

Brochure

(Part 2A for Form ADV)

RETIREMENT PLAN CLIENTS

NFP Securities, Inc.

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This brochure provides information about the qualifications and business practices of our firm, NFP Securities, Inc. If you have any questions about the contents of this brochure, please contact us at 512-697-6000 or your financial advisor.

The U.S. Securities and Exchange Commission, as well as state securities authorities, have not approved or verified information in our brochure. Additional information about our firm may be found at www.adviserinfo.sec.gov

References to our firm as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

Material Changes

This section of our brochure summarizes material changes that have occurred at our firm since the previous release of our brochure. We will update this section of the brochure on an annual basis and send a summary of any material changes at our firm along with our annual privacy policy mailing. You may receive a complete copy of our brochure by contacting your financial advisor or by contacting our firm at 512-697-6464.

Since our last update on Form ADV, we have added two disciplinary disclosures. A summary of those events is provided within the Disciplinary History section of this disclosure document.

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Advisory Business

Introduction

This brochure describes the investment advisory services we provide to clients that either are or sponsor a retirement plan (Plan) which is qualified under Internal Revenue Code and/or subject to the Employee Retirement Income Security Act (ERISA) or is a Plan which is considered nonqualified. **This Summary Disclosure Statement is only for use with Plan clients; if you are not a Plan client, please contact your Advisor to obtain the proper Brochure.**

In addition to being an investment adviser, our firm is also a broker-dealer and insurance agency. We provide securities (such as stocks, bonds, mutual funds and variable insurance, among others), investment advice and other financial services to clients. We provide investment advice through financial advisors registered with our firm. We refer to these financial advisors as “Advisors” in this brochure. Most of our Advisors are also registered representatives of our broker-dealer. In addition, many of our Advisors also act as insurance agents independent from our firm. We generally do not provide fixed insurance products or services. To the extent your Advisor provides fixed insurance products or services, he or she does so outside of our firm and supervision.

The types of services our Advisors provide Plan clients are described in more detail below. Generally, these services include vendor searches and benchmarking, plan design strategies and analysis, fiduciary consulting and oversight, plan level investment advice and employee education services. The specific services an Advisor provides, and the fee for those services, may differ from Advisor to Advisor. The fees you will pay and the services you will receive are set forth in a separate Retirement Plan Consulting Agreement (Consulting Agreement) with you, the Advisor and our firm.

Services

MANAGE VENDOR RELATIONSHIPS

Advisors act as liaison between the Plan and third party vendor(s) that provide services to the Plan. Advisors bring new ideas and capabilities for the Plan to consider from current vendors and the industry in general. In providing these services, Advisors may negotiate fees charged by vendors and assist the Plan to manage its vendor expenses. An Advisor can also assist a Plan with the selection of new vendors as well. Advisors may manage the Request for Proposal (RFP) process among prospective vendors. During the RFP process, Advisors conduct market analysis, negotiate with vendors, evaluate the RFPs and, as applicable, coordinate vendor presentations. Ultimately, Advisors provide Plan clients their analysis of the RFPs and a recommendation on a new vendor(s). In reviewing and recommending vendors, Advisors typically consider the administrative, recordkeeping, compliance, employee communications and investment related services provided by the vendor as well as the fees for their services. Finally, Advisors may facilitate and manage the conversion process of changing vendors by, among other things, providing sample letters and correspondence and monitoring action items during the conversion process.

PLAN DESIGN STRATEGIES AND ANALYSIS

Advisors evaluate a Plan client's design by reviewing relevant design features, such as age and length of service, eligibility requirements, vesting, forfeitures, employer matching contributions formulas, entry and re-entry dates and other pertinent design features. Further, Advisors may provide updates on new legislation as well as advice on implementation of new plan design capabilities and their potential impact to the Plan and its participants. Advisors typically review compliance testing annually to determine if there are efficiencies that can be gained by plan design changes.

