



FORM ADV PART 2A FIRM BROCHURE

**First Allied Securities, Inc.
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This brochure provides information about the qualifications and business practices of First Allied Securities, Inc. If you have any questions about the contents of this brochure, please contact us at 800-223-0989. 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.

First Allied Securities, Inc. is a registered investment adviser. Registration of an investment adviser does not imply a certain level of skill or training.

This brochure details important disclosure information about certain programs that we offer. We do offer other programs that are not discussed in this brochure.

Additional information about First Allied Securities, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.



Item 2- Summary of Material Changes

The following items explain material changes that you should be aware of as a current or prospective client of our advisory programs or services. Each year you will receive either a summary of material changes that were made to the brochure over the previous year or an updated brochure. You can always request a full copy of any of our current disclosure brochures by calling 800-223-0989.

The changes that have been made to this document since our annual amendment in March 2011 are summarized below:

- ***Consolidation Completed***

First Allied Securities, Inc., a registered investment adviser and broker-dealer, has completed the transfer of its investment advisory business to its affiliate, First Allied Advisory Services, Inc., as of June 30, 2012. Both firms are wholly owned subsidiaries under the ultimate ownership of First Allied Holdings. Clients that were affected by this consolidation received notice of this transfer on or around April 30, 2012, sixty (60) days prior to the consolidation date. This notice provided information regarding how clients were impacted and what their options were. First Allied Securities continues its business as a registered broker-dealer and remain a wholly-owned subsidiary of First Allied Holdings and affiliated with First Allied Advisory Services. While First Allied Securities will remain registered as an investment adviser and a small number of individuals will continue to be registered with First Allied Securities as representatives of its investment adviser, First Allied Securities anticipates conducting limited retail business through this entity.

- ***Management Change***

In March 2012, Craig Junkins, a senior member of the management team at First Allied Advisory Services, Inc. and affiliate First Allied Securities, Inc., announced his resignation from the management team. Mr. Junkins will continue to be associated with us as a consultant providing advice on our recruiting efforts, investment banking, and project-based initiatives.

- ***Management Change***

In January 2012, Frank Campanale, a senior member of the management team at First Allied Securities, Inc. and affiliate First Allied Asset Management, Inc., announced his resignation from the management team. Mr. Campanale continued advising First Allied on the development of fee-based programs until he resigned from First Allied in April 2012.

- ***Ownership Change***

On November 1, 2011, First Allied Securities, Inc. was acquired by First Allied Holdings, Inc. ("Holdings"). Holdings is controlled by Lovell Minnick Partners, LLC, an independent private equity firm providing equity capital for leveraged buyouts and private company recapitalizations and growth capital for developing companies. In the same transaction, Holdings also acquired affiliates First Allied Advisory Services, Inc., First Allied Asset Management, Inc., and First Allied Wealth Management, which itself owns First Allied Retirement Services, Inc. and FASI Insurance Services, Inc. While the ultimate ownership has changed for each of these firms, the management structure for each of these firms remains the same.



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Item 4- Advisory Business

Background

First Allied Securities, Inc. ("First Allied"), a New York corporation, is a broker-dealer registered with the Financial Industry Reporting Authority ("FINRA") and a registered investment adviser registered with the Securities and Exchange Commission ("SEC"). Being registered does not mean that First Allied is endorsed by any regulatory authority; it simply means that First Allied is required to follow the rules established by FINRA for brokerage business and the SEC for advisory business. Representatives of First Allied's investment adviser are registered to conduct advisory business in each state where clients reside, according to each state's requirements. In addition, most representatives of First Allied's investment adviser are registered to conduct brokerage business in each state where clients reside. Throughout the remainder of this text, "we," "us," and "our" refers to First Allied.

First Allied does not currently offer any advisory programs or services. The majority of advisory programs and services previously offered by First Allied are now offered by First Allied Advisory Services, Inc. ("FAAS"), an affiliated registered investment adviser. For more information on the advisory programs and services offered through FAAS, please ask your advisor to provide you with a copy of FAAS' disclosure brochure.

First Allied is not a custodian of any accounts.

First Allied primarily conducts trading and clearing services through Pershing and JP Morgan. First Allied is also a member of the Securities Investor Protection Corporation ("SIPC") and the National Futures Association ("NFA"). First Allied has approximately 5 investment adviser representatives ("IARs"), all of whom are employees of either First Allied or a First Allied affiliate.

