



Regulation Best Interest Disclosure

Institutional Securities Corporation

3500 Oak Lawn Ave
Dallas, TX, 75219
800.888.3520
www.iscgroup.com

Table of Contents

Regulation Best Interest Disclosure.....	1
Brokerage Services.....	1
Cash Brokerage and Margin Brokerage Accounts.....	1
Brokerage Account Types.....	1
Incidental Brokerage Services, Recommendations and Account Monitoring.....	1
Clearing Services.....	2
Account Minimums and Activity Requirements.....	2
Understanding Risk.....	2
Cash Sweep and Program Feature.....	3
Brokerage Service Models and Products.....	4
Brokerage Fees and Our Compensation.....	4
Transaction-Based Fees.....	4
Account and Service Fees.....	4
How We Are Compensated.....	4
Investment Product Compensation	4
Commission Schedule for Rights, Warrants, Secondary Market Closed End Funds (“CEFs”) and Exchanged Traded products (“ETPs”).....	4
Equity Transactions.....	4
Option Rates Equity and Index.....	4
Fixed Income Products.....	4
Mutual Funds.....	5
Annuities.....	5
Unit Investment Trusts (“UITs”).....	5
529 College Savings Plans (“529 Plans”).....	5
Certificate of Deposits.....	6
Private Placements.....	6
Revenue Sharing	6
Money Market Fund, Free Credit, and Bank Insured Deposits.....	6
Margin Interest.....	7
Operational fees Charged Directly to your Account.....	7
Margin Debt Interest.....	8
Trade Corrections.....	9
Compensation for Termination of Services.....	9
Conflicts of Interest.....	9
Compensation We Receive from Clients	9
Transaction-Based conflicts.....	9
Markups and markdowns for principal transactions.....	9
Account maintenance and other administrative fees.....	10
Compensation We Receive from Third Parties	10
Additional Compensation and Benefits from Product Sponsors and Other Third Parties.....	10
Product Share Classes.....	10
Compensation Related to Proprietary Products.....	10
Compensation Related to Our Affiliates.....	11
Compensation Received by Registered Representatives.....	11
Other Registered Representative Activities.....	11
Additional Resources.....	12

Regulation Best Interest Disclosure

Institutional Securities Corporation (“ISC”, “our”, “we”, “us”) offers brokerage services to you and our customers. This guide summarizes important information concerning the scope and terms of those brokerage services that are offered by us 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 or have received from us.

As you review this information, we would like to remind you that we are registered with the U.S. Securities and Exchange Commission (“SEC”) as a broker-dealer providing brokerage services, and a member firm of the Financial Industry Regulatory Authority (“FINRA”) and the Municipal Securities Rulemaking Board (“MSRB”). Our brokerage services are the primary focus of this guide. Our Form CRS contains important information about the types of services we offer, brokerage, along with general information related to compensation, conflicts of interest, disciplinary action, and other reportable legal information.

Please carefully review and consider the information contained in each section set forth herein.

Brokerage Services

When you establish a brokerage account with us, you have the ability to buy, sell, and hold investments within your account. The primary service we provide is 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 an affiliate or for another client, and we can earn a profit on those trades. The capacity in which we act is disclosed on your trade confirmation. However, we are not required to communicate it in advance, obtain your consent, or inform you of any profit earned on trades.

Cash Brokerage and Margin Brokerage Accounts

We provide brokerage services 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, Hilltop Securities Inc. (“Hilltop”). 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, which will be determined by Hilltop. While many securities are eligible to be used as collateral for a margin loan, some securities are not available for margin collateral purposes.

Given that a margin-enabled brokerage account has specific eligibility requirements, unique costs, and governing regulatory requirements, our default brokerage option is our cash brokerage account. You must execute a separate margin agreement before engaging in margin brokerage activity. Included with your margin agreement is a copy of the Margin Disclosure Statement. This statement contains important information you should understand and consider before establishing a margin brokerage relationship with us. For more information on our margin brokerage services, contact your investment professional (“Registered Representative”), or refer to our Margin Disclosure Statement available upon verbal request, you can contact Terry Blythe at 214-520-1115.

Brokerage Account Types

We offer many different brokerage account types including individual and joint accounts, custodial accounts, Delivery Versus Payment (“DVP”) accounts, estate and trust accounts, corporate accounts, partnership accounts, individual retirement accounts and other types of retirement accounts and accounts to facilitate private placement transactions, as outlined in our account agreement(s). You should refer to our account agreement(s) for more information concerning available account types or speak with your Registered Representative.

