

FEDERATED SECURITIES CORP.

Federated Investors Tower
1001 Liberty Avenue
Pittsburgh, Pennsylvania 15222-3779
1-800-245-4770 (select option 3)
FederatedInvestors.com

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Federated Securities Corp. is a registered investment adviser. This registration does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of Federated Securities Corp. If you have any questions about the content of this brochure, please contact us at 1-800-245-4770 (select option 3). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about Federated Securities Corp. also is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2. MATERIAL CHANGES

As required by SEC rules, through this summary, Federated Securities Corp. is identifying and discussing the changes from its last annual update to its Form ADV, Part 2A, brochure, dated March 31, 2011, that it believes may be material.

In the discussion immediately below, we are discussing only changes believed to be material from the last annual update of our brochure dated March 31, 2011. We encourage you to use this summary to determine whether to review our amended annual updated brochure, dated March 29, 2012 (Updated Brochure), in its entirety or to contact Federated Securities Corp. with questions about the changes.

You may contact us at 1-800-245-4770 (select option 3) if you have any questions or to request a copy of our Updated Brochure. A copy of our Updated Brochure will be provided free of charge. Additional information about us, our investment adviser representatives, and our affiliates that are domestic registered investment advisers (together with us, each a Federated Advisory company and, collectively, the Federated Advisory Companies) also is available via the SEC's website at www.adviserinfo.sec.gov.

Under Section C.2 ("Relationships with Certain Related Persons -- Other Investment Advisers") in Item 10 ("Other Financial Industry Activities and Affiliations") in our brochure, we are adding disclosure under the heading "Foreign Advisers" regarding Federated Prime Rate Capital Management LLP, which is based in the United Kingdom ("U.K.") and registered as an investment adviser in the U.K. Federated Securities Corp.'s ultimate parent company, Federated Investors, Inc., is expected to complete its acquisition of Prime Rate Capital Management LLP (which will change its name to Federated Prime Rate Capital Management LLP) before the end of the second quarter. After the acquisition, affiliates of Federated Securities Corp. will provide certain credit research and oversight services to Federated Prime Rate Capital Management LLP for to-be-agreed upon compensation most likely in the form of an inter-company credit. Accordingly, under the heading "Foreign Advisers" under Section C.2 in Item 10, please replace the list of foreign advisers with the following list:

"Federated International Management Limited; Federated Asset Management GmbH, and Federated Prime Rate Capital Management LLP."

Item 17. "Voting Client Securities" was changed to delete the discussion relating to the policies and procedures of the Federated Advisory Companies that do accept voting authority of client securities to emphasize that Federated Securities does not accept authority or direction to vote securities held in client accounts. Accordingly, delete the entire section under Item 17 "Voting Client Securities" and replace with the following text:

Federated Securities Corp. does not accept authority or direction to vote securities held in client accounts. Accordingly, Federated Securities Corp. is not required under SEC Rule 206(4)-6 under the Advisers Act to have proxy voting policies and procedures. For further information regarding the proxy voting authority, policies and procedures of the other Federated Advisory Companies (including how to obtain information about how they voted securities in their client accounts), reference should be made to the Form ADV, Part 2A brochures for the other Federated Advisory Companies (to the extent prepared and filed with the SEC.) Please refer to "Advisory Business" in this brochure for information on how to obtain any available brochures of the other Federated Advisory Companies.

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ITEM 4. ADVISORY BUSINESS

This brochure explains Federated Securities Corp.'s business, and provides important information about us, and in certain cases, our affiliates and related persons. For example, our employee-representatives serve as sales people for the Federated mutual funds, as well as for other investment products sponsored by Federated Investors and investment advisory services offered by certain Federated Advisory Companies. Our related persons include our affiliates, as well as our non-clerical/administrative employees, and our officers, partners, and directors/trustees (and any person performing similar functions.)

Additional information about us, any of our investment adviser representatives, and our affiliates that are domestic registered investment advisers (together with us, each a "Federated Advisory Company" and, collectively, the "Federated Advisory Companies") also is available via the SEC's website at www.adviserinfo.sec.gov. These registrations do not imply a certain level of skill or training. For further information on the advisory services provided by the other Federated Advisory Companies, reference should be made to the Form ADV, Part 1, and Form ADV, Part 2A brochures for the other Federated Advisory Companies, which may be obtained (to the extent prepared and filed with the SEC) via the SEC's website at www.adviserinfo.sec.gov. Available Form ADV, Part 2A, brochures for the following Federated Advisory Companies also may be obtained free of charge from our website (FederatedInvestors.com): Federated Investment Counseling; Federated MDTA LLC (including its MDT Advisers division); and Federated Global Investment Management Corp. (including its Federated Clover Investment Advisors division). These registrations do not imply a certain level of skill or training.