First Allied, headquartered in San Diego, CA, was founded in 1994. On November 1, 2011, First Allied Holdings, Inc. ("Holdings") purchased First Allied from Advanced Equities Financial Corp. ("AEFC"), who had owned First Allied since 2005. In the same transaction, Holdings acquired several affiliated companies that offer financial products and services (see Item 10- Other Financial Industry Activities and Affiliations section on page 6 for more information). Holdings is controlled by Lovell Minnick Partners, LLC ("Lovell Minnick"), an independent private equity firm providing equity capital for leveraged buyouts and private company recapitalizations and growth capital for developing companies.

Our Principal Officers

Adam Antoniadis is the Chief Executive Officer of First Allied. He was formerly employed with First Allied as President, CEO and Corporate Secretary from 1994 until 2004. Mr. Antoniadis also served as President of Advanced Equities Financial Corp. from 2004 to 2009. Prior to his employment at First Allied, Mr. Antoniadis was employed by Bishop Saxony Corporation as Corporate Secretary and with Berkeley Safe Deposit as Head Currency Trader.

Robert J. Moses is Senior Managing Director and General Counsel for First Allied. Mr. Moses has been with First Allied since 1994. Mr. Moses previously served as General Counsel for Advanced Equities Financial Corp. and held a position as Associate General Counsel of Josephthal & Co. Incorporated, which he joined in 1991.

Mark Quinn joined First Allied as Chief Risk Officer in February 2010. Prior to joining First Allied, he spent approximately 10 years as Senior Vice President and General Counsel of Royal Alliance Associates, Inc., which is a registered broker-dealer and investment adviser.

Vere Reynolds-Hale is First Allied's National Sales Manager and has been with First Allied since October 2007. Mr. Reynolds-Hale previously served as the Executive Vice President of Product Marketing and Development at Summit Brokerage Services and as Vice President of Sponsor Relations at LPL Financial Services.

Tiy O'Neal is the Chief Operations Officer of First Allied and is responsible for back office operations including the areas of brokerage and advisory operations and trading, administration, escalation, integration, technical support and others. Ms. O'Neal has been with First Allied since its inception in 1994.

Donna Bartlett is the Senior Managing Director of Brokerage Compliance at First Allied and serves as the Chief Compliance Officer of First Allied's broker-dealer. She was formerly employed as A.V.P. Compliance with Bishop Saxony Corporation, for four years; and, prior to that as Due Diligence Coordinator of Sentra Securities Corporation. Ms. Bartlett has been with First Allied since its inception in 1994.

Luanne Borowski, Managing Director of Investment Advisory Compliance, has been the Chief Compliance Officer of First Allied's investment adviser since February 2007 and Chief Compliance Officer of First Allied Advisory Services since July 2010. Since February 2007, Ms. Borowski has also served as Chief Compliance Officer of First Allied Asset Management, Inc. Ms. Borowski first joined First Allied as an investment advisory compliance analyst in February 2002. Ms. Borowski previously served as Chief Compliance Officer of Asset Planning Solutions, a broker-dealer, and Ken Stern & Associates, a registered investment adviser, from August 2000 until January 2002. Ms. Borowski holds the Investment Adviser Certified Compliance Professional® (IACCP®) designation, and holds the FINRA Series 7, 24, 65 and 53 securities registrations.



Janice Doza is the Chief Financial Officer of FAAS and has served in that position since June 2008. Ms. Doza also became the Chief Financial Officer of First Allied in March 2011. Ms. Doza previously served as Chief Financial Officer and Controller for FFP Securities, Inc. until 2008. From April 2003 through March 2006, Ms. Doza served as Controller for First Financial Planners, Inc.

Gregg Glaser was named an Executive Vice President of First Allied in January 2009. Mr. Glaser previously served as the Chief Financial Officer of Advanced Equities Financial Corp. from 2004 until 2011. Mr. Glaser also formerly served as the Chief Financial Officer of the Independent Brokerage Group of Wachovia Securities.

Joel Marks is Chairman of First Allied and has served in an executive leadership position since 2005. Mr. Marks previously served as Vice Chairman and Chief Operating Officer of Advanced Equities Financial Corp. and was a co-founder of JWGenesis Financial Corp. where he served as its Vice Chairman and Chief Operating Officer until it was acquired by Wachovia Securities in January 2001. Following the Wachovia acquisition, Mr. Marks served as Senior Vice President and Managing Director of Wachovia Securities through May 2002.

