



DEMPSEY LORD SMITH, LLC
MEMBER FINRA/SIPC

Regulation Best Interest Disclosure

This guide summarizes important information concerning the scope and terms of the brokerage services we offer 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 registered with the U.S. Securities and Exchange Commission (SEC) as a broker dealer and an investment adviser, providing both brokerage services and investment advisory services. Our brokerage services are the primary focus of this guide. For more information on our investment advisory services and how they differ from brokerage, please review the [Customer Relationship Summary \(or Form CRS\)](#). Our Form CRS contains important information about the types of services we offer, both brokerage and investment advisory, along with general information related to compensation, conflicts of interest, disciplinary action, and other reportable legal information.

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

Table of Contents

Brokerage Services.....	1
Brokerage Service Models and Products	5
Conflicts of Interest	9
Additional Resources	12

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 and clearing relationship. We buy and sell securities at your direction and provide you with investment recommendations. 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.

Brokerage and Alternative Investment Custodial Accounts

We provide brokerage services through either a brokerage account or alternative investment custodial account, based on your eligibility and selection. In a brokerage account, you must pay for your purchases in full at the time of purchase. However, there is an option for margin directly with the Firm's clearing firms, National Financial Services, LLC ("National Financial"). In a margin account, you must eventually pay for your purchases in full, but you may borrow part of the purchase price from our clearing firm, National Financial. This is generally referred to as a "margin loan." The portion of the purchase price that is loaned to 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. 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-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 a Registered Representative ("RR") or refer to our Margin Disclosure Statement available in your new account kit.

In an alternative investment custodial account, transactions are conducted directly with the sponsor and the custodian ultimately accepts the relationship. There are usually annual asset charges in an alternative investment custodial account.

Brokerage Account Types

We offer many different brokerage account types including individual and joint accounts, custodial accounts, estate and trust accounts, partnership accounts, individual retirement accounts and other types of retirement accounts 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 an RR.

Incidental Brokerage Services, Recommendations and Account Monitoring

Within your brokerage account, we may also provide other incidental services such as recommendations to buy, sell, or hold 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 will be made orally 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 our RRs make 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. Unless we separately agree in writing, we do not monitor your brokerage account or alternative investment custodial accounts, and you make the ultimate decisions regarding the purchases and sale of investments. If you prefer on-going monitoring of your account or investments, you should speak with an RR 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 National Financial Services LLC (also referred to herein as "Clearing Firm" or "National Financial Services") to carry your account and provide certain back office functions. We and National Financial Services share responsibilities with respect to your account as set forth in the Commitments Between You and Us Section of your New Account Kit that was delivered to you upon opening of your account. Please refer to the Designation of Responsibilities for more information on how such responsibilities have been allocated between us.

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. See the charts below for details.