A. How We are Organized

We organized as a Pennsylvania corporation on November 14, 1969. Our original name was Betafed Corp. We first registered with the SEC as an investment adviser under the Advisers Act on August 17, 2009. We are also a registered broker-dealer, municipal securities dealer and municipal advisor under the 1934 Act. None of these registrations imply a certain level of skill or training.

B. Our Ownership Structure

We are an indirect, wholly-owned subsidiary of Federated Investors, Inc. Federated Investors is organized as a Pennsylvania corporation and is a publicly owned company (Ticker Symbol: FII). Federated Investors owns 100% of the outstanding voting securities of FII Holdings, Inc., which is a Delaware corporation. FII Holdings owns 100% of the outstanding voting securities of Federated Securities Corp.

Federated Investors owns seven other domestic advisory subsidiaries that are under common control with, and affiliates of, Federated Securities Corp. These other Federated Advisory Companies are identified in the "Summary" section of this brochure and in the section of this brochure entitled "Other Financial Industry Activities and Affiliations." The Federated Advisory Companies collectively provide advisory services to a variety of separately managed accounts or wrap fee accounts (Managed Accounts), institutional, or high net worth individual, separate accounts (Separate Accounts), registered investment companies or mutual funds (Investment Companies), private investment companies (Private Investment Companies), other pooled investment vehicles (Pooled Investment Vehicles), and proprietary accounts and funds (Proprietary Accounts). Federated Investors also owns other companies, both in the United States and in certain other countries, such as broker-dealers, management companies, and trust companies. (Please refer to "Other Financial Industry Activities and Affiliations" in this brochure for further information regarding our affiliates.)

C. Our Services

1. Advisory-Related Services

Pursuant to relevant SEC guidance, we registered as an investment adviser because we, and our employee representatives, act in the capacity of solicitors for the other Federated Advisory Companies and, in certain cases, also provide advice on behalf of the other Federated Advisory Companies to the institutional, high-net worth, separately managed account/wrap-fee account and other clients of the other Federated Advisory Companies. We do not have any investment advisory clients of our own. We rely on SEC Rule 203A-2(c) under the Advisers Act to register with the SEC. SEC Rule 203A-2(c) permits Federated Securities Corp. to register with the SEC under the Advisers Act because we are under common control with Federated Investment Counseling, which is a Federated Advisory Company and also

is registered as an investment adviser with the SEC under the Advisers Act, and we have the same principal office and place of business as Federated Investment Counseling.

Federated Securities Corp., and, even though they are not employees of the other Federated Advisory Companies for which our employee-representatives serve as sales people, our employee-representatives, are supervised persons of such other Federated Advisory Companies. They also are deemed to be “persons associated with” such other Federated Advisory Companies. Our employee-representatives also are registered as investment adviser representatives of such other Federated Advisory Companies, as required under applicable law. We and our employee-representatives are subject to the supervision and control of such other Federated Advisory Companies. As such, they are subject to the compliance programs of such other Federated Advisory Companies when soliciting clients or potential clients for them or providing advice on their behalf.

The other Federated Advisory Companies for which our employee-representatives serve as sales people include:

- Federated Investment Counseling;
- Federated Global Investment Management Corp. (including its Federated Clover Investment Advisors division);
- Federated MDTA LLC (including its MDT Advisers division);
- Federated Equity Management Company of Pennsylvania; and
- Federated Investment Management Company

(collectively, the Relevant Other Federated Advisory Companies). Federated Advisory Services Company and Passport Research, Ltd. also are two additional domestic other Federated Advisory Companies, but our employee representatives do not serve as sales people for them.

