

Brochure

(Appendix 1 to Part 2A for Form ADV)

ADVISOR ENTERPRISE WRAP FEE PROGRAM

NFP Securities, Inc.

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Dated: April 30, 2012

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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Services, Fees and Compensation

Introduction

This brochure describes the investment advisory services we provide through our wrap-fee program. 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 to you, he or she does so outside of our firm and supervision.

We have entered into an agreement with Envestnet Asset Management, Inc. (Envestnet) that enables our Advisors to offer the Advisor Enterprise wrap-fee program and the services described below to you (Advisor Enterprise Program).

The process for engaging us to provide you services begins with our Advisor obtaining financial information from you in order to develop investment recommendations that meet your goals and objectives. Our Advisor will review your information and analyze it in order to recommend appropriate products and service based on your investment objectives, investment time horizon and risk tolerance. You will enter into a contract with our company setting forth terms and conditions of the advisory services relationship for the Advisor Enterprise Program. You will also enter into separate custodial/clearing agreements with the applicable custodian. We typically clear transactions pursuant to our clearing agreement with National Financial Services, LLC (NFS); however, we reserve the right to designate alternative clearing and custody arrangements similar to those we have with NFS. NFS, and not our firm, maintains custody of funds and securities in your account. Additional Information regarding NFS is described below. In addition to this Brochure, you will also receive a copy of our Privacy Policy. You will also receive the Envestnet Brochure that further describes their services as an investment adviser.

Our Advisors will contact you, and typically meet with you, at least annually to review the performance of your Advisor Enterprise Program account and any changes to your financial situation and investment goals and objectives. You are required to provide your Advisor with updated information regarding your financial condition and changes that may have occurred in your objectives, time horizon or risk tolerance. You are encouraged to contact your Advisor should you have questions about the management of your account in the Advisor Enterprise Program.

PROGRAM SERVICES & FEES

Third-party Strategists

We have, or Envestnet has, entered into agreements with various third-party strategists that provide allocation models for investments in mutual funds and exchange traded funds (ETFs). Through this service, our Advisors use the models provided by these strategists to recommend an allocation of your assets among mutual funds and/or ETFs. Envestnet is responsible for the actual trading and investment of your assets based upon the recommendation of our Advisor and strategist model. You may be restricted in

your ability to directly contact and consult with the strategists or Envestnet, but our Advisors are available to address any questions, issues or concerns regarding the strategists or their models. The result is an account portfolio comprised of selected mutual funds and/or ETFs based upon your investment objectives and risk tolerance. Accounts using third-party strategists typically have a minimum account size requirement of \$50,000. The fees for management of your account with third-party strategists are generally within the ranges set forth below. The Advisor Enterprise Program Fee includes fees for our firm, Envestnet and the services of the applicable third-party strategist managing your account. Custody and trading services may be included in the Advisor Enterprise Program Fee or applied as set forth below. Any additional fees are disclosed with your client agreement.

Advisor Enterprise Program Fee

Advisor's Fee

Total Fee*

<u>Assets</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Minimum</u>	<u>Maximum</u>
\$50,000 to \$100,000	0.28%	0.82%	0.00%	1.68%	0.28%	2.50%
\$100,000 to \$250,000	0.26%	0.82%	0.00%	1.68%	0.26%	2.50%
\$250,000 to \$500,000	0.26%	0.70%	0.00%	1.80%	0.26%	2.50%
\$500,000 to \$1,000,000	0.24%	0.68%	0.00%	1.82%	0.24%	2.50%
\$1,000,000 to \$2,000,000	0.18%	0.61%	0.00%	1.89%	0.18%	2.50%
\$2,000,000 to \$5,000,000	0.15%	0.61%	0.00%	1.89%	0.15%	2.50%
Above \$5,000,000	0.15%	0.60%	0.00%	1.90%	0.15%	2.50%

* An additional account custody charge of up to \$250 per year may also apply.