Garrett Merrill is the Managing Director of Supervision at First Allied. Mr. Merrill previously held the positions of Vice-President – Director of Supervision and Vice President – West Coast Region for First Allied's Supervision Department. Prior to joining First Allied, Mr. Merrill previously worked in the accounting and compliance departments at Howe Barnes Investments and served as Second Vice President of Compliance at The Northern Trust Company.

Devotion of Resources

Because we are both a broker-dealer and a registered investment adviser, many of our home office employees devote a portion of their time to broker-dealer activities as well as registered investment adviser activities.

Our Broker-Dealer Activities

Our broker-dealer activities are separate from our advisory activities. As a broker-dealer, we place trades for clients for purchases and sales of stocks, bonds, options, mutual funds, variable insurance products, and private placements. We offer our clients the opportunity to participate in private funding through unaffiliated broker-dealer(s).

As a broker-dealer, we buy and sell securities in our own accounts in order to facilitate the trading activities of our clients. We also buy and sell securities on behalf of other clients. Our main activities include retail and institutional client services. We generally use our own execution services for brokerage clients, for accounts custodied at Pershing or JP Morgan.

Managed Assets

We calculate the amount of assets that we manage every year. As of August 28, 2012 we have no assets under management.

Item 5- Fees and Compensation

We do not currently collect fees or compensation as an investment adviser.

Item 6- Performance-Based Fees

Performance-based fees are fees that are based on a share of capital gains on or capital appreciation of the assets in an account. Since we do not offer any advisory programs or services, this item is not applicable.

Item 7- Types of Clients

We do not offer any advisory programs or services; therefore this item is not applicable.

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

We do not offer any advisory programs or services; therefore this item is not applicable.

Item 9- Disciplinary Information

First Allied has been the subject of various regulatory and disciplinary findings by various states and regulatory bodies. The information in this section may impact your decision to do business with us.

In late 2009, the SEC filed an enforcement action against a former First Allied representative. The SEC alleged that the representative engaged in unauthorized and fraudulent trading in two customer accounts. The SEC also alleged that we violated certain SEC rules and that First Allied failed to reasonably supervise this registered representative.

After considering the surrounding circumstances, First Allied determined that it was in its best interests to settle the matter. The alleged rule violations were in connection with First Allied's supervision of the representative and deficiencies in its e-mail system.

As part of the settlement, First Allied agreed to accept a censure and pay disgorgement and interest (approximately \$1.46 million)



and a fine (\$500,000). In addition, the SEC's order requires First Allied to cease and desist from committing or causing any future violations of certain books and records provisions. First Allied also agreed to hire an independent consultant to review our policies and procedures and our system for implementing policies and procedures.

First Allied consented to the issuance of the order without admitting or denying the SEC's findings. A copy of the SEC order is available online at <http://www.sec.gov/litigation/admin/2010/34-61655.pdf>.

In addition to the incident above, at least one of First Allied's former IARs has been charged with, but not convicted of, a non-investment related felony in the last ten years; at least one of First Allied's former IARs has been charged with and convicted of a non-investment-related misdemeanor charge. First Allied has been censured by multiple state insurance authorities for failure to renew our state insurance licenses. In addition, certain former IARs have been censured and suspended by non-SEC regulators for violations related to supervision deficiencies, marketing approval deficiencies, improper disclosure of outside business activities, and continuing education deficiencies. First Allied, as a firm, has also been found to have failed to supervise adequately in certain instances, by the same regulatory bodies. Some of the firms that First Allied has purchased have also been censured by regulatory bodies.

In late 2009, the Securities Division of the state of Indiana found FFP Advisory Services, Inc., and certain principal officers who are now principal officers of FAAS, to be in violation of code 23-2-1 of the Indiana Securities Act. The specific violations involved inadequate and incorrect disclosures for investments in various insurance products. These violations occurred when the principal officers were employed by FFP Advisory Services, Inc., a registered investment adviser. FFP Advisory Services, Inc. was never affiliated with First Allied or FAAS. After considering the circumstances, FFP Advisory Services, Inc. decided that it was in its best interests to settle the matter with the state of Indiana. As part of the settlement, FFP Advisory Services, Inc. agreed to pay a penalty of \$187,500 to the state of Indiana.

In 2011, FAAS entered into a Consent Agreement with the Securities Division of the State of Indiana, whereby FAAS resolved allegations regarding violations the Indiana Uniform Securities Act, Ind. Code 23-19-1, concerning the registration of certain investment adviser representatives in the State of Indiana. Without admission or finding of a violation, FAAS paid a fine in the amount \$9,000, and a reimbursement payment of the cost of the investigation in the amount of \$1,000.

