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

The total amount of payments we receive varies from product to product, and varies with respect to the third-party investment management products we recommend. It also is separate from and in addition to the compensation we receive in connection with other products and services made available to you, including advisory services through our affiliate. We have an incentive to recommend investment products and services that generate greater payments to us. This

compensation generally represents an expense embedded in the investment products and services that is borne by investors, even where it is not paid by the Product Sponsor and not directly from the investment product or other fees you pay. The types of third-party compensation we receive include:

Trails

Ongoing compensation from Product Sponsors is received by us and shared with our Financial Professionals. This compensation (commonly known as trails, service fees or Rule 12b-1 fees in the case of mutual funds) is typically paid from the assets of the investment product under a distribution or servicing arrangement and is calculated as an annual percentage of invested assets. The compensation varies from product to product. We have an incentive to recommend that you purchase and hold products that pay us higher trails.

Product Share Classes

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

Annuities

A conflict exists among the insurance company products themselves as the compensation models offered vary among companies and are different for a new policy or replacement policy.

Additional Compensation from Product Sponsors and Other Third Parties

We and our Financial Professionals, associates, employees, and agents receive additional compensation from Product Sponsors and other third parties including:

- Meetings or events are held by product sponsors to educate Financial Professionals on product characteristics, business building ideas, industry topics and best practices, as well as various other topics. Financial Professionals may be reimbursed for expenses to attend these events and require prior approval by us.
- Certain vendors provide free or discounted research or other vendor products and services, which can assist our Financial Professionals with their investment research.
- From time to time, Financial Professionals receive promotional items, meals or entertainment or other non-cash compensation from product providers. Gifts or merchandise that is not perceived as a promotional item, meaning that doesn't display a company's logo, is limited in value to \$100 annually per person.
- Product sponsors also contribute funds to cover expenses of firm and client events. Such sponsorships require prior approval by us and are logged for tracking purposes to review for potential conflicts of interest.

These arrangements are not related to individual transactions or assets held in client account. Due to the high number of product providers we use, it is not possible for all companies to participate in these types of meeting or event. Consequently, those product providers that do participate in firm, client or educational meetings, or other events gain an opportunity to build relationships with Financial Professionals; these relationships could lead to sales of that particular company's products. The amount of these payments is not dependent or related to the level of client assets with the Product Sponsor.

Compensation Related to Our Affiliates

Refer to the XML Wrap Fee Brochure regarding compensation associated with an advisory account through our affiliate. Located online at <https://www.xmlfg.com/disclosures/> or by contacting us at info@xmlfg.com.

Compensation Received by Financial Advisors

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

Typically, a Financial Professional's payout schedule increases with production and asset levels. The same payout schedule is reduced when Financial Professionals discount certain client fees and commissions. Financial Professionals

also may be eligible for annual or ongoing bonuses and deferred compensation awards based upon a variety of factors that may include reaching certain production levels, as well as compliance with our policies and procedures and meeting best business practices.

As a result, Financial Professionals have an incentive to provide brokerage recommendations that result in selling more investment products and services, as well as investment products and services that carry higher fees. Financial Professionals also have an incentive to provide brokerage recommendations to increase brokerage trading activity, and to reduce the discounts available to you.

Financial Professionals have an incentive to recommend the transfer of assets to our firm which they were previously not being compensated for. Such as when you rollover assets from a Qualified Retirement Plan (QRP) to a brokerage Individual Retirement Account (IRA) because of the compensation they will receive.

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

Recruitment compensation is typically provided to Financial Professionals who join our firm. This compensation, which likely varies by Financial Professional, often includes either an upfront or backend award based upon new client assets to our firm and/or revenue generated from such client assets. This creates an incentive for the Financial Professional to recommend the transfer of assets to the firm, including brokerage assets, in order to earn this compensation.

Other Financial Professional Activities

Financial Professionals may be motivated to place trades to receive more favorable prices than their clients. We have policies in place directing the timing of placing trades, methods of trading, such as block trades with averaged pricing, and how to monitor for and remediate instances against these policies.

Financial Professionals who are considering transitioning to another firm may be incentivized to make brokerage recommendations designed to increase the value of their “book of business” through asset accumulation or brokerage trades that are not in your best interest.

Additional Resources

The following documents are additional disclosures or educational resources for your review and reference. These may be requested free of charge to info@xmlfg.com.

<https://www.xmlfg.com/brokerage-services/>

- Client Relationship Summary (Form CRS)
- Reg BI Disclosure
- Consolidated Reports Disclosure
- Cash Sweep Program Disclosure Statement
- Margin Disclosure Statement
- XML BD Privacy Policy
- Priority Credit Line Disclosures
- Additional Information & Disclosures
- Guide to Mutual Fund Investing
- Rollover Considerations
- Municipal Investor Brochure
- Guide to 529 Plans
- 529 Plans: Research & Compare
- 529 or ABLE Out-of-State Disclosure
- CBOE Options Education Center
- What is a Trusted Contact?