Incidental Brokerage Services, Recommendations and Account Monitoring

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

It is important for you to understand that when your Registered Representative makes a brokerage recommendation to you, we are obligated to ensure the recommendation is in your best interest, considering reasonably available alternatives, and based on your stated investment objective, risk tolerance, liquidity needs, time horizon, financial needs, tax status, and other financial information

you provide us. You may accept or reject any recommendation. It is also your responsibility to monitor the investments in your brokerage account, and we encourage you to do so regularly. We do not commit to provide on-going monitoring of your brokerage account. If you prefer on-going monitoring of your account or investments, you should speak with your Registered Representative about whether an advisory services relationship is more appropriate for you.

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

Clearing Services

We have entered into an agreement with Hilltop to carry your account on a fully disclosed basis and provide certain back office functions. We share responsibilities with Hilltop with respect to your account as set forth in your Customer Agreement that was delivered to you upon opening of your account with Hilltop. Please refer to your Customer Agreement for more information on how such responsibilities have been allocated between us.

Account Minimums and Activity Requirements

There is no minimum initial account balance required to open a brokerage account with us. However, if you either fail to fund your account or do not return account opening documents as required, your account will be closed. In addition, some types

of brokerage accounts have minimum account activity requirements and/or minimum on-going balance requirements that must be maintained, or your brokerage account will be closed. These requirements are detailed in the account agreement(s) you receive when you open your brokerage account.

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

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. 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 & 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 information concerning the Cash Sweep Program in your account agreement(s). More information about the Cash Sweep Program is available upon request. Please call Terry Blythe, at 214-520-1115, to request this information.

Brokerage service models and products

We offer a variety of service models, from full-service brokerage account to self-directed brokerage accounts. For more specific information on what might be available to fit your needs, please call your Registered Representative or contact Terry Blythe at 214-520-1115.

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, purchasing and exercising options and other investment purchases and sale. These transaction-based fees are generally referred to as a “*commission*,” “*mark up*,” “*sales load*,” or a “*sales charge*.” Transaction-based fees are based on a host of factors, including, but not limited to:

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

Account and Service Fees

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

You should understand that based on the brokerage service model you choose, the same or similar products, accounts and services may vary in the fees and costs charged to you. For more information concerning our administrative and service fees, please contact your Registered Representative or call Terry Blythe at 214-520-1115.

How We Are Compensated

We receive direct and indirect compensation in connection with your accounts. Direct compensa-

tion is taken directly from the affected account. Indirect compensation is compensation paid in ways other than directly from the account and may impact the value of the associated investments in your account. The sections below describe the compensation that we receive in connection with various investments that may be available to you. In many cases, the descriptions that follow refer to a prospectus or offering documents.

Investment Product Compensation

Commission Schedule for Rights, Warrants, Secondary Market Closed End Funds (“CEFs”) and Exchange Traded Products (“ETPs”)

All commissions are on a transaction basis these commission can be negotiated with your Registered Representative. You may or may not be charged a commission. Please visit with your Registered Representative for any additional questions you might have.

Equity Transactions

All commissions are on a transaction basis, and these commissions can be negotiated with your Registered Representative. You may or may not be charged a commission. Please visit with your Registered Representative for any additional questions you might have.

Option Rates Equity and Index

Options compensation is received as direct compensation, as described below. All commissions are on a transaction basis these commission can be negotiated with your Registered Representative. You may or may not be charged a commission. Please visit with your Registered Representative for any additional questions you might have.

Fixed Income Products

Fixed income products include by way of example, domestic corporate debt, U.S. Government securities, municipal securities, foreign corporate debt, and corporate sovereign debt. ISC provides access to the fixed income market by providing our clients with access to corporate debt, U.S. Government securities, municipal securities, foreign corporate debt, and or corporate sovereign debt (“Fixed Income Products”). When ISC buys or sells Fixed Income Products on your behalf, in a non-advisory account, we may impose a markup (“*increase*”) or markdown (“*decrease*”) in the price of transactions we execute on a principal basis or riskless principal basis, in accordance with industry guidelines. Our compensation for the purchase of a Fixed Income Product for you is based solely on the markup we charge you for the purchase of a Fixed Income

Product, and is essentially the difference between an investment's lowest current market price in the market, and the price charged to you for said Fixed Income Product. Our compensation for the sale of a Fixed Income Product for you is based solely on the markdown we impose, and the difference between the market value of the Fixed Income Product, and the lower price that we that we purchase the Fixed Income Product from you. The securities industry has imposed rules and guidelines on markups and markdowns to protect investors in the fixed income market. We maintain policies and procedures designed to help ensure compliance with those rules and guidelines.

