

FORM ADV Uniform Application for Investment Adviser Registration
Part 2A: Investment Adviser Brochure
Item 1: Cover Page

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This brochure provides information about the qualifications and business practices of Raymond James (USA) Ltd. If you have any questions about the contents of this brochure, please contact us at the phone number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Please note, where this brochure may use the terms “registered investment adviser” and/or “registered”, registration itself does not imply a certain level of skill or training. Additional information about the firm and its representatives is also available on the SEC’s website at www.adviserinfo.sec.gov

Item 2: Material Changes

This section is designed to reflect material changes to this brochure in a summary form. Should you have any questions related to these disclosures, please contact a firm representative at your convenience. Additional information about Raymond James (USA) Ltd and its representatives is also available on the SEC's website at www.adviserinfo.sec.gov

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Item 4: Advisory Business

Raymond James (USA) Ltd (“RJLU”) operates as an investment adviser registered with the Securities and Exchange Commission and as a full service broker-dealer registered with FINRA. Established in 1998, the firm is a wholly owned Canadian based subsidiary of Raymond James Ltd, which in turn is owned and operated by Raymond James Financial Inc. of St. Petersburg, Florida (Ticker symbol: RJF). RJLU may provide fee-based portfolio management services to individuals, corporate entities, trusts, high net worth clients, charitable organizations, pension/profit sharing plans, and institutional clients. As a registered investment adviser, the firm serves to actively manage a wide variety of investment portfolios. As part of the Raymond James family of companies, the firm maintains access to some of the industry’s finest resources which include brokerage, in depth market research services, an experienced management team, and a broad scope of service offerings.

Generally, there are several fundamental differences between brokerage services and advisory services, which may vary depending on the characteristics of a particular service. Brokerage services primarily involve assisting the client with the purchase and sale of securities, with the provision of investment advice being only incidental to those services. Investment advisory services, on the other hand, primarily involve separately agreeing with the client to provide investment advice to meet comprehensive long-term financial goals. While providing advisory services, RJLU and its investment adviser representatives have a fiduciary duty to its advisory clients, must put the client’s interests ahead of its own, and must treat all of its advisory clients fairly and equitably.

Asset management services

The firm provides asset management services on a discretionary and non-discretionary basis. As discussed in Item 16 of this brochure, discretionary asset management means that the firm may act in the client’s interest by placing trades in the client’s account without first obtaining client approval for each transaction. The firm may not exercise discretion over a client’s assets without written authorization from the client.

The firm’s asset management services may include asset allocation recommendations to clients. The firm provides advice on asset allocation, diversification, and long-term investments as the primary strategies for pursuing investment objectives. Asset allocation entails the diversification of investments across various asset classes. The firm typically refrains from making any recommendations towards the short-term holding of investments. However, asset allocation and investment recommendations may cause the firm to recommend the sale of investments which have been held for less than one year in certain cases.

In providing asset management services, RJLU will assist the client in completing suitability forms, including a client questionnaire, in order to determine the client’s investment objectives, needs, and risk tolerance. Based on information provided by the client, the firm will tailor its services to the individual needs of the client, using investment strategies discussed in Item 8 of this brochure. In the management of client assets, the firm may invest, or recommend investment in, a wealth of investment products including, but not limited to, mutual funds, stocks, bonds, options, interests in limited partnerships and other investments. Clients may impose restrictions on investing in certain securities or types of securities.

As of December 20, 2012, RJLU has approximately \$23,500,000 in assets under management, of which \$6,500,000 is discretionary.

Item 5: Fees and Compensation

Pursuant to a written agreement, the firm’s advisory services are provided at a negotiable rate of compensation. The firm’s asset management fees are derived from a percentage of the assets under management and typically range from 1.0 to 2.5% annually. Depending on circumstances particular to the

client or their account, the fee may be charged on a monthly or quarterly basis, but in arrears and based on the amount of the assets managed by the firm as of the opening of business on the last business day of each month.

Clients may incur additional fees or expenses in addition to the fees charged by RJLU. These fees may be charged by the brokerage firm and/or custodian associated with the account for services provided to the account. In addition, accounts with assets invested in mutual funds may also incur expenses related to these investments, which may include marketing and distribution charges.

Fees are prorated for such accounts beginning on any date other than a monthly start date. All fees remain negotiable, but at the sole discretion of the firm. Per written agreement/authorization, management fees will be automatically deducted from client accounts.