Federated Securities Corp. does not provide investment supervisory services or model portfolio management services to any client. We also do not participate as a portfolio manager in wrap fee or managed account programs. We do not have any assets under management. Among other services, the other Federated Advisory Companies manage client assets, on both a discretionary and non-discretionary basis, by providing investment supervisory services and model portfolio management services to Managed Accounts, Separate Accounts, Investment Companies, Private Investment Companies, Pooled Investment Vehicles, high net worth individuals, and Proprietary Accounts. For further information on the advisory services provided by the other Federated Advisory Companies, reference should be made to the Form ADV, Part 1, and Form ADV, Part 2A brochures for the other Federated Advisory Companies to the extent prepared and filed with the SEC. Please refer to “Advisory Business” in this brochure for information on how to obtain the Form ADV, Part 1, and any available brochures for the other Federated Advisory Companies.

Federated Securities Corp.’s services, and our employee-representatives’ services, are provided to the Relevant Other Federated Advisory Companies pursuant to one or more written agreements with the Relevant Other Federated Advisory Companies entered into pursuant to SEC Rule 206(4)-3 under the Advisers Act. These written agreements:

- Describe the solicitation activities to be engaged in by our employee-representatives on behalf of the Relevant Other Federated Advisory Companies;
- Describe the compensation to be received for such services;
- Require that our, and our employee-representatives’ status as our employee-representatives, be disclosed to the client or potential client of the Relevant Other Federated Advisory Companies at the time of the solicitation or referral; and
- Require that the affiliation between us, and our employee-representatives, and the Relevant Other Federated Advisory Companies, be disclosed to the client or potential client of the Relevant Other Federated Advisory Companies at the time of the solicitation or referral.

Pursuant to applicable SEC guidance, these written agreements also require that Federated Securities Corp.’s relevant regulatory history be disclosed to clients and potential clients of the Relevant Other Federated Advisory Companies. As permitted by applicable SEC guidance, this disclosure may be provided to clients or potential clients of the Relevant Other Federated Advisory Companies by including it in the brochures of the Relevant Other Federated Advisory Companies or by including it in a separate document. (Please refer to the discussion of Federated Securities Corp.’s relevant regulatory history under “Disciplinary Information” in this brochure.) To the extent that rules proposed by the

Municipal Securities Rulemaking Board (MSRB) applicable to municipal advisors are finalized and impose additional requirements on solicitors (including affiliated solicitors) of municipal advisory business from government entities, these written agreements, and our policies and procedures, will be modified to comply with the applicable requirements of such finalized rules.

In addition to solicitation services, the employee-representatives of Federated Securities Corp. may also provide investment advice on behalf of the Relevant Other Federated Advisory Companies to their clients. In doing so, services are not limited to certain types of investments and advice may be tailored to the individual needs of clients based on the clients' objectives, policies, risk tolerances, financial condition and other relevant factors. Our employee-representatives may, among other activities:

- Make presentations regarding mutual fund and investment strategies and products to clients and potential clients of the Relevant Other Federated Advisory Companies;
- Distribute marketing materials containing strategy descriptions, performance records and other information to such clients and potential clients;
- Discuss available mutual fund (*i.e.*, Investment Company) options and investment strategies (and whether to invest, or maintain an investment, in them) with such clients and potential clients; and
- Discuss account performance, recent security selections, changes in strategy/investment restrictions, recent market developments and investment objective changes with clients of the Relevant Other Federated Advisory Companies.

The compensation received by our employee-representatives is, in part, for performing these services, in addition to solicitation services. (Please refer to "Our Fees for Advisory-Related Services" under "Fees and Compensation" in this brochure for further information on the fees received for performing solicitation and other functions for the Relevant Other Federated Advisory Companies.)

Communications with clients or potential clients of the Relevant Other Federated Advisory Companies will be made through, and on behalf of, the applicable Relevant Other Federated Advisory Company. The written agreements with the Relevant Other Federated Advisory Companies specify that Federated Securities Corp. and our employee representatives perform the above-discussed services as supervised persons of the Relevant Other Federated Advisory Companies subject to the supervision and control of the Relevant Other Federated Advisory Companies.

Our ultimate parent company, Federated Investors, Inc., owns a non-voting, minority interest in both Dix Hills Partners, LLC, an unaffiliated, SEC-registered investment adviser and commodity trading adviser, and its affiliate, Dix Hills Associates, LLC (collectively, Dix Hills). These registrations do not imply a certain level of skill or training. Federated Investors also has entered into a business alliance arrangement with Dix Hills. Federated Securities Corp. also has entered into a solicitation agreement with Dix Hills Partners, LLC, pursuant to which we are compensated by Dix Hills Partners based on a percentage of fees collected by Dix Hills Partners from clients referred to it by us. This agreement requires that we provide a separate solicitor disclosure statement and a copy of Dix Hills Partners brochure to their clients and potential clients at the time of solicitation as required under SEC rule 206(4)-3. This agreement may be terminated by the parties as provided in the agreement. (Please refer to "Sales Compensation" under "Fees and Compensation" in this brochure for further information.)