Institutional Money Management

Envestnet has entered into agreements with various third parties that will manage your assets either directly or through pooled investment vehicles. Under this service, our Advisors recommend managers to invest your assets based upon your investment objectives and risk tolerance. You may be restricted in your ability to directly contact and consult with managers or Envestnet, but our Advisors are available to address any questions, issues or concerns regarding these managers or their recommendations. There primary ways an Advisor may provide you access to a manager through the Advisor Enterprise Program are described below:

- *Separately Managed Accounts (SMAs)*

SMAs are accounts managed by firms who typically invest assets for large institutions and high net worth individuals. Unlike mutual funds, where your assets are pooled with those of other investors, SMAs provide direct ownership by you of the individual securities and ETFs within the SMA portfolio. This structure provides more control over your assets, allowing both

you and your Advisor to customize an investment solution that reflects your individual goals and objectives. SMA accounts typically have a minimum account size requirement of \$100,000, though some third-party managers require a minimum account size of \$250,000. The fees for management of your SMA are generally within the ranges set forth below. Except where otherwise designated, the Advisor Enterprise Program Fee includes fees for our firm, Envestnet, custody and trading services and services of the applicable third-party managing your account.

Advisor Enterprise Program Fee

Advisor's Fee

Total Fee*

<u>Equity SMA**</u>	<u>Fee***</u>
First \$250,000	0.67%
Next \$250,000	0.50%
Next \$500,000	0.43%
Next \$1,000,000	0.39%
Next \$3,000,000	0.36%
Over \$5,000,000	0.32%

<u>Minimum</u>	<u>Maximum</u>
0.00%	1.83%
0.00%	2.00%
0.00%	2.07%
0.00%	2.11%
0.00%	2.14%
0.00%	2.18%

<u>Minimum</u>	<u>Maximum</u>
0.67%	2.50%
0.50%	2.50%
0.43%	2.50%
0.39%	2.50%
0.36%	2.50%
0.32%	2.50%

* A minimum annual account fee of \$850 also applies.

** Minimum account size of \$100,000.

*** Manager fees may vary based upon SMA manager chosen.

Advisor Enterprise Program Fee

Advisor's Fee

Total Fee*

<u>Equity Blend SMA**</u>	<u>Minimum***</u>	<u>Maximum</u>
First \$250,000	0.64%	1.14%
Next \$250,000	0.53%	1.05%
Next \$500,000	0.43%	0.91%
Next \$1,000,000	0.39%	0.82%
Over \$2,000,000	0.36%	0.72%

<u>Minimum</u>	<u>Maximum</u>
0.00%	1.86%
0.00%	1.97%
0.00%	2.07%
0.00%	2.11%
0.00%	2.13%

<u>Minimum</u>	<u>Maximum</u>
0.64%	2.50%
0.53%	2.50%
0.43%	2.50%
0.39%	2.50%
0.36%	2.50%

* A minimum annual account fee of \$850 also applies.

** Minimum account size of \$250,000.

*** Manager fees may vary based upon SMA blending manager chosen.

Advisor Enterprise Program Fee

Advisor's Fee

Total Fee*

<u>Fixed Income SMA**</u>	<u>Fee***</u>
First \$250,000	0.52%
Next \$250,000	0.40%
Next \$500,000	0.33%

<u>Minimum</u>	<u>Maximum</u>
0.00%	1.98%
0.00%	2.10%
0.00%	2.17%

<u>Minimum</u>	<u>Maximum</u>
0.52%	2.50%
0.40%	2.50%
0.33%	2.50%

Next \$1,000,000	0.30%	0.00%	2.20%	0.30%	2.50%
Next \$3,000,000	0.29%	0.00%	2.21%	0.29%	2.50%
Over \$5,000,000	0.25%	0.00%	2.25%	0.25%	2.50%

* A minimum annual account fee of \$850 also applies.

** Minimum account size of \$250,000.

*** Manager fees may vary based upon SMA manager chosen

▪ *Multi-Manager Accounts (MMAs) (Closed to new investors)*

MMAs are accounts that allocate client assets in accordance with pre-determined models in various asset classes. Your assets are directly invested within each asset class by a separate account manager. An overlay manager is typically responsible for initially allocating assets within each asset class and monitoring and rebalancing among the asset classes. There are four MMA models that an Advisor may make available to you in the Advisor Enterprise Program: (1) Moderate; (2) Moderate Growth; (3) Growth; and (4) Aggressive. MMAs typically have a minimum annual account size requirement of \$150,000. The fees for management of your MMA are generally within the ranges set forth below. Except where otherwise designated, the Advisor Enterprise Program Fee includes fees for NFPSI, Envestnet, custody and trading services and services of the applicable third-party managing your account.