A number of the firm's investment adviser representatives are also registered representatives of RJLU in its capacity as a FINRA member broker-dealer. As such, these individuals are entitled to receive compensation, generally in the form of commissions, for the sale of securities-related products, including mutual funds. Where one of the firm's investment adviser representatives makes a recommendation to a client, or transacts for a client on a discretionary basis, that may result in receipt of commissions or other sales-related compensation, this practice presents a conflict of interest and gives the representative an incentive to recommend investment products based on the compensation received, rather than on the client's needs. Where available and appropriate, RJLU's investment adviser representatives will transact in, or recommend investment in, load-waived or no-load mutual funds to avoid this conflict of interest.

In certain cases, the firm may negotiate the amount of advisory fees charged where the receipt of commission-based compensation presents fair and equal payment for services rendered. This determination remains the sole decision of RJLU. Where the receipt of this additional non-advisory-related compensation presents a conflict of interest, RJLU monitors the business activities of its associated personnel to ensure that such persons refrain from favoring such incentive-based arrangements. RJLU maintains its fiduciary obligation to clients by conducting regular oversight of such activities and maintaining a policy of serving the clients best interests first.

Clients are advised that the services provided by RJLU and its affiliates may be found elsewhere at a reduced rate, but at the exception of the professional services provided by the firm.

Please note: the firm's investment management services are provided according to a minimum financial commitment. Where the firm has been contracted, clients must maintain a minimum of \$50,000 within their advisory accounts at all times. The firm's management strategy is such that the services rendered are most cost effective where client accounts are maintained at or above this value mark.

A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five business days after engagement. All agreements remain non-transferable unless otherwise consented-to in writing by the client.

Item 6: Performance-Based fees and Side-by-Side Management

RJLU's investment management services are rendered on an individual basis in consideration for a percentage of the assets under the firm's management. Such services do not extend to the management of a pooled group of funds or the implementation of any incentive or performance-based fees. RJLU provides its asset management services exclusive of any private fund offerings.

Item 7: Types of Clients

RJLU's service offerings currently extend to individuals, including high net worth individuals, and trusts. RJLU may also service other types of clients, including pension/profit sharing plans, charitable organizations, corporate entities, and institutional clients. Pursuant to the terms and conditions of a written agreement, each client must maintain a minimum of \$50,000 in their respective accounts. Such a requirement allows RJLU to provide more cost effective services and allows for greater access to certain sectors of the marketplace. In certain cases, the firm may service accounts of a lesser value; however this determination remains at the sole discretion of the firm.

Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss

RJLU employs several methods of analysis and utilizes a wide variety of resources with respect to its investment management strategies. The methods of analysis may include the following:

- *Fundamental:* Fundamental analysis is a general assessment based upon various factors including sale price, asset value, market structure, and history. RJLU will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.
- *Cyclical:* Cyclical analysis is a time based assessment which incorporates past and present performance to determine future value. The primary risk of using cyclical analysis is that past performance cannot guarantee to future results.
- *Charting and Technical:* Charting consists of preparing a technical analysis using diagrams to illustrate various patterns or progressions in market or account movement. Similar to charting, technical analysis employs the use of statistical models and quantitative methodologies to evaluate performance and value over a specified period of time. Technical analysis involves the analysis of past market data rather than specific company data in determining the recommendations made to clients, and may involve the use of charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that CFA will be able to accurately predict such a reoccurrence.

The firm's evaluation of mutual funds includes an analysis of portfolio holdings, investment policies, management philosophy, historical performance, and the qualifications of advisers, sponsors and distributors. Historical performance of investments is analyzed over periods that include several market cycles to identify investments which have demonstrated consistent long-term performance. Clients must note that past performance is not a guarantee of future results. Affiliates of RJLU may utilize other methods of analysis in formulating recommendations and making investment decisions.

As RJLU maintains an affiliate relationship with a variety of investment related entities, the firm makes use of information provided by such affiliates to better formulate its investment management strategies. From independent research on equity markets to the review of annual reports, RJLU also relies upon the expertise of its professional asset managers to provide clients with a wealth of sound investment advice.

Where value and growth remains a mainstay of the firm's overall investment management strategy, investing in securities involves a certain amount of risk of loss that clients should be prepared to bear. Where short term trading methods are employed, the cost of more frequent trades can often incur more expense than that

of a more conservative or long term purchase approach. Questions regarding these risks and/or increased costs should be directed to the firm and its representatives.