2. Other Services

As noted above, Federated Securities Corp. also is a registered broker-dealer, municipal securities dealer and municipal advisor under the 1934 Act. None of these registrations imply a certain level of skill or training. In these capacities, we perform other non-advisory related services. For example, Federated Securities Corp. was originally organized to be a broker-dealer. In our capacity as a broker-dealer, our primary business is to serve as the distributor for a family of domestic mutual funds (Investment Companies) sponsored by Federated Investors. We, and our employee representatives, also sell units of certain collective investment trust(s)/fund(s) for which Federated Investors Trust Company, an affiliate of Federated Securities Corp., serves as trustee. We also may provide services to banks, financial institutions or other advisors in connection with Federated Securities Corp. acting as liquidation agent (Liquidation Agent Services) for such entities and locating purchasers for assets held in Pooled Investment Vehicles for which such entities serve as trustees. Federated Securities Corp., and its employee-representatives, also engage in certain sales related activities relating to certain local government investment pools.

We also serve as placement agent for certain products offered and managed by GML Capital LLP, London, an unaffiliated, foreign SEC-registered investment adviser. This registration does not imply a certain level of skill or training. Federated Investors, Inc., the ultimate parent company of Federated Securities Corp., and the other Federated Advisory Companies, also has entered into strategic arrangements with GML Capital LLP, London, to market and distribute products and services focused on investment in global trade finance transactions. Under these arrangements that were established in April, 2009, (a) certain exclusive servicing and distribution arrangements have been established, (b) certain rights to revenues derived from investment advisory/subadvisory services provided to certain Private Investment Companies or other investment accounts or products sponsored, advised, managed or distributed by Federated Investors or its subsidiaries have been established, and (c) Federated Investors acquired a five-year option to acquire the trade finance investment activities of GML Capital LLP, London, which is exercisable within two years after certain asset under management milestones are achieved.

Federated Securities Corp., and our employee representatives, may receive compensation for the placement agent and sales-related activities discussed above. (Please refer to “Sales Compensation” under “Fees and Compensation” in this brochure for further information.)

ITEM 5. FEES AND COMPENSATION

A. Our Fees for Our Advisory-Related Services

Advisory-Related Services for Relevant Other Federated Advisory Companies

As discussed under “Our Services” under “Advisory Business” in this brochure, Federated Securities Corp., and its employee-representatives, may provide solicitation services to, and investment advice on behalf of, the Relevant Other Federated Advisory Companies. In connection with those services, we receive compensation in the form of an intercompany credit on a monthly basis from the Relevant Other Federated Advisory Companies based upon the relevant portion of an allocation made to each Relevant Other Federated Advisory Company determined through the application of an agreed upon metric. We then may compensate our employee-representatives for the services provided for the Relevant Other Federated Advisory Company(ies) pursuant to the incentive compensation or other plans established for such employee-representatives from time to time. We do not invoice for our fees or deduct our fees from client accounts. The compensation credited to us from the Relevant Other Federated Advisory Companies is credited out of their own legitimate profits and other resources and is not added to the fees the Relevant Other Federated Advisory Companies charge their clients (unless otherwise specifically disclosed to applicable clients). The amount of the credit was agreed upon by us and the Relevant Other Federated Advisory Companies and is not negotiable. The credit is not paid in advance and is not subject to refund.

Solicitation Services for Dix Hills

As discussed under “Our Services” under “Advisory Business” in this brochure, our parent company, Federated Investors, Inc., owns a non-voting, minority interest in Dix Hills. Pursuant to our solicitation agreement with Dix Hills Partners, unless otherwise agreed with Dix Hills Partners, we are compensated on a quarterly basis by Dix Hills Partners based on a percentage (currently 20%) of all management and incentive fees collected by Dix Hills Partners from clients referred to it by us and our employee-representatives. The solicitation fee earned during a calendar quarter is paid by Dix Hills Partners to Federated Securities Corp. within 45 days after the close of such calendar quarter provided that Dix Hills Partners has received its fees from its clients. This fee was negotiated with Dix Hills Partners, and may be negotiable on a case-by-case basis. We do not invoice for our fees or deduct our fees from client accounts. Our fees are paid by Dix Hills out of their own legitimate profits and other resources and are not added to the fees Dix Hills charges their clients (unless otherwise specifically disclosed to applicable clients of Dix Hills Partners). Our fees are not payable in advance, and are not subject to refund. If we agree to provide solicitation services for any other third-party, our fees would be negotiable.