Mutual Funds

We currently offer thousands of mutual funds varying in share class structure and investment style. If you invest in mutual funds, we receive direct and indirect compensation in connection with such mutual fund investments, as described below.

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 may be passed on to us and may in turn be passed on to your Registered Representative as a commission.

Front-end Sales Charge Fees/Contingent Deferred Sales Charges (CDSC). Front-end sales charge fees may be charged and paid to us, including your Registered Representative, 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 0.00% to 5.75%. Some purchases may qualify for a reduced front-end sales charge due to 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, and/or certain qualifications within the account. You should contact your Registered Representative if you believe you are eligible for sales charge waivers.

CDSC is a charge you pay 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 Registered Representative. You can find a description of the amount and payment frequency of all 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. Please note that 12b-1s and similar fees or compensation received in connection with our affiliated funds are not received, or are rebated, on ERISA assets.

Data Agreement. The compensation is outlined in the prospectus. The Registered Representative receives up front commission from the Mutual Fund companies and a trailing commission depending on the fund. Specifics on the commission earned by the Registered Representative are contained in the prospectus.

Annuities

Our annuities consist of fixed, index, and variable annuities. Under arrangements with insurance companies, your Registered Representative, receives commissions from the insurance companies for the sale of annuities, as well as trail commissions, and they are considered indirect compensation. Commissions and trails paid to us vary by product type and may vary by insurance carrier. All annuity contracts are sold with a prospectus and additional information can be found in the prospectus.

Unit Investment Trusts (“UITs”)

Our UITs consist of Equity and Fixed-Income UITs. We, along with your Registered Representatives, are compensated in ways that vary depending on the type and terms of the UIT portfolio selected. The types of fees received by us are described below and are disclosed via the prospectus issued by the UIT provider. Your Registered Representative can provide you a copy of the most recent prospectus. The UIT provider deducts fees as compensation from the proceeds available for investments for marketing and distribution expenses, which may include compensating us as described in each UIT prospectus. All commissions are on a transaction basis and these commissions can be negotiated with your Registered Representative. You may or may not be charged a commission. Please visit with your Registered Representative for any additional questions you might have.

529 College Savings Plans (“529 Plans”)

We currently offer numerous 529 plans, both state and out of state. We receive a front-end sales charge fee or a contingent deferred sales charge. If you invest in 529 Plans, we receive direct and indirect compensation in connection with such 529 Plan investments, as described below. You may

also pay enrollment or one-time fees and or annual maintenance fees. See the prospectus, program brochure or plan description for a listing of each plan's fees. Many states offer favorable state tax treatment to residents investing in their home state 529 Plan. See the prospectus, program brochure or plan description for a listing of each plan's treatment of benefits to residents of their state.

Front-end Sales Charge Fees/Contingent Deferred Sales Charges (CDSC). Front-end sales charge fees be charged and paid to us, including your Registered Representative, 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 0.00% to 5.75%. Some purchases may qualify for a reduced front-end sales charge due to 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, and/or certain qualifications within the account. You should contact your Registered Representative if you believe you are eligible for sales charge waivers.

CDSC is a charge you pay 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 Registered Representative. You can find a description of the amount and payment frequency of all fees and expenses charged and paid by the fund in the 529 Plan's prospectus. Fees and expenses disclosed in the fund's prospectus are charged against the investment values of the fund.

Certificate of Deposits

We currently offer Certificate of Deposits ("CD"), which are deposit obligations of a depository institution (the "Issuer") domiciled in the U.S. or one of its territories, the deposits and accounts of which are insured by the Federal Deposit Insurance Corporation (the "FDIC") within certain limits as set out in the Certificate of Deposit Disclosure Statement. Each CD constitutes a direct obligation of the Issuer and is not, either directly or indirectly, an obligation of ISC or Hilltop. CDs may be purchased both upon issuance (the primary market) and in the secondary market. Markups and Markdowns are charged on a transaction basis, and paid to us, including to your Registered Representative, when you purchase a CD. Please visit with your Registered Representative for any additional questions you might have