Investment Objective	Objective
Aggressive	An investment objective of Aggressive Growth indicates an investor's primary investment objective of their account is to grow the principal value of their investments over time by using securities with a higher risk profile. Investments that are appropriate for this type of objective historically have high degrees of risk, and variable rates of return. Some examples of typical investments might include common stocks, options, short selling, short term trading strategies, initial public offerings, volatile or low priced securities, low grade fixed income instruments, day trading, private placements, and alternative investments.
Conservative Growth	An investment objective of Conservative Growth indicates an investor's primary investment objective of their account is to grow the principal value of their investments over time by using securities with a lower risk profile. Investments that are appropriate for this type of objective historically have moderate degrees of risk, and variable rates of return. Some examples of typical investments might include common stocks, equity/index mutual funds, fixed annuity, variable annuities.
Conservative	An investment objective of Conservative indicates an investor's primary investment objective of their account is to grow the principal value of their investments over time by using securities with a lower risk profile. Investments that are appropriate for this type of objective historically have low degrees of risk, and less variable rates of return. Some examples of typical investments might include preferred stocks, short duration fixed income mutual funds, fixed annuity, variable annuities.
Capital Preservation	An investment objective of Capital Preservation indicates an investor's primary investment objective of their account is to maintain the principal value of your investments. Investments that are appropriate for this type of objective historically have very low degrees of risk, and relatively low rates of return. Some examples of typical investments might include money market funds, certificates of deposit, high quality, short-term fixed income products, and short term treasuries.
Growth & Income	An investment objective of Growth & Income indicates an investor's primary investment objective of their account is to grow the principal value of their investments over time, and to generate income from their investments. Investments that are appropriate for this type of objective historically have moderately higher degrees of risk, and variable rates of return. Some examples of typical investments might include common stocks, equity/index mutual funds, asset allocation funds, fixed income instruments, preferred stocks, convertible securities, REITS, variable annuities, private placements, and alternative investments.
Growth	An investment objective of Growth indicates an investor's primary investment objective of their account is to grow the principal value of their investments over time. Investments that are appropriate for this type of objective historically have moderately higher degrees of risk, and variable rates of return. Some examples of typical investments might include common stocks, equity/index mutual funds, lower grade fixed income instruments, variable annuities, private placements, and alternative investments.
Income	An investment objective of Income indicates an investor's primary investment objective of their account is to generate income from your investments. Investments that are appropriate for this type of objective historically have low, moderate, or high degrees of risk, and low, moderate, or high rates of return, respectively. Some examples of typical investments might include corporate bonds, government agency securities, preferred securities, REITS, fixed income mutual funds, fixed/immediate annuities, private placements, and alternative investments.
Moderate	An investment objective of Moderate indicates an investor's primary investment objective of their account is to grow the principal value of their investments over time with lower risk levels and less volatility. Investments that are appropriate for this type of objective historically have low degrees of risk, and variable rates of return. Some examples of typical investments might include conservative common stocks, equity/index mutual funds, higher grade fixed income instruments, variable annuities.
Moderate Growth	An investment objective of Moderate Growth indicates an investor's primary investment objective of their account is to grow the principal value of their investments over time with relatively lower risk levels. Investments that are appropriate for this type of objective historically have moderately lower

	degrees of risk, and variable rates of return. Some examples of typical investments might include conservative common stocks, equity/index mutual funds, higher grade fixed income instruments, variable annuities.
Speculation	An investment objective of Speculation indicates an investor's primary investment objective of their account is to significantly grow the principal value of their investments over time. Investments that are appropriate for this type of objective historically have very high degrees of risk, and variable rates of return. Some examples of typical investments might include common stocks, options, short selling, short term trading strategies, initial public offerings, volatile or low priced securities, low grade fixed income instruments, day trading, private placements, and alternative investments.

Investment Objectives	Description	Typical Investments may include
Preservation of Capital	<ul style="list-style-type: none"> • Seek to maintain principal • Interested in investments with very low historical risk of loss of principal 	<ul style="list-style-type: none"> • Money market funds • High-quality short-term fixed-income investments • Certificate of Deposits
Income	<ul style="list-style-type: none"> • Seek to generate income from investments • Interested in investments with low to high historical risk of loss of principal 	<ul style="list-style-type: none"> • Fixed-income mutual funds • Corporate, Municipal, Treasury Bonds • Preferred Stocks • Alternative investments
Capital Appreciation	<ul style="list-style-type: none"> • Seek to grow principal value over time • Willing to invest in securities with moderate to above-average historical risk of loss of principal 	<ul style="list-style-type: none"> • Common stocks • Lower-quality medium-term fixed-income investments • Equity mutual funds or index funds • Alternative Investments
Speculation	<ul style="list-style-type: none"> • Seek a significant increase in principal • Willing to accept a correspondingly greater degree of risk by investing in securities with high historical risk of loss of principal 	<ul style="list-style-type: none"> • Short term trading strategies • Initial public offerings (IPOs) • Volatile or low-priced common stocks • Equity or index options strategies such as puts or calls, spreads, straddles, and combinations • Short-term or day-trading strategies • Alternative Investments
Trading Profits	<ul style="list-style-type: none"> • Seek to take advantage of short-term trading opportunities (a high-risk strategy) 	<ul style="list-style-type: none"> • Short-term purchases and sales of volatile or low-priced common stocks • Equity or index options strategies such as puts or calls, spreads, straddles, and combinations
Growth and Income	<ul style="list-style-type: none"> • Seek a mix of growing principal value and generating income from investments • Willing to invest in securities with moderate to high historical risk of loss of principal while having the potential to pay income 	<ul style="list-style-type: none"> • Common stocks • Growth and Income mutual funds • Alternative Investments

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. Please contact your RR for more information in regards to the Firm's Cash Sweep program.