B. Fees and Expenses, Other Than Our Fees

As discussed under “Our Services” under “Advisory Business” in this brochure, Federated Securities Corp., and its employee-representatives, may provide solicitation services to, and investment advice on behalf of, the Relevant Other Federated Advisory Companies. As with other investment accounts, clients of the Relevant Other Federated Advisory Companies will incur fees and expenses, other than investment advisory fees, when the Relevant Other Federated

Advisory Companies manage client assets. Clients will incur brokerage costs, other transaction costs and other related costs and expenses. Also, if another advisor is involved, any investment advisory fees of the other advisor will be incurred if charged separately. Examples of these other costs and expenses may include:

- Brokerage commissions;
- Markups, mark-downs and other amounts included in the price of a security;
- Custodian fees;
- Administrative fees;
- Interest charges;
- Odd-lot differentials;
- Transfer taxes;
- Wire transfer fees;
- Electronic fund fees;
- Exchange and SEC fees; and
- Expenses assessed to holders of securities or other investments relating to litigation involving that security or investment.

Investments in Private Investment Companies, Investment Companies (*e.g.*, mutual funds and exchange traded funds) and other Pooled Investment Vehicles also may be subject to sales charges (*e.g.*, front-end or contingent deferred sales charges), redemption fees and exchange fees. Private Investment Companies, Investment Companies and other Pooled Investment Vehicles also generally have internal fees and expenses that will be borne by clients whose assets are invested in these investment products. These internal fees and expenses include, for example:

- Management fees (including other advisor investment advisory fees);
- Transfer agent fees;
- Distribution fees;
- Shareholder servicing fees;
- Networking fees;
- Recordkeeping fees;
- Costs of registering shares;
- Acquired funds fees and expenses;
- Dividends on short positions and other expenses related to short positions;
- Extraordinary expenses (such as litigation related expenses);
- Mailing and printing of prospectuses or other offering documents; and
- Other administrative expenses.

In most Managed Account programs, the “wrapped fee” charged to clients of the Relevant Other Federated Advisory Companies that serve as portfolio manager in such Managed Account Programs covers portfolio manager selection, performance monitoring and evaluation, custody, investment advice, brokerage and/or other administrative services. In some cases, brokerage commissions and/or fees for providing investment advice may be charged separately. In certain Managed Account programs, the sponsors or platform providers may impose a minimum annual fee. In certain programs, the sponsors or platform providers for the Managed Account programs also may impose a separate fee if, in seeking best execution, a Relevant Other Federated Advisory Company executes trades through a broker, dealer or other securities intermediary other than the sponsor or platform provider (or their affiliated broker or dealer). In these cases, this additional fee may cause the Relevant Other Federated Advisory Company to determine that better execution (in terms of price) may be obtained by executing the trade through the sponsor or platform provider (or their affiliated broker or dealer). (Please refer to “Brokerage Practices” in this brochure for a discussion of our brokerage practices.)

C. Sales Compensation

Federated Securities Corp. serves as distributor of the Federated family of Investment Companies (*i.e.*, mutual funds). We receive distribution-related fees for services relating to the sale of shares of Federated mutual funds. Some of our employee-representatives also receive compensation based on the sale of mutual fund shares. The compensation we receive from the sale of shares of Federated mutual funds represents our primary source of compensation.

As discussed under “Our Services” under “Advisory Business” in this brochure, our employee-representatives also serve as sales people for the investment services and products sponsored by our parent company, Federated Investors, Inc., and investment advisory services offered by the Relevant Other Federated Advisory Companies. We receive compensation from the Relevant Other Federated Advisory Companies (in the form of an intercompany credit) for performing these activities on our and their behalf. Our employee-representatives also may receive compensation from Federated Securities Corp. for performing such solicitation and other functions.

