Asset-"based" misleading

APPENDIX C

Hypothetical Relationship Summary for a Dually Registered Investment Adviser and Broker-Dealer
Prepared By SEC Staff – For Illustrative Purposes Only

Which Type of Account is Right for You — Brokerage, Investment Advisory or Both?

There are different ways you can get help with your investments. You should carefully consider which types of accounts and services are right for you.

Depending on your needs and investment objectives, we can provide you with services in a brokerage account, investment advisory account, or both at the same time. This document gives you a summary of the types of services we provide and how you pay. Please ask us for more information. There are some suggested questions on page 4.

Not all RIA's are "asset based"

Broker-Dealer Services **Brokerage Accounts**	***Investment Adviser Services*** **Advisory Accounts**
Types of Relationships and Services. *Our accounts and services fall into two categories.*	
• If you open a brokerage account, you will pay us a ***transaction-based fee***, generally referred to as a commission, every time you buy or sell an investment. • You may select investments or we may recommend investments for your account, but the ultimate investment decision for your investment strategy and the purchase or sale of investments will be yours. • We can offer you additional services to assist you in developing and executing your investment strategy and monitoring the performance of your account but you might pay more. We will deliver account statements to you each quarter in paper or electronically. • We offer a limited selection of investments. Other firms could offer a wider range of choices, some of which might have lower costs.	• If you open an advisory account, you will pay an on-going ***asset-based fee*** for our services. • We will offer you advice on a regular basis. We will discuss your investment goals design with you a strategy to achieve your investment goals, and regularly monitor your account. We will contact you (by phone or e-mail) at least quarterly to discuss your portfolio. • You can choose an account that allows us to buy and sell investments in your account without asking you in advance (a "***discretionary account***") or we may give you advice and you decide what investments to buy and sell (a "***non-discretionary account***"). • Our investment advice will cover a limited selection of investments. Other firms could provide advice on a wider range of choices, some of which might have lower costs.
Our Obligations to You. *We must abide by certain laws and regulations in our interactions with you.*	
• We must act in your best interest and not place our interests ahead of yours when we recommend an investment or an investment strategy involving securities. When we provide any service to you, we must treat you fairly and comply with a number of specific obligations. Unless we agree otherwise, we are not required to	• We are held to a fiduciary standard that covers our entire investment advisory relationship with you. For example, we are required to monitor your portfolio, investment strategy and investments on an ongoing basis. • Our interests can conflict with your interests. We must eliminate these conflicts or tell you

- Hourly
- Retainer
- Flat Fixed

CRS Disclosure is offensive, misleading & raises serious 1st Amendment concerns to RIAs

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Broker-Dealer Services **Brokerage Accounts**	***Investment Adviser Services*** **Advisory Accounts**
monitor your portfolio or investments on an ongoing basis. • Our interests can conflict with your interests. When we provide recommendations, we must eliminate these conflicts or tell you about them and in some cases reduce them.	about them in a way you can understand, so that you can decide whether or not to agree to them.
Fees and Costs. *Fees and costs affect the value of your account over time. Please ask your financial professional to give you personalized information on the fees and costs that you will pay.*	
• *Transaction-based fees.* You will pay us a fee every time you buy or sell an investment. This fee, commonly referred to as a commission, is based on the specific transaction and not the value of your account. With stocks or exchange-traded funds, this fee is usually a separate commission. With other investments, such as bonds, this fee might be part of the price you pay for the investment (called a "***mark-up***" or "***mark down***"). With mutual funds, this fee (typically called a "***load***") reduces the value of your investment. • Some investments (such as mutual funds and variable annuities) impose additional fees that will reduce the value of your investment over time. Also, with certain investments such as variable annuities, you may have to pay fees such as "***surrender charges***" to sell the investment. • Our fees vary and are negotiable. The amount you pay will depend, for example, on how much you buy or sell, what type of investment you buy or sell, and what kind of account you have with us. • We charge you additional fees, such as custodian fees, account maintenance fees, and account inactivity fees.	• *Asset-based fees.* You will pay an on-going fee at the end of each quarter based on the value of the cash and investments in your advisory account. The amount paid to our firm and your financial professional generally does not vary based on the type of investments we select on your behalf. The asset-based fee reduces the value of your account and will be deducted from your account. For some advisory accounts, called ***wrap fee programs***, the asset-based fee will include most transaction costs and custody services, and as a result wrap fees are typically higher than non-wrap advisory fees. • Some investments (such as mutual funds and variable annuities) impose additional fees that will reduce the value of your investment over time. Also, with certain investments such as variable annuities, you may have to pay fees such as "***surrender charges***" to sell the investment. • Our fees vary and are negotiable. The amount you pay will depend, for example, on the services you receive and the amount of assets in your account. • For accounts not part of the wrap fee program, you will pay a transaction fee when