Item 9: Disciplinary Information

As a dually registered broker-dealer and investment adviser, RJLU is obligated to provide clients with information regarding any legal or disciplinary events that a client may consider material in the evaluation of RJLU's advisory services and the integrity of its management. RJLU is currently required to report the following disclosures:

As broker-dealer, RJLU was subject to a 2006 NASD violation of SEC Rule 17A-4. This Rule requires brokerage firms to maintain electronic communications records for a period of three years or more. Without admitting or denying the Association's findings, RJLU paid a monetary fine of \$50,000 to settle the matter formally. For further information regarding this event, please visit <http://brokercheck.finra.org>.

Also in 2006, Raymond James Ltd., RJLU's parent company, settled with Market Regulation Services, Inc. ("RS"), its Canadian regulator, and agreed to pay a total monetary fine of \$525,000 for contravention of RS' universal market integrity rules relating to client priority, failure to record client consent order making, and audit trail on numerous occasions from February 2003 to February 2005 and for failing to comply with the firm's trading supervision obligations from July 2003 to February 2005.

Item 10: Other Financial Industry Activities and Affiliations

RJLU is a Canadian based wholly owned subsidiary of Raymond James Ltd. Raymond James Ltd. is owned and operated by Raymond James Financial, Inc., a publically held entity in the United States. RJLU remains under the control of its Canadian parent company, Raymond James Ltd, a Canadian broker-dealer. RJLU is also indirectly affiliated with a variety of other investment advisers, brokerage entities, and other financial institutions. However, the firm's advisory and brokerage services remain the exclusive domain of RJLU and RJLU's advisory activities are in no way conducted or provided through its parent company or any other affiliate of RJLU.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

As required by Rule 204A-1 of the Investment Advisers Act of 1940, RJLU has adopted a Code of Ethics that sets forth the basic policies of ethical conduct for all managers, officers, and employees of the firm. The Code of Ethics describes the firm's fiduciary duties and obligations to clients, and sets forth its practice of supervising the personal securities transactions of employees who maintain access to client information.

Where the firm is engaged in the business of executing securities transactions on behalf of clients and those accounts held by firm personnel, the potential for conflict of interest is magnified. For their own accounts, firm personnel may purchase and/or sell those securities that have been similarly recommended to clients. Such transactions remain under strict supervision and subject to regular review by the firm's compliance staff.

Serving in a dual role as registered representatives and investment adviser representatives, firm personnel are subject to the receipt of both commission and fee-based income. Commissions are paid where purchases and sales are made for each account. Accordingly, it is presumed that the firm and its personnel would have an incentive to trade heavily in client accounts. However, all trading is supervised to ensure that each client's investment objectives and goals are being adhered to. The firm conducts a regular review of all firm-client communications and performs routine surveillance of its trading practices to ensure that clients receive the best possible service overall.

Where the firm is bound to honor the policies stated within its Code of Ethics, the Code is frequently reviewed for modifications and updates in keeping with the latest securities regulations. A copy of the Code remains available for review upon request.

Item 12: Brokerage Practices

Directed Brokerage

RJLU will generally recommend that clients establish an account with Pershing, LLC (“Pershing”); a subsidiary of The Bank of New York/Mellon Corporation [www.Pershing.com]. In its capacity as an unaffiliated third party service provider, Pershing serves to reconcile each client-based securities transaction and operates primarily as the firm’s custodian for such accounts.

Clients may also establish accounts with RJLU, FINRA member broker-dealer, when establishment of such an account is in the client’s best interest or when RJLU may be able to provide services not available through Pershing or other firm. As discussed in Item 5 of this brochure, clients should be aware that a conflict of interest is present when the firm’s investment adviser representative also acts as a registered representative of RJLU and has the ability to receive commission-based compensation for securities transactions. All representatives of RJLU have a fiduciary duty to, at all times, act in the best interest of the firm’s clients, and clients are not obligated to use RJLU or any other firm to implement the adviser’s recommendations.

If the firm is directed by a client to direct trades to another broker-dealer for trade execution, it must be noted that the firm’s ability to negotiate commissions (where applicable), obtain volume discounts, or otherwise obtain best execution (as described below) may not be as favorable as might otherwise be obtained. Such directed brokerage may cost the client more money, since the client may pay higher commissions or receive less favorable prices.

Best Execution

The firm also maintains a fiduciary duty to seek the best execution pricing available for client transactions. While best execution is difficult to define and challenging to measure, there is some consensus that it does not solely mean the achievement of the best price on a given transaction. Rather, it appears to be a collective consideration of factors concerning the trade in question. Such factors include the security being traded, the price of the trade, the speed of the execution, apparent conditions in the market, and the specific needs of the client.

RJLU’s primary objective when placing orders for the purchase and sale of securities for client accounts is to obtain the most favorable net results taking into account such factors as;

- price,
- size of order,
- difficulty of execution,
- confidentiality, and
- broker skill.