Federated Securities Corp.’s employee-representatives are salaried employees of Federated Securities Corp. and receive no commission, fees or other remuneration in connection with individual securities transactions. Bonuses may be based on a number of factors, including mutual fund/account sales, net sales, increase in average annual assets and/or revenue of assigned accounts/investment products or territories, and, for certain sales managers, Federated Investors, Inc.’s overall financial results. Certain employee-representatives may be eligible to receive a portion of their annual bonus in cash or a combination of cash and restricted stock of Federated Investors, Inc. Certain representatives of Federated Securities Corp., who are not employees of Federated Securities Corp. but are salaried employees of Federated Advisory Services Company, receive no commission, fees or other remuneration in connection with individual securities transactions. Bonuses for these representatives are based on revenue of assigned accounts/investment products.

(Please refer to “Our Services” under “Advisory Business” in this brochure, as well as “Our Fees for Our Advisory-Related Services” under “Fees and Compensation,” in this brochure, for additional information regarding the services provided by and compensation received by Federated Securities Corp. and its employee-representatives.)

As discussed under “Our Services” under “Advisory Business” in this brochure, we also:

- Provide services to banks, financial institutions or other advisors in connection with Federated Securities Corp. acting as liquidation agent for such entities and locating purchasers for assets held in pooled investment vehicles for which such entities serve as trustees;
- Sell units of certain collective investment trust(s)/fund(s) for which Federated Investors Trust Company, an affiliate of Federated Securities Corp., serves as trustee;
- Serve as placement agent for certain products offered and managed by GML Capital LLP, London, an unaffiliated, foreign SEC-registered investment adviser (This registration does not imply a certain level of skill or training);
- Engage in certain sales-related activities relating to certain local government investment pools; and
- Serve as a solicitor for Dix Hills Partners, LLC, an unaffiliated, SEC-registered investment adviser and commodity trading advisor (These registrations do not imply a certain level of skill or training).

Federated Securities Corp. receives, and its employee representatives may receive, compensation for these liquidation agent, placement agent, sales-related, and solicitation activities. In addition to the compensation we receive from the sale of shares of Federated mutual funds, this compensation provides our exclusive source of compensation. Federated Investors, Inc., the ultimate parent company of Federated Securities Corp., and the other Federated Advisory Companies, also has entered into strategic arrangements with GML Capital LLP, London, to market and distribute products and services focused on investment in global trade finance transactions. Under these arrangements that were established in April, 2009, (a) certain exclusive servicing and distribution arrangements have been established, (b) certain rights to revenues derived from investment advisory/subadvisory services provided to certain Private Investment Companies or other investment accounts or products sponsored, advised, managed or distributed by Federated Investors or its subsidiaries have been established, and (c) Federated Investors acquired a five-year option to acquire the trade finance investment activities of GML Capital LLP, London, which is exercisable within two years after certain asset under management milestones are achieved.

Under appropriate circumstances, our employee-representatives, when performing solicitation services and/or providing advice on behalf of the Relevant Other Federated Advisory Companies or third parties, may advise clients of the Relevant Other Federated Advisory Companies to invest assets in certain Investment Companies (or mutual funds), including no-load funds, Private Investment Companies, or Pooled Investment Vehicles advised by the other Federated Advisory Companies, and distributed by Federated Securities Corp. (Affiliated Investment Vehicles). We, or our affiliated companies, may receive distribution, investment advisory, administrative or other fees and compensation from such Affiliated Investment Vehicles.

The compensation discussed above, as well as the other compensation that we and our employee-representatives may receive as discussed under “Our Fees for Our Advisory-Related Services” under “Fees and Compensation” in this brochure, is in addition to the distribution-related fees for services relating to the sale of shares of Federated mutual funds. We do not reduce the compensation discussed above, or the other compensation that we and our employee-representatives may receive as discussed under “Our Fees for Our Advisory-Related Services” under “Fees and Compensation” in this brochure, to offset the distribution-related fees for services relating to the sale of shares of Federated mutual funds that we receive.

The practices discussed above create actual and potential conflicts of interest because Federated Securities Corp., and our employee-representatives, and the other Federated Advisory Companies, have an incentive to recommend investment services or products based on the compensation received rather than a client’s needs. (Please refer to “Performance-Based Fees and Side by Side Management” in this brochure for a discussion of these conflicts of interest.)