FIDUCIARY CONSULTING AND OVERSIGHT

Advisors may assist the plan fiduciaries named in the Plan's organizational documents (Named Fiduciaries) to comply with their obligations under ERISA Section 404(a). Such services include assisting with the creation of an investment policy statement (IPS) for the Plan, creating Plan investment committees and coordinating those committees' functions and activities. In addition, some Advisors assist the Plan and Named Fiduciaries in performing an audit designed to comply with Section 404(c) of ERISA. These services include providing a checklist of the latest industry accepted standards with respect to 404(c) compliance and plan efficiency and working with the Plan and Named Fiduciaries to complete the checklist. The checklist typically delineates responsibilities for fulfilling tasks among the vendor, Plan and Advisor.

PLAN LEVEL INVESTMENT ADVICE

Advisors provide plan level investment advice by recommending investment vendors, platforms and options for the Plan to make available for participants. In addition, Advisors monitor performance, risk and expense reports for the of the Plan investment options, recommend specific actions and develop overall asset allocation strategy for Plan clients. In providing plan level investment advice, Advisors may provide research and analysis regarding investment advice, fiduciary due-diligence services and investment products and services. The Advisor may employ many different calculations, processes, and screening techniques to arrive at specific recommendations within the array of investments options offered by each Plan vendor. Such calculations, processes and screening techniques include investment analysis by asset class, market capitalization and investment objective; a review of performance relative to applicable benchmarks and comparable investment options; a review of financial strength, stability, the reputation of the investment vendor; analysis of the individual investment options available through the vendor; a review of the tenure and experience of investment management personnel and the investment philosophy, process, and style of the vendor; and an analysis of the investment fees.

In providing plan level investment advice, we and your Advisor acknowledge that each is a "fiduciary" with respect to assets of the Plan as ERISA defines that term under Section 3(21)(A)(ii) to the extent it renders investment advice with respect to any moneys or property of such Plan, or has any authority or responsibility to render such investment advice. To the extent they are fiduciaries, NFPSI and Advisor each acknowledge that it is subject to and will at all times exercise the standards of fiduciary responsibility set forth in Title 1, Subtitle B, Part 4 of ERISA.

EMPLOYEE EDUCATION SERVICES

An Advisor may provide employee education services by conducting meetings with employers and employees on an annual, semi-annual or quarterly basis or at other times as you may agree with your Advisor. The scope of the meetings will be for a group or on an individual basis and can be conducted either on-site or via tele-conferencing as you agreed with your Advisor. An Advisor may conduct employee surveys to determine interest in specific topics and provide other communication services to employees regarding investment education. Finally, Advisors may assist in employees with enrollment and re-enrollments into the Plan.

Types of Investments

In our capacity as a broker-dealer, investment adviser and insurance agency, we and our Advisors may offer a wide variety of platforms, products and services to clients. As a general matter, Advisors are free to choose the products and services they make available to clients subject to applicable rules and regulations, suitability, appropriate licensure and other policies and procedures. Some Advisors may not consider or be able to offer all of the products and services available through our company.

In some instances, recommendations to one client may be considered appropriate for another one of our other clients. Advisors may recommend similar investments to numerous clients with similar or identical investment objectives or to clients with different objectives. Despite such similarities, recommendations relating to investments and the performance resulting from such recommendations will differ from client to client. We will not necessarily make the same recommendations for all eligible clients. Therefore, not all clients will necessarily be able to participate in the same investment opportunities or participate on the same basis.

You should promptly notify us if there is ever any change in your financial situation or investment objectives since it make cause us to review, evaluate, or revise our previous recommendations and services to you.

As of December 31, 2011, we managed approximately \$8,000,000,000 in assets for approximately 40,700 clients. Approximately \$4,000,000,000 is managed on a discretionary basis, and approximately \$4,000,000,000 is managed on a non-discretionary basis.

Fees and Compensation

Fees

Advisors charge Plan clients for the services above either a flat fee or an asset-based charge in accordance with the ranges described below. Fees for services are negotiable and may vary depending on the facts and circumstances of a specific Plan, such as the scope of services to be provided, the duration of services and the size of the Plan client, such as the number of employees, amount of assets and other demographic factors. Our flat fees generally range from \$10,000 to \$100,000, but can be more or less as agreed to with your Advisor; asset-based fees are based upon the market value of the Plan assets and generally range from 0.25% to 1.00% of Plan assets. In accordance with ERISA and corresponding interpretations, an Advisor may offset their fees by the amount of payments, if any, received from other sources.

