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The SEC Regulation BI (Best Interest) takes effect on June 30, 2020. Among other requirements, we are required to provide retail investors of which includes accredited investors a copy of the Firm's Form CRS (Customer Relationship Summary), which provides customers general information regarding the Firm's business activities, fees, and potential conflicts of interest. A copy of the Young America Capital Form CRS is attached to this email.

Who must receive a Form CRS? As you will recall from the annual compliance presentation, Reg BI defines a retail investor as any natural person investor, regardless of their wealth or sophistication, who is not represented by a financial professional (either a registered broker-dealer or registered investment advisor). The Form CRS must be provided to any natural person investor to whom a security is recommended, whether or not the investor ultimately decides to make an investment.

When must the Form CRS be delivered? Under the SEC rule, the obligation to deliver a Form CRS arises "before or at the earliest of: (i) a recommendation of an account type, a securities transaction, or an investment strategy involving securities; (ii) placing an order for the retail investor; or (iii) the opening of a brokerage account for the retail investor." Given Young America's business model, the delivery obligation is likely to be triggered by the first of those events, a transaction recommendation. While the rule does not define the term "recommendation," the SEC staff has stated that factors that are considered in determining whether a broker-dealer has made a recommendation include whether the communication "reasonably could be viewed as a 'call to action'" and whether it "reasonably would influence an investor to trade a particular security or group of securities." In our view, this will mean that typically the Form CRS should be delivered to a retail investor no later than the time the private placement memorandum or other offering document for a transaction is provided to the investor. In many transactions, the specific form of security, or its specific terms and conditions, will not be provided to the investor prior to delivery of the PPM, and a "call to action" to invest would not occur without delivery of the PPM. But this determination could vary in some situations; if you have questions in the context of a particular offering or transaction, please contact me. As noted above, the Form CRS must be delivered to every retail (natural person) investor to whom the securities transaction is recommended, regardless of whether the investor decides to invest.

The Form CRS delivery obligation applies to securities transaction recommendations made on or after June 30, 2020.

Form of Delivery. Under Reg BI, the Form CRS may be delivered either in paper form or electronically. You should use the same medium of delivery that you use for delivery of the PPM.

The SEC rule also requires that the Firm prominently display the Form CRS, or include a link to the form, on its website. Young America will have this link in place on its website prior to the June 30 effective date of the rule.

Please contact me if you have any questions.

Regards,

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