Advisor Enterprise Program Fee

Advisor's Fee

Total Fee*

<u>MMA</u>	<u>Maximum Fee**</u>
First \$250,000	1.04%
Next \$250,000	0.95%
Next \$500,000	0.85%
Next \$1,000,000	0.79%
Over \$2,000,000	0.73%

<u>Minimum</u>	<u>Maximum</u>
0.00%	1.46%
0.00%	1.55%
0.00%	1.65%
0.00%	1.71%
0.00%	1.77%

<u>Minimum</u>	<u>Maximum</u>
1.04%	2.50%
0.95%	2.50%
0.85%	2.50%
0.79%	2.50%
0.73%	2.50%

* A minimum annual account fee of \$450 also applies.

** Manager fees may vary based upon MMA manager chosen.

▪ *Unified Manager Accounts (UMAs)*

UMAs are accounts that combine traditional SMAs, mutual funds and ETFs into a single diversified portfolio. Your assets are directly invested within each asset class by an overlay manager is typically responsible for initially allocating assets within each asset class and monitoring and rebalancing among the asset classes. UMAs typically have a minimum annual account size requirement of \$150,000. The fees for management of your UMA are generally within the ranges set forth below. Except where otherwise designated, the Advisor Enterprise Program Fee includes fees for NFPSI, Envestnet, custody and trading services and services of the applicable third-party managing your account.

Advisor Enterprise Program Fee

Advisor's Fee

Total Fee*

<u>UMA</u>	<u>Fee**</u>
First \$500,000	0.55%

<u>Minimum</u>	<u>Maximum</u>
0.00%	1.95%

<u>Minimum</u>	<u>Maximum</u>
0.55%	2.50%

Next \$500,000	0.45%	0.00%	2.05%	0.45%	2.50%
Next \$1,000,000	0.42%	0.00%	2.08%	0.42%	2.50%
Next \$3,000,000	0.38%	0.00%	2.12%	0.38%	2.50%
Over \$4,000,000	0.35%	0.00%	2.15%	0.35%	2.50%

* A minimum annual account fee of \$600 also applies.

** There is an additional charge of up to 0.02% for every SMA manager chosen in a UMA account.

▪ *Passive Laddered Bonds*

These are strategies of investments in intermediate and long term fixed income instruments purchased by a third party manager available through Envestnet. Passive Laddered Bond accounts typically have a minimum annual account size requirement of \$250,000. The fees for management of your account with Passive Laddered Bonds are generally within the ranges set forth below. Except where otherwise designated, the Advisor Enterprise Program Fee includes fees for NFPSI, Envestnet and services of the applicable third-party managing your account.

Advisor Enterprise Program Fee

<u>Year 1</u>	<u>Fee</u>
First \$1,000,000	0.40%
Over \$1,000,000	0.35%

Advisor's Fee

<u>Minimum</u>	<u>Maximum</u>
0.00%	2.10%
0.00%	2.15%

Total Fee*

<u>Minimum</u>	<u>Maximum</u>
0.40%	2.50%
0.35%	2.50%

* Custody and trading charges will be on a transaction based pricing schedule provided by your Advisor.

Advisor Enterprise Program Fee

<u>After Year 1</u>	<u>Fee*</u>
First \$1,000,000	0.20%
Over \$1,000,000	0.20%

Advisor's Fee

<u>Minimum</u>	<u>Maximum</u>
0.00%	2.30%
0.00%	2.30%

Total Fee*

<u>Minimum</u>	<u>Maximum</u>
0.20%	2.50%
0.20%	2.50%

* Custody and trading charges will be on a transaction based pricing schedule provided by your Advisor.

▪ *Alternative Investments*

These are investments in pooled investment vehicles offered or sponsored by third parties. Your investment in an alternative investment solution will be a direct investment in a pooled vehicle. The Advisor Enterprise Program offers this service in two manners: (1) PMC Enhanced which is a portfolio consisting generally of registered, publicly traded securities and generally requires a minimum initial investment of \$100,000; and (2) NFP Alternatives which are investments in pooled vehicles such as hedge funds, fund of funds, limited partnerships and other direct participation programs, with a required minimum initial investment typically of \$50,000. The fees for management of your account with Alternative Investments are generally within the ranges set forth below. Except where otherwise designated, the Advisor Enterprise Program Fee includes fees for NFPSI, Envestnet and trading services and services of the applicable third-party managing your account. However, fees for custody and trading may be separate.