GENERAL INFORMATION ON OUR FEES

You may pay an asset-based on a quarterly basis in advance or arrears, as determined between you and your Advisor. All fees are negotiable, subject to the maximum amounts set forth above. We may waive or charge a lesser fee from time to time for our services. The fees we charge may be higher or lower than those charged by other advisers for comparable services. The fees that we charge to manage assets in your account may be more than the amount you would pay us to buy or sell securities on a commission basis in a non-managed account.

OTHER INFORMATION ON FEES AND COMPENSATION

You may pay advisory fees to us by check, wire, or by authorizing the deduction of fees from an account with us. If you authorize us to deduct fees from your account, you are responsible for fees, charges and other costs associated with the fee deduction. When fees are deducted from accounts, the Advisor or account custodian will send you information reflecting the amount of fees deducted and the asset value upon which the fee is calculated. You will receive a statement at least quarterly from your account custodian showing all amounts disbursed from your account, including the advisory fees paid to us. In the event that we bill you directly for our fees, payment is due upon receipt of our invoice.

Our Advisors may offer a wide variety of securities products and services since we are a broker-dealer, investment adviser and insurance agency. In addition, the commissions, fees and other forms of compensation paid in connection with the purchase or sale of products and services vary. Accordingly, Advisors may have a conflict of interest to the extent they recommend products or services that pay more compensation than other similar products or services available through us.

Although we are an insurance agency, we typically do not sell fixed or general account life insurance products or annuities other than certain equity index annuities. Some of our Advisors, in their individual capacities as insurance agents may recommend you purchase fixed or general account insurance products or annuities on a commission basis. As a general matter, we do not oversee and are not responsible for these insurance sales. Our Advisors may also provide advice on corporate or health benefits for clients and receive fees in addition to advisory fees, as allowed by applicable law.

We may recommend various third-party investment vehicles that are subject to initial and ongoing expenses and fees, such as sales loads, servicing fees and management fees. Examples of these collective investments and financial products are mutual funds and variable insurance products. The initial and ongoing expenses and fees of these investment vehicles are disclosed in the applicable offering document of the investment and are payable by you in addition to any fee we and our Advisors charge. If you purchased investments through another firm and transfer them to an account with us, you may likewise pay ongoing fees and expenses to the investment product sponsor, or its affiliates, in addition to the fees we charge. For example, if you purchase mutual funds through another company and subsequently transfer those mutual funds to an account with us, you will typically pay ongoing fees and expenses to the mutual fund company in addition to the fees we charge.

Performance-Based Fees and Compensation

We and our Advisors do not charge performance based fees.

Types of Clients

We provide investment advice to Plan clients qualified under section 401(a), 401(k), 403(b), or 457(b) of the Internal Revenue Code of 1986 and/or subject to the Employee Retirement Income Security Act of 1974 (ERISA) or which are otherwise considered nonqualified.

We also provide investment advice and services to individuals, corporations and other business organizations, trusts, estates and charitable organizations. We generally require a minimum account level of \$50,000 for new accounts of these types of clients although we may waive the account minimum from time to time at our discretion. More information on the services we provide non-Plan clients may be found in our other Client Brochure.

Methods of Analysis, Investment Strategies and Risk of Loss

We analyze investment providers, retirement plan platforms and other service providers by reviewing the background of the vendor, processes used by the vendor and any applicable disclosure documents. We also make available resources from affiliated and unaffiliated third-parties for Advisors to use in evaluating the services to provide their Plan clients. Advisors may perform their own research from third-party resources that are generally available to the public.

While we do not have a firm-wide investment strategy, many of our Advisors recommend various forms of strategic asset allocation. An investment strategy is based upon objectives you define in consultation with your Advisor. You may change these objectives at any time. Other strategies an Advisor may use include long-term buy and hold, short-term purchases, trading, short sales, margin transactions, and option writing (including covered options, uncovered options or spreading strategies).