Private Placements

We offer private placements of unregistered securities, which can be either debt or equity securities. We are compensated based on a percentage of your invested capital in the private placement. That percentage payable to us is set out and disclosed in the respective private placement memorandum, private offering memorandum or disclosure document, as well as in the subscription agreement you will execute to acquire an interest in a private placement (collectively the "Offering Documents"). The commission payable to us is non-negotiable, as it is negotiated between the sponsor or issuer of the private placement, prior to the offering of the private placement securities. Our compensation is generally paid out of the proceeds of the offering by the issuer, although it may be paid by the sponsor or an affiliated entity. We may also receive warrants or options to purchase securities related to the private placement offering in certain circumstances. See the Offering Documents for a discussion of the compensation arrangements with the sponsor and or issuers.

Your Registered Representative may receive a portion of the compensation as determined by the Registered Representative and us. Your Registered Representative can provide you with the most recent private Offering Documents which in addition to disclosing our compensation arrangements, also discloses additional fees and costs imposed on the private placement investment by the issuer and its affiliates, risks related to investing in that private placement, the minimum investments accepted, the suitability requirements of investors, and other information critical to an investors decision to invest in any such private placement. It should be noted that private placement securities are illiquid and have no current market.

Revenue Sharing

We currently have a revenue sharing arrangement with our clearing firm, Hilltop, that allows for sharing in interest revenues for Margin Accounts and Money Market, Free Credit and Bank Insured Deposit sweep accounts.

Money Market Fund, Free Credit and Bank Insured Deposits

We earn a monthly fee of 25 basis points on the uninvested cash balances that are automatically invested in the cash sweep account. Please note that "basis points" are a unit of measure used in finance to describe the percentage change in the value or rate of a financial instrument. One basis point is equivalent to 0.01% (1/100th of a percent) or 0.0001 in decimal form). average net assets in the sweep account.

Margin Interest

We earn the difference between the interest rate charged to you and our cost of funds outlined below in the table:

Customer Margin Debt Balances	Current Actual Rate	Base Rate of 4.99+
up to \$24,999	7.06%	2.07%
\$25,000 - \$99,999	6.31%	1.32%
\$100,000 - \$299,999	5.59%	0.60%
\$300,000 - \$999,999	5.27%	0.28%
over \$100 million	4.59%	-0.40%

Operational Fees Charged Directly to your Account

We receive compensation for various operational services provided to you through a brokerage account. Our fee schedule for these services is as follows:

Type of Fee	Fee Amount
Money Market	
Vision Check- Reorders	\$15.00
Vision Check- Rush Orders	\$22.50
Vision Check- Stop Payment	\$25.00
Vision Check- Returned Check	\$25.00
Vision Check- Photocopy of canceled check	\$10.00
Vision Check- Writing Termination	\$25.00
Visa Platinum Debit Card- Annual Fee	\$50.00
Account Transfer/Deliveries Between Broker Dealers or Other Agents/Mutual Funds Companies	
Account Transfer Fee (ACAT)	\$150.00
Account Transfer Fee (Non-ACAT)	\$150.00
Delivery of Book Entry Securities (Per Issue)	\$25.00
Receipt/Deliver of Foreign Securities	\$100.00
General	
Wire Transfer-US Bank	\$20.00
Wire Transfer-Foreign Bank	\$50.00
Prepay Fee	\$20.00 plus interest calculated at martin debit rate
Cleared Check Copy	\$20.00
Stop Payment	\$25.00
Returned Deposit Item	\$35.00
Returned Outgoing Wire Transfer Fee	\$25.00
Accommodation Fee	\$25.00
Deliveries- Minimum Fees	
Regular Next Day	\$25.00
Priority Next Day	\$30.0
Saturday Delivery	\$40.00
Foreign Address	\$60.00
USPS Priority Mail	\$6.00
Certificates, DRS, DWAC, W/T & Processing	
Low-Priced/Large Quantity Review/Processing Fee	\$300.00*
Legal Transfer Fee	\$50.00*
Non-Equity Physical Processing Fee	\$150.00*
Non-DTCC Eligible Receipt/Delivery	\$100.00*
RVP/DVP Fee Certificate Handling Fee	\$50.00*
DRS Deposit/Withdrawal	\$50.00
DTC/Non-DRS Participating Issuers Fee	\$50.00*
DWAC Deposit/Withdrawal	\$300.00*
Exercising Employee Stock Options	\$75.00*