<https://www.xmlfg.com/important-notices/>

- Insurance Agency
- Order Routing
- Municipal Securities Disclosure
- Jurisdiction
- Options
- Consolidated Reports

APPENDIX I

Additional Notices

As a client of XML BD and, as applicable for investment advisory services through our affiliate, XML Financial Group ("Advisor" or "XML"), together as "we", please take a moment to review these important notices, terms and policies that affect the day-to-day interactions regarding your account(s) and/or the services we provide.

Section 1: Verification of Account Information and State of Residence

Review your personal information and account selections within this document carefully. If any information is incorrect or changes in the future, such as your financial status, account objective, risk tolerance or state of residence you agree to notify your XML BD Financial Professional promptly in writing. If you are changing your state of residence, notification should be made prior to moving. You further acknowledge that should XML BD and/or your servicing Financial Professional need to apply for registration in the new state, securities activity will be delayed until XML BD and the Financial Professional are approved to conduct securities business in the applicable state or where an exemption applies.

Section 2: Customer Identification Program ("CIP"): Verification of Identity (Individuals and Entities)

Federal law requires all financial institutions to obtain, verify, and record information that identifies each individual who opens an account or has the authorization to direct transactions. We will ask for your name, address, date of birth and other information that will allow us to properly identify you. We may also ask to visually verify your U.S. state or government issued driver's license, passport, or other valid identifying documents. Accounts may not be titled in contradiction to government issued identification documents. For entity accounts, formation documents to verify beneficial ownership criteria and authorized individuals' identification information is required.

Section 3: Meaning of Investment Terms

The meaning of investment terms can vary from individual to individual, thus there could be different interpretations of the terms. You acknowledge that you have discussed the investment terms and feel you have a mutual understanding of the meanings with your Financial Professional.

Section 4: Security of Client Information

We continually strive to keep your information accurate, secure, and confidential. We conduct training and maintain confidentiality agreements with employees and have Customer Information Protection policies in place. We maintain physical, electronic, and procedural safeguards to comply with federal and state standards and are committed to protecting your financial privacy.

Section 5: Consent to Electronic Delivery of XML Securities Disclosures and Notices

You hereby acknowledge and agree to XML BD and Advisor delivering communications and documents by electronic means rather than traditional mailing of paper copies. By consenting to the electronic delivery of all information relating to your Account, you authorize XML BD and Advisor to deliver all communications by email to the email address specified by you. You acknowledge that you possess the technical ability and resources to receive electronic delivery of documents. You further consent that XML BD and Advisor can provide in any electronic medium (including via email) all disclosures or documents that are required by applicable securities laws to be provided by XML BD and/ or Advisor. The consent granted herein will be effective until revoked by you.

Section 6: Delivery of Mailings for Multiple Accounts

We may send account information regarding each of your accounts in a combined mailing if the same address is used for the respective accounts. If you would like to decline consent for combined mailing, please notify us via the Contact information below.

Section 7: Business Continuity Plan ("BCP") Disclosure

It is our goal to provide you with a high level of service no matter what disruption the firm may be experiencing. We have developed a BCP to respond to events that may create a significant business disruption ("SBD"). Since the timing and impact of a SBD are unpredictable, we will have to be flexible in responding to events as they occur. We plan to quickly recover and resume business operations after a SBD and respond by safeguarding our employees and property, making a financial and operational assessment, protecting the firm's books and records, and enabling our clients to transact business as best we can. In short, our BCP is designed to enable our firm and employees to resume operations as quickly as possible, given the scope and severity of the SBD. However, your orders and requests for funds and securities could be delayed during the SBD. Our BCP addresses the following: records retrieval; data backup and recovery; mission critical systems; financial and operational assessments; alternative communications with clients, employees, and

regulators; alternate physical location of employees; critical suppliers, contractors, bank and custodial impact; regulatory reporting; and providing an alternate means for our clients to access funds and securities if we are unable to continue our business. We have local and off-site backup of electronic files and off-site storage of historical records. The custodians of accounts also store important electronic records in their own systems. We review and incorporate the BCPs of our custodians into our BCP and will communicate alternate instructions as needed.

Contacting Us - If due to an SBD you cannot reach us through normal communications please refer to our website at www.xmlfg.com for notifications. If operations at one branch office is impacted, the other branch offices will serve as alternate contacts.

Section 8: Limitations of Service (Tax and Legal)

Our employees and Financial Professionals are not licensed tax or legal professionals and should not be relied upon for professional tax or legal advice. Materials provided by us are not intended or written to be used, and cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer under U.S. federal tax laws. Individuals are strongly encouraged to consult with their personal tax and/or legal professional before making any tax- or legal-related decisions, investment-related or otherwise.

Section 9: Complaint Reporting

Financial professionals service your account and answer any questions or concerns that you may have. In the unfortunate event that you wish to discuss or convey a complaint, please contact us via the Contact information below.

Section 10: Mutual Fund Share Class Overview

Open-end mutual funds generally offer various "share classes". Each share class has unique features and expense structures. This is a general discussion of three common share classes; however specific details will vary among fund companies. It seems the type of share classes offered and the characteristics continue to evolve. So please consult the specific mutual fund's current prospectus for detailed information regarding the share classes offered, specific charges and expenses, as well as important fund disclosures and product information. FINRA offers a free tool to compare funds at <http://www.finra.org/Investors/index.htm>.