Any investment or investment strategy involves some risk of loss you should be prepared to bear. Examples of risk you could face are:

- *Interest-rate Risk:* Fluctuations in interest rates may cause investment values to fluctuate. For example, market values of bonds typically decline when interest rates rise because the rising rate makes the existing bond yields less attractive.
- *Market Risk:* External factors independent of a security's particular underlying circumstances may impact its value. The value of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions such as a political or social event or an economic condition.
- *Inflation Risk:* Inflation means a dollar today may buy more than a dollar next year. When inflation is present your purchasing power typically decreases at the rate of inflation.
- *Currency Risk:* Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. Also known as exchange rate risk, these risks may be present in international mutual funds for example. We typically do not recommend purchases of overseas investments.
- *Reinvestment Risk:* The risk that future proceeds from investments may be reinvested at a potentially lower rate of return is reinvestment risk. This risk primarily relates to fixed income securities.
- *Business Risk:* Risks associated with a particular industry or a specific company may impact the value of investments. For example, oil-drilling companies typically have more business risk than electric companies since they depend on finding oil and then refining it efficiently before they may generate a profit. An electric company generates steady income from customers who buy electricity no matter what the economic environment is like.
- *Liquidity Risk:* Liquidity means the ability to readily convert an investment into cash. Assets with many purchasers are generally more liquid. For example, Treasury Bills are highly liquid, while real estate properties are less so.
- *Financial Risk:* A company with excessive borrowing or that takes significant business risks to generate profit is typically at a greater risk of financial difficulty or failure.

Disciplinary History

We have no legal or disciplinary events relating to our firm's advisory services to Plan clients or otherwise. In our capacity as a broker-dealer, we periodically have been subject to administrative sanctions by state and self-regulatory agencies. We have publically disclosed these events in more detail on our broker-dealer Form BD and the Investment Adviser Public Disclosure system. A summary of the events is provided below for your reference.

Pursuant to an arbitration award on November 30, 2011, we paid \$1,308,752.45 to a client for alleged damages in connection with the client's 2006 purchase of insurance and a separate investment opportunity. In addition, the client alleged failure of the Advisor to rebalance the client's investment portfolio in 2006.

On April 6, 2011, we agreed to pay FINRA, our broker dealer regulator, \$50,000 for allegedly allowing misleading advertising and sales literature to be used with customers.

On July 15, 2009, we agreed to pay FINRA, our broker-dealer regulator, \$7,500 for failing to timely report all necessary information regarding the purchase and sale of municipal securities in accordance with the systems and manner required by FINRA.

On October 5, 2007, we agreed to pay FINRA, our broker-dealer regulator, \$12,000 for failing to timely file termination notices of registered representatives and other reports regarding certain events related to our broker-dealer activities.

On July 14, 2006, we agreed to pay FINRA, our broker-dealer regulator, \$7,500 for failing to keep evidence and records of checks received in our blotter in accordance with SEC and FINRA rules.

On March 22, 2004, we agreed to pay NASD (predecessor to FINRA), \$25,000 for allegedly allowing misleading advertising and sales literature to be used with customers.

On April 27, 2000, we paid the State of Florida Division of Securities \$10,000 for failing to timely register a branch location in the state of Florida.

Other Financial Industry Activities or Affiliations

We estimate that our broker-dealer services comprise approximately 60% of our business. As a broker-dealer, we introduce accounts on a fully disclosed basis to custodian/clearing firms we or you engage from time to time. We or your Advisor may receive compensation, in addition to the advisory fees you pay, when portfolio transactions are effected on behalf of investment advisory clients through our broker-dealer. We may receive compensation as a result of acting in one or both capacities. We and your Advisor may receive securities commissions or fees from third parties if you purchase investment products through us. Any such receipt of compensation will be made in accordance with applicable law. The potential for such payments may create a conflict of interest to the extent we recommend products for which we receive additional compensation.