In addition to the incidents above, certain FAAS IARs have been censured or censured and suspended by non-SEC regulators for violations related to suitability deficiencies, delinquency of payment of state taxes, insurance deficiencies, sales of unregistered securities. In one case, a FAAS IAR's insurance application was denied by a state.

More information on all of these items, and other items not summarized above, can be found on FINRA's BrokerCheck® (<http://brokercheck.finra.org>). The Form ADV Part 2B brochure supplement that your IAR will provide to you along with this document contains information regarding any disciplinary items that we deem material to your decision to select your IAR to provide you with advisory services. Additional information about your IAR's disciplinary history can also be viewed on BrokerCheck®.

Item 10- Other Financial Industry Activities and Affiliations

Broker-Dealer Affiliation

As mentioned previously, we are a dual registrant. A dual registrant is an entity that is both an investment adviser and a broker-dealer. Because we are a dual registrant, many of our officers and principals are engaged in business both with our investment adviser and with our broker-dealer. Some of our officers spend up to 90% of their time on broker-dealer activities, and the remaining 10% on investment advisory activities. Other officers devote 100% of their time to investment advisory activities.

Your IAR will collect information from you regarding your risk tolerance, investment objective(s), and investment time horizon and other factors that will assist us in determining your investment objective for each account. You may have multiple accounts with us, with differing investment objectives, particularly if you intend to use certain accounts for specific purposes (such as transferring assets to a young child, many years in the future). If you would like multiple accounts to be managed under one investment objective, please ask your IAR to discuss the advisory programs we offer on the Guided Portfolio Solutions platform.

Because we are both an investment adviser and a broker-dealer, a conflict of interest exists. The conflict involves the determination of whether advisory business (fee-based) or brokerage business (commission) is more suitable for the client. The main differences between an advisory account and a brokerage account are the form of payment, the use of discretionary authority, and our level of responsibility to ensure the transaction is appropriate for you. In an advisory account, you will pay an advisory fee based on the amount of assets in the account; in a brokerage account, you will pay a commission for each transaction. In an advisory account, you may grant us, your IAR, or a third-party discretionary trading authorization that allows us to place securities transactions on your behalf without notifying you prior to placing the transaction; in a brokerage account, we will discuss each transaction with you prior to placing the transaction. Having discretionary trading authorization allows us, your IAR, or the third-party to act quickly on your behalf should there be an opportunity that would benefit you. The non-discretionary benefits of a brokerage account are that you have to approve each trade before it is placed on your behalf.



Because we do not currently offer any advisory programs or services, this conflict does not currently exist for us.

Related Financial Industry Entities

We are also affiliated with other registered investment advisers. Our parent company, Holdings, owns two other investment advisers (besides us):

- First Allied Asset Management, Inc. ("FAAM")
- First Allied Advisory Services, Inc. ("FAAS")

In addition to the firms listed above, Holdings also owns First Allied Retirement Services, Inc. ("FARS"). FARS is a pension administration firm that provides pension services to pension plan sponsors. Neither First Allied nor its representatives receive any compensation for referring clients to FARS. Greenbook Pension Services is another name under which FARS operates. FARS own Associates in Excellence, which is another pension administration firm that provides pension services to pension plan sponsors.

Holdings also owns FASI Insurance Services, Inc. ("FAIS"). FAIS is an insurance general agency that offers insurance products through licensed agents. Many agents offering insurance through FAIS are also First Allied registered representatives.

Our principals, employees and representatives may have responsibilities to any of these listed affiliates. Certain administrative and payroll expenses for employees of any affiliate may be allocated among all of the affiliates. Allocation of these expenses is not determined by assets referred to any affiliate.

Other Financial Industry Activities

In addition to the related entities noted above, we also conduct business with other investment advisers that are owned or operated by registered representatives of us. We are not responsible for supervising or managing these investment advisers beyond their representatives' activities with our broker-dealer.

We are involved in several industry advocacy groups. These groups generally provide a forum for industry professionals to gather and discuss current and proposed regulations. Our membership in these groups helps us to better educate and supervise our representatives.