A SHARES – impose a sales charge paid up-front and reduce the amount of funds initially invested. If investors are holding certain levels of assets, initial sales charge, can be reduced by breakpoints or 'rights of accumulation', if you intend to purchase additional shares over a time period. While A shares have higher up-front charges, if held for longer periods of time, typically greater than 5 - 7 years, the sales cost of holding the fund is usually less than if an investor initially purchased a C share class of the same fund. However, if you sell this fund, for example, within the five-year period, and purchase another A share, you'll likely not realize the intended savings of this share class.

C SHARES - characteristically have a consistent sales charge. There is a contingent deferred sales charge applied (CDSC) for selling the share within one year of purchase. Compared to an A share this share class typically costs less if held less than 5-7 years, depending on the fund. After a long period the C share investor likely pays more in sales charges than if they had initially purchased an A share of the same fund. It is important to estimate your holding period as best you can. *Note: Some mutual fund companies, such as 529 plans, enable an automatic conversion of C shares to A shares after five years, fore example the CapitalGroup American Funds CollegeAmerica plan.*

R SHARES - This class is designated for retirement accounts. These funds usually do not carry a front-end or back-end sales charge. However, internal operating expenses vary greatly from one fund family to another. They generally may only be purchased through 401(k) and other employer sponsored plans.

Section 11: Municipal Securities Disclosure

XML BD is a FINRA member broker-dealer and registered with the Municipal Securities Rulemaking Board ("MSRB"). The use of the term "registered" by us does not imply by itself any level of skill or training. The website address for the MSRB is www.msrb.org, which includes access to the MSRB Rule Book and an investor brochure that describes the protections that may be provided by the MSRB rules and how to file a complaint with an appropriate regulatory authority. Municipal bonds offering official statements are available electronically at <http://www.emma.msrb.org/>. If you prefer hard copy delivery of Municipal Bond Official Statements for your account transactions, please contact us via the Contact information below.

Section 12: Qualified Plan Rollovers

When you depart your employer if you had an account with your employer sponsored qualified plan account, there are several options you have. These include the following which we encourage you to discuss with your Financial Professional. Read more in the **Rollover Considerations** found on <https://www.xmlfg.com/resources/>.

- 1) Leave the money in the former employer's plan, if permitted;

- 2) Rollover the assets to a new employer's plan, if one is available and permitted;
- 3) Rollover to an Individual Retirement Account ("IRA"); or
- 4) Cash out the account value.

Each choice offers advantages and disadvantages, and among the considerations that should be made include: investment options, services, fees and expenses, withdrawal options and tax penalties, ability to take a loan, required minimum distributions, protection from creditors and legal judgments, tax treatment, employer stock considerations (if applicable), investor's unique financial needs and retirement plan details. Your Financial Professional has a conflict in that they will receive compensation related to the assets regarding a recommendation to move the assets with us, versus a recommendation to proceed with any other option where they will receive no compensation.

Section 13: SIPC Member Firm

XML BD is a member of the Securities Investor Protection Corporation ("SIPC"). For more information or to request a SIPC brochure, please ask your Financial Professional or contact SIPC at <https://www.sipc.org/> or (202) 371-8300.

Section 14: Investment Check Deposits

Checks for deposit into an investment account should be made payable to the custodian. List the account number in the memo section of the check. *Examples:* "First Clearing" or "First Clearing FBO [*account title*]." If you have any questions, please consult your Financial Professional. Checks should never be made payable to a financial professional.

Section 15: Privacy Policy

Please refer our privacy notice on <https://www.xmlfg.com/brokerage-services/> under Disclosures.

Section 16: Trusted Contact

A "trusted contact person" is a person that you authorize us to contact in limited circumstances, such as if we have trouble reaching you or have a reasonable belief that your account may be exposed to possible financial exploitation. A trusted contact person must be age 18 or older. While this is encouraged, it is optional and you may withdraw or change the trusted contact person at any time by notifying us in writing. Naming someone as a trusted contact person does not give that person any authority to act on your behalf, execute transactions or engage in activity in your account.

For more information visit https://www.sec.gov/oiea/investor-alerts-and-bulletins/ib_trustedcontact.

While we hope to never need to use this contact information, we feel it's a prudent step in looking out for your best interests. This should be another individual other than a joint account holder, spouse, or power of attorney (POA). Please provide your Financial Professional with the following information regarding your Trusted Contact or ask for a separate Trusted Contact form.

- Trusted Contact Name, Relationship, Phone, Email, and Mailing Address

By providing this information you authorize us to contact your Trusted Contact regarding the account(s) or services you have with us. This authorization is optional, and you may withdraw it at any time by notifying us in writing and you may change your Trusted Contact by providing new Trusted Contact information. This is not an authorization to give the Trusted Contact the authority of a power of attorney, rights for trade or withdrawal authorization, or account balance information. This request is made in accordance with FINRA Rule 4512.

Contact Information

Attn: Compliance, 7600 Leesburg Pike, Suite 120 East, Falls Church, VA 22043, by telephone 703-827-2300 or by email to info@xmlfg.com.