We are owned by National Financial Partners Corp. (NFP), which owns other investment advisers, broker-dealers, insurance agencies and other product and service providers (NFP Affiliates). From time to time, we may recommend that the purchase or sale of products and services of or through NFP Affiliates

and these NFP Affiliates, as well as our firm, may receive compensation as a result. Such a recommendation may be deemed to create a conflict of interest since it could result in increased compensation to an NFP Affiliate, our firm and your Advisor. By way of example, we are affiliated with various insurance agencies and brokers through which you may purchase or sell insurance. Advisors may also be licensed insurance agents or assist you to buy or sell your insurance policy. Your Advisor may recommend that you purchase or sell insurance through an affiliated insurance agency or broker and that affiliate would receive compensation in connection with the transaction. Whether or not the services of an affiliate are utilized, your Advisor may receive compensation from your purchase or sale of insurance in addition to any advisory fees you pay him or her. Our affiliation with such insurance agencies and brokers, and the additional compensation an Advisor may receive irrespective of our affiliation, creates a conflict of interest to the extent our affiliates or Advisors receive compensation in addition to the advisory fees you pay us.

As a general matter, we do not oversee and are not responsible for overseeing the sale of fixed or general account insurance products or annuities sold on a commission basis by an Advisor in their individual agent capacity. The recommendation to purchase a commission product presents a conflict of interest since the receipt of commissions may provide an incentive to recommend you insurance products based on commissions to be received, rather than your particular needs. You are under no obligation to purchase any commission products from our Advisors.

Also, as a broker-dealer, our registered representatives, some of whom are Advisors, have the ability to offer various investment products to advisory clients. Such products include hedge funds, limited partnerships and privately offered securities. Generally, you must meet certain financial, experience or risk tolerance requirements before you may invest in such products through us. In some instances, the general partner of partnerships offered through us may be an NFP Affiliate. The partnerships of these NFP Affiliates may invest in securities or interests of other partnerships and are typically structured as fund of funds investments. We disclose NFP Affiliates that are investment advisers in Part I of our Form ADV, which is publicly available on the Securities and Exchange Commission website (www.sec.gov). Additional information about the applicable NFP Affiliate investment adviser may be found in their brochure.

An example of our relationship with other NFP Affiliates includes our ability to recommend the insurance services available through NFP Insurance Services, Inc. (NFPISI). NFPISI is an insurance brokerage through which our Advisors may sell insurance products. Advisors recommending that you purchase insurance may utilize the services of NFPISI and we and your Advisor may directly or indirectly receive compensation in addition to advisory fees you pay. The use of NFPISI to purchase insurance creates a conflict of interest since we, your Advisor and our affiliate may receive compensation in addition to advisory fees you pay. Advisors may provide insurance products and services unrelated to our services through an NFP Affiliate. Our Advisors' use of an NFP Affiliate's products or services may create conflicts of interest to the extent we, our Advisor or an NFP Affiliate directly or indirectly receive additional compensation as a result of recommending or selling products or services of or through the NFP Affiliate.

Some of our registered representatives and Advisors are registered with or affiliated with an investment adviser other than our firm. You should read the brochure and any other materials provided by these other investment advisers for information regarding their services and fees if you decide to engage them.

Some of our Advisors may participate in incentive trips and receive other forms of non-cash compensation based on the amount of their sales through NFPISI, affiliated marketing groups or non-affiliated marketing groups or product manufacturers. To the extent your Advisor participates in an

incentive trip or receives other forms of non-cash compensation, a conflict of interest exists in connection with the Advisor's recommendation of products and services for which they receive these additional economic benefits. Such trips and incentives are generally not conducted in concert with the fiduciary services provided to Plan clients described herein and, in any event, would be conducted in accordance with ERISA and applicable law.

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

We maintain a written code of ethics in accordance with the Advisers Act that is intended to create an ethical culture for our firm. Our code of ethics requires our personnel and Advisors to treat sensitive information confidentially, not misuse material non-public information about client transactions, report violations of the code and comply with federal securities laws. The code of ethics also requires certain personnel and Advisors to report their personal securities holdings. We will provide a copy of our code of ethics upon request.