Account Minimums and Activity Requirements

We do not have an account minimum, but some alternative investments do have minimum purchase requirements. If your account is held with a third-party money manager, they will inform you of any fees you may be subject to on their platform. Account minimums for managed accounts are generally \$25,000.00, but can be negotiated with lower minimum amounts if agreed to by you and DLS.

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.

Brokerage Service Models and Products

Dempsey Lord Smith is a full service brokerage firm.

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

For brokerage services, the principal fees and costs are transaction-based commission for recommendations and execution of security trades. These transaction-based fees are generally referred to as a “commission,” “mark up,” “sales load,” or a “sales charge.” Depending on the investment product you select (stocks, bonds, mutual funds, fixed income, options), these fees can include upfront commissions, as well as fees that are charged on an on-going basis for as long as you hold the investment (12B-1 service fees). You will also pay fees for custodial or administrative services, as well as fees and expenses that are included in the expense ratios of your investments, including in mutual funds, ETFs, and variable annuities. For additional information about the fees and costs of our brokerage services please see our administrative charges and our commission schedule.

Transaction-based fees are based on a host of factors, including, but not limited to:

- Underlying product selection
- Security price
- Your brokerage service model and account type
- Size of your transaction and/or overall value of your account

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 fees, see our [Miscellaneous Fee Schedule](#).

How We Are Compensated

Our professionals earn commission income by making recommendations to purchase and sell securities, (stocks, bonds, options, mutual funds, variable annuities, fixed index annuities and alternative investments), and investment advisory fee income by providing investment advice. Some of our financial professionals offer webinars and seminars to educate investors on a product that they offer. Generally, the sponsor of the product pays for lunch, dinner, or conference space, which is considered non-cash compensation. As such, they have an incentive to recommend the product offered by the sponsor that covers expenses for the events over sponsors that do not cover expenses for their webinar or seminar.

Managing Broker-Dealer Products

We will earn higher fees, compensation, and other benefits when you invest in a product that we are the managing broker-dealer for. As managing broker-dealer, we handle the processing of client purchases, paperwork from our broker-dealer as well as other broker-dealers within the selling group and expenses associated with the registrations of these products. We are currently the managing broker-dealer for Webb Creek Management Group LLC, Tri-Land Investments, Inc., and S.T.L. Resources, LLC.

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

Registered Representatives Schedules

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

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

Stocks Under \$1.00		
	3% or principal	Minimum: \$38.00
Stocks \$1.00 and above		
Principal Amount	Base	Plus %
\$0.00 - \$2,500.99	\$29.50	1.70%
\$2,500.99 - \$6,000.99	\$55.50	0.66%
\$6,000.99 - \$22,000.99	\$75.50	0.34%
\$22,000.99 - \$50,000.99	\$99.50	0.22%
\$50,000.99 - \$500,000.99	\$154.50	0.11%
\$500,000.99 and above	\$254.50	0.09%

Maximum: 1 to 100 shares: \$0.54 per share + \$0.55 each additional share above 100 shares

Minimum: 1 to 1,000 shares: \$0.085 per share + \$0.04 each additional share above 1,000 shares

Overall Maximum: 50% or principal

Overall Minimum: \$38.00

Foreign Surcharge: \$40.00

Option Rates Equity and Index

Options compensation is received as direct compensation, as described below.

Principal Amount	Base	Plus %
\$0.00 - \$2,500.99	\$28.50	1.60%
\$2,500.99 - \$10,000.99	\$48.75	0.80%
\$10,000.99 and above	\$98.75	0.30%

Maximum: \$36.00 first two contracts, plus \$4.00 per contract thereafter

Minimum: \$34.25 + \$1.75 per contract

Overall Maximum: 50% of principal

Overall Minimum: \$36.00

Debt Securities

For debt securities, including preferred securities and CDs, we may apply a charge (i.e., markup) of up to 5.00% of the amount of your secondary market transaction, although the Firm usually charges around 2.00%. Additionally, we may incur gains (or losses) on positions we hold in inventory in response to market movements or other events that impact the value of the securities we own.