Advisor Enterprise Program Fee

<u>PMC Enhanced**</u>	<u>Fee</u>
First \$250,000	0.75%

Advisor's Fee

<u>Minimum</u>	<u>Maximum</u>
0.00%	1.75%

Total Fee*

<u>Minimum</u>	<u>Maximum</u>
0.75%	2.50%

Next \$250,000	0.60%	0.00%	1.80%	0.60%	2.50%
Next \$500,000	0.58%	0.00%	1.92%	0.58%	2.50%
Next \$1,000,000	0.57%	0.00%	1.93%	0.57%	2.50%
Next \$3,000,000	0.56%	0.00%	1.94%	0.56%	2.50%
Over \$5,000,000	0.55%	0.00%	1.55%	0.55%	2.50%

* A minimum annual account fee of \$450 also applies.

** Minimum account size of \$100,000.

Advisor Enterprise Program Fee

Advisor's Fee

Total Fee*

<u>NFP Alternatives**</u>	<u>Fee</u>
First \$250,000	0.42%
Next \$250,000	0.40%
Next \$500,000	0.35%
Next \$1,000,000	0.32%
Next \$3,000,000	0.30%
Over \$5,000,000	0.27%

<u>Minimum</u>	<u>Maximum</u>
0.00%	2.08%
0.00%	2.10%
0.00%	2.15%
0.00%	2.17%
0.00%	2.20%
0.00%	2.23%

<u>Minimum</u>	<u>Maximum</u>
0.42%	2.50%
0.40%	2.50%
0.35%	2.50%
0.32%	2.50%
0.30%	2.50%
0.27%	2.50%

* A minimum annual account fee of \$350 also applies.

** Minimum account size of \$50,000.

Additional Information About Fees

All Advisor Enterprise Program fees are negotiable, subject to the maximum amount set forth above and are charged on a per account basis. The cost of the services provided to you through the Advisor Enterprise Program may be more or less than the cost of purchasing similar services separately. Among the factors impacting the cost of the program are the account size, type of account registration (e.g., retirement), nature of services we provide you, amount of assets specific to a particular strategy and the particular service or third-party manager selected.

At times, Advisors who recommend services in the Advisor Enterprise Program to you and their other clients may receive compensation as a result of your participation in the Advisor Enterprise Program. This compensation may be more than what the Advisor would receive if you participated in other programs or services, or paid separately for investment advice, brokerage and other services. Therefore, our Advisors may have a financial incentive to recommend the Advisor Enterprise Program over other programs or services we offer. An Advisor may receive additional economic benefit as a result of business with us in the form of reduced charges for the platforms and services we make available to the Advisor for use with their clients. These reduced charges may be based upon the aggregate amount of assets of the Advisor's clients that utilize platforms and services of us or our affiliates or other factors in our discretion. An Advisor may therefore have a financial incentive to recommend the Advisor Enterprise Program over other platforms or services we provide.

Other costs that may be assessed to you and that are not part of the Advisor Enterprise Program Fee include fees for portfolio transactions executed away from NFS, dealer mark-ups, electronic fund and wire transfers, spreads paid to market-makers, dealer mark-ups, market maker spreads and exchange fees, among others. Any and all brokerage account fees, including retirement account annual custodial fees,

apply to each of your accounts. The above listed amounts do not include other amounts that you may be subject to, such as the initial and ongoing expenses paid to third-party investments or third-party pooled investment vehicles, such as mutual funds, annuities or alternative investments. Such expenses are usually set forth in the applicable offering document of the investment and are payable or borne by you in addition to any fee outlined above.

INVESTMENT AND BROKERAGE DISCRETION

By choosing to participate in the Advisor Enterprise Program, you are required to grant discretionary investment authority to us so that we may take all necessary steps for providing advisory services for your account, such as determining the securities and amount to be bought or sold and recommending any appropriate third-party strategist or third-party manager.

By choosing to participate in the Advisor Enterprise Program, you have designated NFS as the broker/custodian for your assets. By designating NFS as your broker/custodian, 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, transaction cost, and receive less favorable net prices than other clients. Third-party managers may have policies to aggregate trades with their own trades or trades for other clients as disclosed in more detail in each third-party's disclosure Brochure. Not all advisers require directed brokerage.