Our 401(k) plan, or other retirement plan accounts that our Advisors may have an interest in, could invest in funds and investments which you may also invest in or that we recommended you to buy or sell. Our personnel and Advisors may invest for their own account in interests in investment partnerships, venture capital vehicles, and hedge funds and other commingled products or individual investment accounts managed by other advisers we have recommended to you as well. These entities and managers may also separately buy or sell investments that you buy or sell for your own account or that we have recommended to you. Generally, our Advisors and personnel have no ability to influence or control these entities' transactions in securities. If such influence or control did exist, our personnel and Advisors would be subject to policies on employee trading described in our code of ethics and compliance manual to address this conflict of interest. Our parent company, National Financial Partners Corp. (NFP), is publicly traded and our personnel and Advisors may have an interest in shares of NFP. You may have also have purchased or sold securities of NFP or could buy or sell NFP securities in the future and we and our Advisors may recommend you purchase or sell NFP. To address these potential conflicts of interest, in no event will we recommend or cause you to enter into transactions for the purpose of benefiting the direct or indirect securities holdings of our affiliates or personnel.

Our employees and Advisors may invest for their own accounts in securities which may also be recommended, purchased or sold for you as our advisory client. Our code of ethics requires Advisors to place the interests of clients before their own interests. Our compliance department reviews personnel and Advisor trades each quarter in an effort to ensure that their personal trading does not impact trades for clients and that our clients receive preferential treatment. Personal trades which consist of mutual funds or exchange traded-funds will typically not have an impact on client trading or impact securities markets.

Brokerage Practices

The following disclosures describe our brokerage practices, which are generally more applicable to our individual retail clients.

Our Advisors will oversee and direct the investments of your accounts subject to any limitations you may impose on us in writing. We have an obligation to seek to obtain best execution for transactions in your

account for which we provide investment management services. To the extent you have imposed a limitation on brokerage selection, or have directed us or the Advisor to utilize a certain broker-dealer, we will not have the ability to negotiate commissions among various brokers or to obtain volume discounts. We also may not achieve best execution and you may pay higher commissions, transaction cost, and receive less favorable net prices than other clients as a result.

As a broker-dealer, we may execute transactions for you as an advisory client. We may receive compensation as a result of acting as an investment advisor, a broker dealer or both. We or your Advisor may receive compensation, in addition to the advisory fees charged to your account, when we execute portfolio transactions for you. We conduct these transactions in accordance with applicable rules and regulations and in a manner designed to treat you and other clients fairly and equitably over time. Our policies and procedures require us to provide appropriate disclosures to you such as compensation received by us and or our registered representatives for these transactions. Such transactions may include our acting as a selling agent on a best efforts basis for new issues of fixed income securities that you have purchased in your account. In this regard, we may rely upon our relationship with a third party broker-dealer named Advisors Asset Management, Inc. (AAM) to complete transactions in fixed income securities. We may receive both normal and customary transaction related compensation as a selling agent of fixed income securities as well as advisory fees on the fixed income security in your advisory account. Through our relationship with AAM, as a broker-dealer, we also receive a percentage of the concessions AAM charges on fixed income security orders they execute for us. This arrangement may be deemed to create a conflict of interest since it results in increased compensation to us even though we are performing separate services for you.

We will allocate partially completed trades either in a pro-rata, a random fill or other method designed to treat you and all our clients fairly and equitably over time. The commissions we charge may be higher or lower than those charged by other broker-dealers. We correct trade errors arising from transactions in your account at our expense; however, we reserve the right to retain any gains that may arise from correcting such errors.