Mutual Funds

We currently offer thousands of mutual funds varying in share class structure and investment style. If you invest in mutual funds, we may 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 RR 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 RR, 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 RR 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 RR. 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 held in Advisory Program accounts.

Revenue Sharing

Certain managers and sponsors (or their affiliates) share revenue they earn when you invest in their investment products (primarily mutual funds, variable annuities or alternatives investments). From time to time, our Firm or an associated person of our Firm may offer educational webinars or seminars for clients and prospective clients to offer particular products that are sold by the Firm. These educational events may offer lunch or dinner to the attendees of these events which are paid for by the sponsor of the product presented. As such we have an incentive to recommend (or to invest your assets in) products of sponsors that share their revenue with us over other products of sponsors that do not share their revenue or who share less. Some of the sponsors will attend the Firm's annual conference that is hosted by the broker-dealer for their associated professionals. Generally, the sponsors pay for meals, social events, printing, conference space and travel. As such, we have an incentive to recommend (or to invest your assets in) products of sponsors that share their revenue with us over other products of sponsors that do not share their revenue or who share less.

Annuities

Our annuities consist of fixed, index, and variable annuities. Under arrangements with insurance companies, we, including your RR, receive 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.

Market-Linked Investments Information

The Firm's market-linked investments include Structured Notes, also known as Equity-Linked Notes. Coupon payments through Structured Notes are contingent on the performance of the underlying assets and it should be noted that coupons may not always be paid. We, including your RR, receive commissions averaging about 2.00% from the issuing bank, which is disclosed to you as a markup or as a fee. Commissions paid to us vary by product type and may vary by issuing bank.

Alternative Investments Information

The Firm's alternative investments include Private Placements, Direct Participation Programs (DPPs), Real Estate DPPs, Oil & Gas DPPs, and Non-Traded Real Estate Investments Trusts (Non-Traded REITs).

Private Placements

We receive compensation in connection with your investment in a private placement. Direct compensation is generally a commission paid directly out of your initial private placement investment proceeds. Our compensation is based on a percentage of your invested capital in the private placement. The percentage payable to us is set out and disclosed in the Offering Documents that we provide you. The commission payable to us is non-negotiable, as it is negotiated between the sponsor or issuer of the private placement and us, prior to the offering of the private placement securities to potential investors. 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. See the Offering Documents for a complete discussion of the compensation arrangements with the sponsor and/or issuers and Dempsey Lord Smith, LLC.

Your RR may receive a portion of the compensation, as determined by the RR and us. Your RR can provide you with the most recent 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 investor's decision to invest in any such private placement investment. It should be noted that private placement securities are illiquid, there is no public market for the securities and no such public market is expected to develop in the future.

Direct Participation Programs (DPPs)

Our Direct Participation Programs (DPPs) are generally operations in oil and gas assets and real estate and are only offered to Accredited Investors. DPPs should be considered to be long-term investment vehicles because they are generally less liquid than comparable investments because they do not have a direct market and cannot be traded publicly.

Compensation paid by the DPP directly or indirectly from whatever source to underwriters, broker-dealers, or affiliates, including but not limited to, sales commissions, wholesaling fees, due diligence expenses, other underwriter's expenses, underwriter's counsel fees, securities or rights to acquire securities, rights of first refusal, consulting fees, finder's fees, investor relations fees, and any other items of compensation for services of any kind or description, which are deemed to be in connection with or related to the public offering shall be disclosed to you in the Offering Documents.

Non-Traded REITs

Non-Traded REIT investments are not guaranteed by any government agency and are not FDIC insured. Investors in these types of securities essentially become partners/shareholders/creditors of the business, and are subject to all the operational and market risk of the entity and generally the profits/losses are reportable to the IRS on Form K-1, and/or Form 1099s. Investments in real estate are subject to numerous risks related to real estate, and the varying economic cycles. The value of these investments are generally hard to determine because of the lack of a secondary market and certain restrictions that may be placed on the shares, and investment returns are totally dependent on the performance of the company. In offering these investments to any qualified investor, our Firm has performed the required due diligence, but there can be no guarantee that the company's objectives can be realized due to the numerous risks involved. Any investor must individually consider the merits of the investment, and determine that the investment meets their investment objectives, and is suitable for their situation. Investors may lose principal due to poor company performance, and past performance does not guarantee future results.