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

Overview

Pursuant to SEC rule 204A-1, we have adopted a Code of Ethics ("COE") to establish rules of conduct for all supervised persons. The COE recognizes our IARs' fiduciary responsibility to clients. The COE instructs our IARs to conduct their affairs in such a manner as to avoid:

- Serving their own interests ahead of clients' interests
- Taking inappropriate advantage of their position
- Engaging in unacceptable actual or potential conflicts of interest

A copy of our COE is available upon request by calling our Compliance department at 800-223-0989.

We do not permit our IARs to solicit for or use discretionary trading authority in any purchases or sales in a security in which that IAR has a material financial interest. Our supervised persons may, however, invest in the same securities that the IAR or another supervised person recommends to clients. This presents a conflict of interest. This conflict is mitigated by our COE and Compliance Manual. Our IARs are not permitted to disadvantage clients while trading their own accounts. We also have surveillances in place that allow us to ensure that this conflict is avoided.

We have established surveillance systems that check trading patterns between supervised persons and clients. These surveillances allow us to ensure that even if a supervised person unintentionally trades in the same security as a client, the client will not be disadvantaged.

Item 12- Brokerage Practices

Soft Dollar Benefits

Some firms in the industry receive benefits in exchange for delivering business to a broker-dealer or other third-party. These benefits are known as "soft dollars." Soft dollar benefits are generally defined as benefits (besides normal fees) received from a firm in exchange for doing business with the firm. These benefits may include access to software, hardware, research, and/or office space. We do not receive any soft dollar benefits from choosing the broker-dealer through which we effect trades.

Item 13- Review of Accounts

We do not offer any advisory programs or services; therefore this item is not applicable.



Item 14- Client Referrals and Other Compensation

Solicitors are individuals who introduce clients to an investment adviser with which the solicitor is not affiliated. Solicitor's arrangements allow individuals to receive compensation for referring a client to us. The compensation paid to a solicitor is a portion of the advisory fee that you pay. All solicitation arrangements that we are involved in must be approved by our Compliance department.

Solicitors to First Allied

We do not offer any advisory programs or services; therefore solicitors do not refer business to First Allied.

First Allied Acting as a Solicitor

We have the ability to refer, or "solicit," clients to other investment advisers. We can solicit advisory business for FAAS and we can solicit advisory business for unaffiliated investment advisers. These unaffiliated investment advisers must be approved by us. If our IARs are soliciting advisory business for any investment adviser, this will be disclosed to you by issuance of a disclosure statement and a written acknowledgement.

The investment advisers that we solicit for provide a variety of management services, as outlined in each investment adviser's disclosure brochure. In general, they provide management strategies and investment models to advisory clients. The investment adviser will pay a portion of the advisory fee, as disclosed to you in the written acknowledgement, to us for soliciting clients.

Other Compensation Payable to First Allied

As a broker-dealer, we offer a wide variety of approved products. We have designated a subset of approved products as "Product Sponsors." Product Sponsors offer an assortment of approved products. They also train and educate our registered representatives on products and industry-related topics.

Product Sponsors pay extra compensation to us and our affiliates, however clients do not pay more to purchase these products through us than clients would pay to purchase them elsewhere. This extra compensation is based in part on the total amount of assets that our representatives refer to their products and services. There may be a financial incentive to promote certain products because of this extra compensation. Because our representatives do not receive direct financial benefit from recommending Product Sponsors to you, we believe that these relationships do not compromise the advice provided by First Allied representatives.

Sometimes we receive payments from firms that are not Product Sponsors to recognize our sales efforts. All companies may pay us and our affiliates in connection with the sale of certain products. This compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives. They may also pay for training, educational meetings or training events, conferences, and entertainment for our registered representatives and/or clients, as permitted by industry rules. Additional disclosure and a listing of companies who pay additional compensation to us may be obtained at www.firstallied.com or by contacting us at 800-223-0989.

Some investments pay higher commissions than others. Commissions on equities are usually greater than those on bonds. Investments in limited partnerships generally pay higher commissions than investments in equities.

Item 15- Custody

As mentioned in Item 13- Review of Accounts on page 7, we do not custody any account assets.

Item 16- Investment Discretion

We do not offer any advisory programs or services; therefore this item is not applicable.

Item 17- Voting Client Securities

We do not offer any advisory programs or services; therefore this item is not applicable.

Item 18- Financial Information

Prepayment of Fees

We do not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

First Allied's Financial Condition

We are required to inform you of any financial conditions that are reasonably likely to impair our ability to meet contractual commitments to you. Currently, there are no financial conditions that would impair our ability to meet our contractual commitments to you. Should any arise, we will notify you according to SEC guidelines.