We may effect agency-cross transactions for you as an advisory client subject to applicable rules and regulations. Agency-cross transactions are when we cause a security to be transferred from one account to another. We will perform agency cross transactions at an independently determined market price and without incurring brokerage commissions, although customary custodian fees and transfer fees still will apply and be received by us. In agency-cross transactions, we act as broker-dealer for both buyer and seller of a security, though both may not be investment advisory clients of ours as well. We will not effect such agency transactions if we have absolute trading discretion over both parties. We will only perform cross-trades if we believe they are in the best interest of each client and after we obtain prior approval. We obtain prior approval from you under our standard client agreements. We do not typically act in a principal capacity when initiating any trade order for advisory accounts; however, our respective clearing/custodial firms may do so when executing a trade order for you. A principal capacity means the clearing/custodial firm sells you the security from their own inventory rather than finding another seller in the market. We handle any principal trades in an advisory account in accordance with applicable law.

We do not direct client securities transactions to obtain research benefits or other benefits, otherwise known as “soft-dollars.”

We and our Advisors may, but need not, aggregate or “bunch” orders for your account. Where we believe aggregation is appropriate and practicable or that it will result in a more favorable overall execution for you, we will allocate such bunched orders at the average price of the aggregated order. You will still pay the same ticket charges on any bunched or aggregated orders. Our Advisors may not include personal

trades with aggregated or bunched orders for your accounts. Aggregation does not benefit client trades in mutual funds or exchange-traded funds and therefore we do not aggregate trades of these securities.

If you direct us to use a certain broker for transactions in your account, we will not have authority to negotiate commissions among various brokers or to obtain volume discounts and best execution may not be achieved. You may pay higher commissions or transaction costs and receive less favorable net prices than other clients. For trades in fixed income securities in a managed account, we may retain trading authority and remain obligated to obtain best execution of such trades in your account. In these circumstances, we will often use AAM to assist us in trading fixed income securities.

We may effect transactions for your account through broker-dealers that refer us advisory business. The use of such broker-dealers for trades in your account creates a conflict of interest since we have an incentive to increase referrals to our company. Through our relationship with AAM, we also receive a percentage of the concessions AAM charges on fixed income security orders executed by AAM on behalf of our firm. The use of AAM on trades for your account creates a conflict of interest since we have an incentive to increase compensation to our company. Commissions and fees may be higher or lower than those that may be charged by other broker-dealers.

Review of Accounts

Our Advisors will contact you, and typically meet with you at least annually, to review the performance of your account and any changes to your Plan's financial situation and investment goals and objectives. In addition, our Advisors typically review the quarterly performance report received from your account custodian. Advisors may also perform account reviews more frequently when market conditions dictate. Other conditions that may trigger a review are changes in laws, new investment information, and changes in your own situation. We also require you, in our standard client agreement, to inform your Advisor promptly of any changes to your information, including changes to your financial situation or investment objectives and policies. You will receive confirmations of all transactions, monthly statements and/or quarterly performance reports from the designated custodian of your Plan assets. Our Advisors and our home office personnel are typically available during normally business hours to answer questions or concerns you may have.

Client Referrals and Other Compensation

We may compensate affiliated and unaffiliated third-parties called "solicitors" to refer to us clients and prospects they believe would benefit from our investment advisory services. Any such arrangements with an unaffiliated third-party will be designed to comply with the Advisers Act, which requires, among other things, that you receive this brochure, we execute an agreement with the solicitor, and that you receive a compensation disclosure statement detailing the amount we will pay the solicitor that referred you.

We may also enter into arrangements where we and our Advisors refer you to affiliated and unaffiliated investment advisers that will provide advisory services to you. When we make such a referral, we and our Advisor will typically receive a portion of the total fee the investment adviser charges you for so long as they provide you services. We and your Advisor may also receive a transaction fee for such services as a solicitor. Any such arrangements will be designed to comply with the Advisers Act and ERISA.

We may receive securities commissions, service fees, 12b-1 fees and other third-party payments if you implement our recommendations through our broker-dealer. A portion of such compensation may be paid to your Advisor in accordance with ERISA. Relative to your mutual fund purchases, for the period in which you maintain an investment with the mutual fund, we and your Advisor may receive ongoing 12b-1 fees directly from the mutual fund company or on-going fees from the adviser, underwriter or distributor of the mutual fund company. There is a conflict of interest when we recommend these products or services since they could result in increased compensation to us and our Advisors.