Non-traded REIT investments should be considered to be long-term investment vehicles because they are generally less liquid than comparable investments because of the lack of a secondary market for their shares, and sometimes other restrictions on their resale. Non-traded REIT investments should only be considered if you have the financial means to commit to the investment for the long-term time frame and the ability to sustain potentially a total loss from the investment. Investors should not commit large percentages of their net worth to these types of investments.

Investors should consider that tax laws may change over the lifespan of the investment and how this might impact your investment in the entity. Please consult with your tax advisor with any questions or concerns regarding an investment in a non-traded REIT.

Unit Investment Trusts (UITs)

Our UITs consist of Equity and Fixed-Income UITs. We, along with your RRs, 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 disclosed via the prospectus issued by the UIT provider. Your RR 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. The Firm provides UITs through brokerage and advisory accounts. In an advisory account, there would be no commission.

Trade Corrections

The Firm processes trade corrections in the event of trading errors. If an error is made, it is placed in the Firm's error account. Errors shall be cleared out by the end of each day, as applicable.

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 RR. Our clearing firm may charge termination fees that are disclosed on your new account paperwork.

Brokerage – Excluded Advisory Assets

As described above, our brokerage services differ from our advisory services. However, in some instances we may allow an advisory client to trade what are referred to as “excluded assets” within their advisory services account. Excluded assets are not subject to our advisory program fees. Instead of our advisory fees, these excluded assets are subject to our standard brokerage charges when traded.

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 RRs, 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, money managers, and other third parties. Securities rules allow for us, our RRs, and our affiliates to earn compensation when we provide brokerage services to you. However, the compensation that we and our RRs 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 RR 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 riskless 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 riskless principal basis. We are compensated based upon the difference (markup) 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 markup and markdown industry rules.

Account maintenance and other administrative fees

For the services we provide or make available to you with respect to your brokerage account, we charge certain account maintenance and other administrative fees, including transfer, wire, or other miscellaneous fees, as described in the fee schedule provided to you on an annual basis. The higher the fees we charge, the more we are compensated.

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 a third-party manager or adviser). We may attend sponsored events where the sponsor pays for our meals, lodging, and other expenses. When we meet with Mutual Fund wholesalers, it is usually over a meal, which is paid for by the wholesaler. Note that no meeting our sponsored event's non-cash compensation is incentive based or based on sales.

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 varies from the compensation we receive in connection with other products and services we may make available to you, including advisory services. 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.** Dempsey Lord Smith, LLC acting as a managing broker-dealer pays commissions to participating dealer members in various offerings. The compensation is detailed in the Offering Documents for that particular offering.
- **Trail Compensation.** Ongoing compensation from Product Sponsors may be received by us and shared with our RRs. 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 from Product Sponsors and Other Third Parties

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

- Gifts and awards, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives, 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 RRs, and for conferences and events that we sponsor.
- 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.

Note: The amount of these payments 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 Received by Registered Representatives

RRs 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 brokerage recommendation. In addition to upfront-transaction based compensation, some products feature on-going residual or “trail” payments. Thus, RRs are incentivized to recommend products that have higher fees as well as those with on-going payments.

Typically, an RR’s payout schedule (periodically adjusted by us at our discretion) increases with production and asset levels.

As a result, RRs 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. RRs 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.

RRs 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, unlike advisory accounts, do not feature an on-going fee based on assets under management. RRs 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, RRs 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. RRs also have an incentive to provide higher levels of service to those clients who generate the most fees.

Noncash compensation is provided to RRs in the form of credits toward business expense accounts and certain titles. RRs are also compensated in the form of education meetings and recognition trips. Portions of these programs is subsidized by external vendors and affiliates, 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 RRs, which could lead to sales of such product provider’s products. RRs also receive promotional items, meals, entertainment, and other non-cash compensation from product providers up to \$100 per year for gifts per vendor and \$1,000 per year for meals per vendor.

Other Registered Representative Activities

RRs may be motivated to place trades ahead of clients in order to receive more favorable prices than their clients. The Firm has policies and procedures to mitigate this risk.

Additional Resources

Disclosure
Form CRS
Privacy Notice and Business Continuity Plan
Service Fees