Exercising Warrants or Rights Subscriptions	\$50.00*
Canadian Deposit	\$25.00
Foreign Deposit	\$150.00*
Canadian Settlement	\$250.00*
Foreign Settlement	\$50.00*
Transfer Agent Fee	\$100.00*
DTCC Deposit	Pass through fees*
DTCC Legal Deposit	\$12.00
DTCC Withdrawal by Transfer	\$50.00
DTCC/TA Reject	\$500.00
DTCC DRS Reject	\$125.00
DTCC New York Window Settlement	\$75.00
DTCC Envelope Settlement Service	\$50.00*
	\$35.00
Other Fees	
Customer Research or Document Reproduction Fee	\$25.00 per hour
Annual Safekeeping Fee	\$50.00 per position
Bonds Fees (Purchase or Sale)	\$5.00 for T-Bills and \$15.00 for T-Notes, T-Bonds and other Government Instruments
Redemption / Termination	\$25.00
Corporate Action Deposits	\$90.00
Corporate Action Physical Certificates	\$6.00*
Foreign Tax Elections	\$50.00
Mandatory Corporate Action	\$50.00
Mutual Fund Positions Networking Fee	\$10.00 per even
Mutual Fund Transaction Fee	\$50.00
Non- Networked Mutual Fund Annual Maintenance Fee	Service fees may be charged
Option Reporting Fee	\$100.00 per position
Private Placement/Limited Partnership Annual Safekeeping fee	\$0.04 per contract
Private Placement/Limited Partnership Re-registration of any kind	\$100.00
Private Placement/Limited Partnership Transfer in Purchase and Sale	\$75.00 per instruction
Voluntary Corporate Action Instruction	
IRA	
Annual Fee	\$75.00
Account Termination	\$50.00
Other Retirement Accounts	
Qualified Plans	\$250.00 Primary Annual
Holding and Reporting Fee	
*Pass through fees may include, but are not limited to, charges from DTCC, transfer agents, third party custodian and foreign exchanges.	\$50.00

Margin Debit Interest

Hilltop charges the following margin interest on outstanding debit balances in margin accounts (Please note that the Federal Fund Target Rate is defined as the interest rate charged by one bank, for an overnight loan of money stored at the Federal Reserve, to another bank, as determined by the Federal Open Market Committee of the Federal Reserve):.

Trade Corrections

Customer Margin Debt Balances	Standard Surcharge over Fed Funds Target Rate
\$0 to \$24,999	5.75%
\$25,000 to \$24,999	5.50%
\$50,000 to \$24,999	5.25%
\$100,000 to \$24,999	5.00%
\$250,000 to \$24,999	3.75%
\$500,000 to \$999,999	3.25%
\$1,000,000 to \$4,999,999	2.75%
\$5,000,000 +	2.00%

Your Registered Representative is responsible for any errors that occur for trade activity and it is not passed on to you.

Compensation for Termination of Services

Other than any contingent deferred sales charge for a fund (as described under the Mutual Funds section above, if applicable), IRA termination fees (when applicable), and account transfer fees, the firm would not receive any additional compensation in connection with the termination of its services. If you have questions or need additional copies, contact your Registered Representative.

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 adverse to your interest. The mere presence of a conflict of interest does not imply that harm to your interests will occur, but it is important that we acknowledge the presence of conflicts. Moreover, our regulatory obligations require that we establish, maintain, and enforce written policies and procedures reasonably designed to address conflicts of interest associated with our recommendations to you.

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

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

Compensation We Receive from Clients

Transaction-Based conflicts

In your brokerage account you pay certain fees (commissions and sales charges) in connection with the buying and selling of each investment product, including mutual funds, 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 Registered Representative receive. This compensation creates an incentive for us to recommend that you buy and sell, rather than hold, these investments. We also have an incentive to recommend that you purchase investment products that carry higher fees, instead of products that carry lower fees or no fees at all.

Markups and markdowns for principal transactions

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

Account maintenance and other administrative fees

As set out above, we do not share in account maintenance and administrative costs charged by Hilltop with respect to the services we provide or make available to you through your brokerage account.

Compensation We Receive from Third Parties

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

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

- **Revenue Sharing.**

Sharing in margin interest and interest earned in sweep accounts negotiated with Hilltop, that are included in the transaction costs outlined above.