We may also act as a selling agent on a best efforts basis in our capacity as a broker-dealer for new issues of fixed income securities which our Advisor may purchase for your account. In such transactions, we may receive both normal and customary transaction related compensation as a selling agent for the new issue fixed income security as well as advisory fees on the fixed income security in your advisory account. We have entered into an agreement with AAM to assist us in executing fixed income transactions. The relationship with AAM pays us compensation for order flow based upon the total amount of fixed income securities executed through AAM. The amount of compensation is a percentage of the concession charged by AAM for executing fixed income transactions. We receive 20% of the concession AAM charges if the amount of fixed income trades AAM executes for all our clients, advisory and brokerage, totals up to \$2,000,000. We receive 25% of the concession AAM charges if the amount of fixed income trades AAM executes for all our clients, advisory and brokerage, is greater than \$2,000,000. The use of AAM to place trades in advisory client accounts creates a conflict of interest since we have an incentive to utilize their services and increase compensation to our company, however these services are not performed for Plan clients.

If your Advisor is also a registered representative of our firm, our another broker-dealer, your Advisor may receive, or may have already received, compensation in connection with products or services purchased for you in addition to any advisory fees you pay us. Similarly, many of our Advisors are independent insurance agents that sell insurance through our NFP Affiliates. As such, the Advisors and NFP Affiliates may receive compensation in connection with your purchase of securities or insurance in addition to any advisory fees you pay us in accordance with applicable law. These relationships create a conflict of interest as they result in increased compensation to us, your Advisor or NFP Affiliates.

We may receive both financial and non-financial support from certain mutual fund, insurance and other companies or their affiliates based upon the sale of such companies' products by us. These payments are in addition to the sales charges, rule 12b-1 fees, service fees, redemption fees, deferred sales charges and other fees and charges described in the prospectus fee tables or offering documents of the various products. Additional information regarding the companies and amounts and types of compensation we may receive is available on our web site at <http://www.nfpsecurities.com/home/company.asp>. If you do not have access to our web site, you may contact your Advisor or our home offices for additional information. These relationships create a conflict of interest as they result in increased compensation to us, your Advisor or our affiliates.

We may charge a non-refundable due diligence fee to third-party managers or product sponsors considered for inclusion in our investment platforms available to Advisors. Paying such fee does not guarantee acceptance on any of our platforms or access to our Advisors. We do not share these fees with our Advisors. Initial fees charged may be up to \$5,000, depending on the complexity of the manager and the resources we need to perform the due diligence. Thereafter, the due diligence fee is typically \$1,500 annually, but may be more or less than this amount based upon the third-party manager and the nature of its services. We may waive these fees from time to time.

Custody

We and our Advisors do not hold or maintain your assets. Third-party qualified custodians hold and maintain your assets and those custodians provide account statements directly to you at your address of record at least quarterly. We urge you to compare the account statements you receive from your account custodian with any performance report or statements we, our service providers or our Advisors may create for you.

Investment Discretion

Unless we grant specific authority and approval to your Advisor, your Advisor is typically not granted absolute trading discretion on Plan client assets. Absolute trading discretion means placing a trade in your account without your approval.

Voting Client Securities

We do not, nor our Advisors, vote proxies for any clients.

Financial Information

We do not have any financial condition likely to impair us from meeting our contractual commitments to you.

Miscellaneous

Termination of Accounts

Typically both you and our company have the option under our standard agreements to terminate the agreement upon 30 days prior written notice. In addition, you have the right to terminate the contract without penalty within five (5) business days after entering into the contract. If you pay a fee in advance, fees will be pro-rated from the termination date and refunded to you.

Compliance Policies and Procedures

We maintain written compliance policies and procedures as required by the Advisers Act.

Anti-Money Laundering Program

We maintain an anti-money laundering program in accordance with applicable regulations.

Business Continuity Plan

We maintain a business continuity plan designed to minimize the impact of disasters, emergencies and other unforeseen circumstances on our services and communications. A description of our Business Continuity Plan is available on our website at <http://www.nfpsecurities.com/home/company.asp>, or by contacting your Advisor or our home office.