Based on the above criteria, the firm may not necessarily pay the lowest commission or commission equivalent, as specific transactions can involve specialized services on the part of the broker. This would justify higher commissions (or their equivalent) than other transactions requiring routine services.

While RJLU’s services are priced at the most competitive rates available, clients are encouraged to weigh their options and review this and all other disclosure materials carefully.

Item 13: Review of Accounts

Accounts are monitored daily by Compliance Department and Branch Managers. Such individuals remain responsible for monitoring the advisers and their accounts and oversight of the supervision process. Reviews include but are not limited to: suitability, concentration, and accounts managed on a discretionary basis and non-discretionary basis.

The custodian sends clients written statements on a monthly or quarterly basis depending on the level of activity within the account. Such statements reflect the account value, the holdings within, and the activity conducted over the previous period. Clients are encouraged to review their statements carefully and to contact the firm with any questions or concerns regarding same. Clients must also contact the firm immediately with any changes to their financial situation as such changes may impact the status of their investment account(s).

Item 14: Client Referrals and Other Compensation

RJLU may utilize the services of third party individuals and/or unaffiliated firms as referral agents or solicitors to find assist with finding new clients and/or business opportunities. In consideration for such services, the firm may compensate the third party with a negotiable percentage of the firm's management fee. In accordance with Rule 206(4)-3 of the Investment Advisers Act of 1940 and similar state regulations, any such arrangements will be in accordance with the terms of a written agreement between RJLU and the solicitor. The firm requires that a disclosure statement as well as this brochure be delivered to each referral client and that certain registration obligations are adhered to, where applicable.

Item 15: Custody

Other than the client authorized direct deductions of fees from accounts held by a qualified custodian, RJLU does not maintain or accept custody of client funds or securities. All accounts are held in the custody of Pershing, LLC. ("Pershing"); a subsidiary of The Bank of New York/Mellon Corporation [www.Pershing.com]. In its capacity as an unaffiliated third party service provider, Pershing serves to reconcile each client-based securities transaction and operates primarily as the firm's custodian for such accounts. As stated previously throughout this brochure, clients are encouraged to review their account statements carefully. Questions or concerns regarding same may be directed to the firm and its personnel.

Item 16: Investment Discretion

RJLU maintains full discretionary authority over managed accounts. Clients acknowledge same within a written agreement which contains all applicable limitations to such authority. The firm's discretionary management extends to the types and amounts of securities purchased or sold, the timing of same, and the overall decision making authority with respect to following the client-defined investment objectives and goals, including determination of the broker or dealer to be used and commission rates to be paid to a broker or dealer for a client's transactions.

Item 17: Voting Client Securities

Due to the nature of the securities that RJLU typically invests in, the firm is often subject to the receipt of proxy voting statements from a variety of issuers. Where the firm is generally granted the authority to vote such proxies as reflected in the agreement, the firm has a duty to carefully weigh the client's needs with those of the ballot issue. The firm will often make such determinations after careful consideration of the facts and circumstances at hand. Clients may choose to accept the responsibility of voting by way of an acknowledgement within the agreement.

To assist those firm personnel with the task of voting, the firm has adopted and implemented written Proxy Voting Policies and Procedures (“Proxy Voting Procedures”). These procedures are designed to ensure that the firm votes proxies within the best interest of clients. The procedures further describe how the firm addresses voting authority, any material conflict of interest, voting decisions, client notifications, and record-keeping requirements.

A copy of the firm’s Proxy Voting Policies and Procedures and a record of votes cast may be obtained by contacting the firm directly.

Item 18: Financial Information

Under Rule 206(4)-4 of the Investment Advisers Act of 1940, investment advisers are required to disclose certain financial information about their business practices that might serve as material to a client’s decision in choosing an adviser.

As of the date of this filing, RJLU does not require the pre-payment of any fees or maintain any financial hardships or other conditions that might impair its ability to meet its contractual obligations to clients.

Item 19: Miscellaneous

Business Continuity: As a dually registered investment adviser/broker-dealer, RJLU maintains a business continuity plan in the event of a disruption in business. Among other issues, the plan details how clients may access their accounts in the event of an emergency. A copy of the plan is available for review by request.

Privacy: As reflected within the firm’s privacy policy, RJLU prohibits the public disclosure of any client related nonpublic/personal information, except as provided by law. Such client-related information is maintained in a safe and secure manner at all times. Questions regarding the firm’s privacy policy may be addressed to the firm and/or appropriate personnel.