- **Trail Compensation.**

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

Additional Compensation and Benefits from Product Sponsors and Other Third Parties

We and our Registered Representatives, associates, employees, and agents receive additional compensation from third parties including:

- Gifts and awards, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings, including services for identifying prospective clients.
- Payment or reimbursement for the costs associated with education or training events that are attended by our employees, agents, and Registered Representatives.
- Reimbursement from Product Sponsors for research and technology-related costs, such as those to build systems, tools, and new features to aid in servicing clients. Additionally, we and our affiliates receive compensation from Product Sponsors to provide aggregate sales data.

- Hilltop provides services to us, including research, execution, brokerage, custody and access to mutual funds and other investments. Additionally, other services provided assist us in managing and administering clients' accounts. These services are provided based in part on the assets held at Hilltop, and as such, creates an incentive for us to direct clients to their custodial platform.

Note: The amount of these payments or benefits is not dependent or related to the level of assets you or any other of our clients invest in or with the product sponsor.

Product Share Classes

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

Compensation Related to Proprietary Products

We do not offer proprietary products.

Compensation Related to Our Affiliates

We earn compensation from the sale of insurance products to our brokerage customers. The amount of this compensation varies from insurance product to product. We have an incentive to recommend that you purchase insurance products to increase insurance compensation. However, we maintain policies and procedures designed to ensure that the recommendations to purchase insurance products are suitable for your needs, and in your best interest.

Compensation Received by Registered Representatives

Registered Representatives are compensated in a variety of ways based on the percentage of revenue generated from sales of products and services to clients and/or total assets under advisement, including brokerage account activity. This compensation may vary by the product or service associated with a recommendation. In addition to upfront-transaction based compensation, some products feature on-going residual or "trail" payments. Thus, Registered Representatives are incentivized to recommend products that have higher fees as well as those with on-going payments. We have controls established to identify

and mitigate this risk. Notwithstanding that conflict, we have controls established to identify and mitigate this risk.

Typically, a Registered Representative's payout schedule (periodically adjusted by us at our discretion) increases with production and asset levels. The same payout schedule is reduced when Registered Representatives discount certain client fees and commissions, or client relationship asset levels are below minimums established by us from time to time. Registered Representatives also may be eligible for annual or ongoing bonuses awards based upon a variety of factors that include, referrals to affiliates or other targets, as well as compliance with our policies and procedures and meeting best business practices.

As a result, Registered Representatives 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. Registered Representatives also have an incentive to provide brokerage recommendations to gather more assets under management and to increase brokerage trading activity, and to reduce the amount of discounts available to you.

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

Brokerage accounts do not feature an on-going fee based on assets under management. Registered Representatives are incentivized to recommend you transition your brokerage services account to an advisory account to generate on-going revenue where your brokerage account has minimal activity. Further, Registered Representatives are incentivized to recommend you transition your brokerage account to an advisory account after you have already placed

purchases resulting in commissions and/or other transaction-based brokerage fees. We have controls established to identify and mitigate this risk. Registered Representatives also have an incentive to provide higher levels of service to those clients who generate the most fees.

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

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

Other Registered Representative Activities

Registered Representatives may be motivated to place trades ahead of clients in order to receive more favorable prices than their clients. To address this conflict, we maintain policies and procedures and a Code of Ethics designed to ensure you obtain best execution on your securities transactions executed thorough us.

Additional Resources

<u>Title</u>	<u>Web Address</u>
ISC Form CRS	https://www.iscgroup.com/
ISC Legal Disclosures	https://www.iscgroup.com/
FINRA	https://www.finra.org/
SIPC	https://www.sipc.org/
BrokerCheck	https://brokercheck.finra.org/
Hilltop Customer Agreement and Information Brochure:	https://www.hilltopsecurities.com/media/1289/HTS-Customer-Information-Brochure.pdf
Hilltop Securities Inc. Disclosures	https://www.hilltopsecurities.com/hilltop-securities-inc-disclosures/
Hilltop Prospectus and Offering Documentation Information	https://www.hilltopsecurities.com/hilltop-securities-inc-disclosures/prospectus-and-cd-disclosure/
Hilltop Mutual Fund Breakpoint Disclosure Discounts Disclosure Statement	https://www.hilltopsecurities.com/hilltop-securities-inc-disclosures/mutual-funds-breakpoint-discounts-disclosure-statement/
Hilltop Cash Sweep Account Disclosure	https://www.hilltopsecurities.com/hilltop-securities-inc-disclosures/sweep-account-disclosure/