As a broker-dealer, we introduce accounts on a fully disclosed basis to NFS. For advisory accounts we do not typically act in a principal capacity when initiating any trade order; however, NFS or underlying managers may act in a principal capacity when executing a trade order. Any principal trades in an advisory account will be handled in accordance with applicable law. We may effect agency cross transactions for you as an investment advisory client subject to applicable rules and regulations. In such cases, we may cause the security to be "crossed" or transferred directly between the relevant accounts at an independently determined market price and without incurring brokerage commissions, although customary custodian fees and transfer fees may be incurred and received by us as allowed by applicable law. With respect to agency transactions, we act as broker-dealer for both buyer and seller of a security, where both parties may or may not be investment advisory clients of ours. We will not effect such agency transactions if we have investment discretion over both parties. It is our policy to conduct such transactions consistent with policies and procedures and our duties to our clients, including determining if cross trading is in the best interest of each client account and after prior approval is obtained from the client.

OTHER SERVICES

Advisor as Portfolio Manager

Through a service separate from the Advisor Enterprise Program, our Advisors directly manage your accounts and assets using tools, resources and technology provided by Envestnet that may also be available on the Advisor Enterprise Program. These services include the ability to produce detailed proposals, create investment models, allocate assets, monitor client specifications on an account, aggregate trading, and rebalancing an account. In acting as a portfolio manager for you as described in this brochure, Advisors may invest in individual equity or fixed income securities as well as pooled investment vehicles such as mutual funds. Please see our Brochure for more information on this service.

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.

Account Requirements and Types of Clients

Our clients include individuals, pension and profit sharing plans, corporations and other business organizations, trusts, estates and charitable organizations. We generally require a minimum account level of \$50,000 for new accounts although we may waive the account minimum from time to time at our discretion.

Portfolio Manager Selection and Evaluation

Our research and due diligence process is a multi-step approach designed to identify and monitor the managers in the Advisor Enterprise Program to provide services for you over various market cycles. Through our relationship with Envestnet, we rely primarily on Envestnet to identify prospective managers and to perform due diligence on such managers that may be selected in the Advisor Enterprise Program. Managers are typically evaluated based on data and information from various third-party sources, such as independent databases, and from the particular manager. Among the information collected and analyzed are historical performance, investment philosophy, investment style, historical volatility and correlation across asset classes.

To the extent Envestnet has not performed the research and due diligence on a third-party manager, we will review the third-party through our internal due diligence process. Managers are typically evaluated based on data and information from various third-party sources, such as independent databases, and from the particular manager. Among other things, our process entails examining items such as the disclosure Brochure on Form ADV, Part 2A of the manager, any applicable offering document, performance reports and other information as deemed necessary to help determine the third-party's investment strategy. We also attempt to verify information by comparing it to publicly available sources.

Advisors are also responsible for the selection of any third-party investments or investment vehicle based upon your specific situation, requirements and suitability. Advisors will recommend the replacement of any third-party investments or investment vehicle consistent with their duties as a fiduciary under applicable law.

As soon as possible, but in no event later than 45 days after the end of each calendar quarter, we, the custodian or Envestnet will make available to you via electronic means a quarterly statement containing a description of all activity in your account during the previous quarter. Account statements will be forwarded by NFS on a quarterly basis. If trading activity occurs in the account during a month that is not a quarter-end month, a monthly statement will be sent to you. Statements will be sent in one package per account group with a Consolidated Summary of Accounts Page as long as the address on each account matches the primary account. If a primary account is not designated, we or your Advisor will select one. NFS will make copies of account statements and summary pages available electronically on its Streetscape system for us or your Advisor and on its myStreetscape system for you. Your Advisor must be enrolled on the Streetscape system in order for you to view statements online with myStreetscape.

Please contact your Advisor should you want access to myStreetscape. As with all investments, we do not guarantee positive performance results.

We typically do not review performance information of third parties and performance information may not be calculated on a uniform or consistent basis among each third-party managers available through Advisor Enterprise. Further, third parties may not calculate performance in accordance with any industry or other standards.

We are owned by National Financial Partners Corp. (NFP), which owns other registered investment advisers, broker-dealers, insurance agencies and other product and service providers (NFP Affiliates). From time to time, we may recommend or provide products and services from or through NFP Affiliates and these NFP Affiliates and our firm may receive compensation as a result of such recommendations. Recommending or providing products or services by or through an NFP Affiliate may be deemed to create a conflict of interest since it could result in increased compensation to an NFP Affiliate. By way of example, we make available to through our relationship with Envestnet, the money management services of DiMeo Schneider & Associates, LLC (DiMeo Schneider) on the Advisor Enterprise Program. The use of DiMeo Schneider may create a conflict of interest since it could result in increased compensation to us or our affiliate. We use the same research, selection and review process for any NFP Affiliate as we do unaffiliated firms.

Client Information Provided to Portfolio Managers

Your information is forwarded to Envestnet so that it may be sent along to any appropriate third-party strategist or third-party manager to perform the services of the Advisor Enterprise Program described above.

You should be aware that that for some of the services outlined above, NFS may transmit certain of your personal account information to a third-party vendor, Checkfree Investment Services, a division of Checkfree Services Corporation (Checkfree), solely for the purpose of managing your account. The type of information that may be submitted includes (i) account detail information such as your name, address, and social security number, (ii) account balances such as margin and core cash balances, (iii) account positions such as securities held and number of shares; and (iv) account transactions such as buys, sells, and dividends. Checkfree, the third-party vendor, is storing such personal information at their site for fulfilling its obligation to us.

Client Contact with Portfolio Managers

You may be restricted in your ability to directly contact and consult with the strategists, portfolio managers and Envestnet regarding your account and participation in the Advisor Enterprise Program. However, our Advisors are available to address any questions, issues or concerns regarding the strategists and their models or portfolio managers and their recommendations.

Additional Items

Disciplinary History

We have no legal or disciplinary events relating to our firm's advisory services. 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 NFS or other 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. 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 you purchase or sell 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.

Additional examples of our relationship with other NFP companies includes our ability to recommend the products or services of our affiliate, DiMeo Schneider & Associates, LLC (DiMeo Schneider), and the insurance services available through NFP Insurance Services, Inc. (NFPISI). We make available to Advisors the money management services of DiMeo Schneider. We also engage DiMeo Schneider to perform due diligence on certain investment products. The recommendation and use of DiMeo Schneider may create a conflict of interest since our affiliate could receive increased compensation. 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 engage them to provide you advisory services.

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 NFPSI, 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.

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.

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 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 tax 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. 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.

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. 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.

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. 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

<https://securities.nfp.com/webfiles/public/Securities/providers.htm>. 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.

We have entered into a custodial support services agreement with NFS and Fidelity Brokerage Services, LLC in connection with our participation in their Institutional Wealth Management Services (IWS) platform. We provide back-office, administrative, custodial support and clerical services in connection with your accounts on the IWS platform. For these services, we receive an amount up to 0.14% based upon our client assets on the IWS Platform. If we utilize the services of other broker-dealers and custodians to execute or assist us in filling customer trade orders, we may receive compensation from such broker-dealers in connection with the trades. In addition, we may receive execution price discounts and other compensation from these custodians and broker-dealers.

We have arrangements with various third-party managers or service providers that our Advisors may refer to you for services. We receive compensation from these managers or service providers to support conferences, training, marketing efforts, staffing, ongoing education of Advisors and the marketing efforts we perform on their behalf. These fees are negotiable, and can be up to \$93,000. In addition, we receive compensation from various third party managers or service providers based upon a percentage of our client assets under their management. Such compensation may be up to 0.35% of the assets under management. You are not charged a higher fee based upon these arrangements. The third party managers or service provides with which we currently have such arrangements are: Envestnet Asset Management, Inc., Genworth Financial Wealth Management, Loring Ward, and SEI. Through our relationship with Envestnet, Envestnet pays us compensation based upon a percentage of client assets invested with the following third party managers and product sponsors: SIGMA, Russell Investment Group, Nationwide Financial, Niemann Capital Management, DiMeo Schneider, Symmetry Partners, SEI, Loring Ward, Clark, BTS and Lazard Asset Management. Such compensation may be up to 0.18% of our clients' assets under management with these third party managers. These relationships create a conflict of interest as they result in increased compensation to us.

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 <https://securities.nfp.com/webfiles/public/securities/company.htm>, or by contacting your Advisor or our home office.