Clients of the Relevant Other Federated Advisory Companies always have the option to purchase investment products that Federated Securities Corp., or our employee-representatives, or any of our affiliates, recommend, or to preclude investment in any investment product (including Affiliated Investment Vehicles). If a client of a Relevant other Federated Advisory Company desires to preclude investment in a particular investment product, the client should impose a restriction on the client’s account by instructing the appropriate Relevant Other Federated Advisory Company in writing. (Please see “Investment Discretion” in this brochure for further information.) Clients also have the option to purchase any investment products through any broker, dealer or other securities intermediary that is not affiliated with Federated Securities Corp.

ITEM 6. PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT

This section of our brochure discusses performance based fees, and side by side management, and the actual or potential conflicts of interest that they present for Federated Securities Corp. and our employee-representatives (or supervised persons). In order to provide further information regarding other actual or potential conflicts of interest faced by Federated Securities Corp. or our related persons in connection with our business, this section of our brochure also discusses other conflicts of interest that we believe are important to understand. This section also discusses how we seek to address these various actual or potential conflicts of interest.

As a general matter, in addition to actual or potential conflicts of interest discussed below, other actual or potential conflicts of interest arise from Federated Securities Corp.’s common economic interests with our affiliates (including the other Federated Advisory Companies), our relationships with our affiliates and other persons or entities in the financial industry, and our, and our related persons’, self-interests. For example, our employee-representatives serve as salespeople for, and provide advice on behalf of, certain of the Relevant Other Federated Advisory Companies. We also share certain directors/trustees and officers with other Federated Advisory Companies, and share certain supervised persons with certain other Federated Advisory Companies. Given these relationships:

- We have an incentive to act in ways that benefit our affiliates and others in the financial industry with which we have relationships rather than in the best interests of clients. (Please refer to “Other Financial Industry Activities and Affiliations,” and “Conflicts of Interest Relating to Affiliated Investment Vehicles” under “Other Conflicts of Interest Relating to Side by Side Management” under “Performance Fees and Side by Side Management” in this brochure for more information on these relationships and conflicts of interest that arise.); and
- To the extent that we face actual or potential conflicts of interest and/or our affiliates (*e.g.*, the other Federated Advisory Companies) engage in the practices discussed below (or similar practices), it is likely that we and our shared directors/trustees, officers, or supervised persons, as well as the other Federated Advisory Companies, have the same incentives, and face the same actual or potential conflicts of interest, as those discussed below.

Federated Securities Corp., and our related persons, generally address actual and potential conflicts of interest in one of the following ways:

- Prohibition – we prohibit the conduct that gives rise to the conflict of interest (*e.g.*, insider trading is prohibited under our Code of Ethics);

- Disgorgement – a benefit received is given back to an account (*e.g.*, the other Federated Advisory Companies that manage Separate Accounts will waive or reimburse a Separate Account accountholder for the account’s share of the advisory fees, if any, paid to the other Federated Advisory Companies by an Affiliated Investment Vehicle into which account assets are invested);
- Delegation – a neutral third-party is engaged to act or make a decision (*e.g.*, a proxy voting service is engaged by the other Federated Advisory Companies to vote proxies);
- Isolation – information barriers are constructed to prevent a person from gaining knowledge that gives rise to a conflict of interest (*e.g.*, certain individuals may be isolated from knowing information about a strategic transaction that Federated Investors is considering);
- Validation – a benchmark for conduct is established that is designed to protect client interests or limit the benefit that creates the conflict of interest (*e.g.*, the other Federated Advisory Companies follow SEC Rule 17a-7 under the Investment Company Act to obtain a reasonable value for securities in cross-trades involving Investment Companies advised by them);
- Disclosure/Consent – we disclose the conflict of interest (*e.g.*, we disclose solicitation fees that are paid to us and our employee-representatives); or
- Setting a *DeMinimis* Threshold – we set a threshold for a benefit that is considered too small to influence conduct, and is therefore permitted (*e.g.*, we set limits on entertainment and gifts under our Code of Ethics, and permit *de minimis* political contributions as permitted under SEC Rule 206(4)-5 under the Advisers Act).

We have adopted a Code of Ethics as required under SEC rules. (Please refer to “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading” in this brochure for further information on our Code of Ethics). We also have adopted written compliance policies and procedures as required under SEC rules. We believe our compliance policies and procedures are reasonably designed to prevent, detect and cure violations by Federated Securities Corp. and our employee-representatives (or supervised persons) of the Advisers Act and other applicable federal securities laws. Our Code of Ethics and compliance policies and procedures address potential and actual conflicts of interest that we, and our employee-representatives (or supervised persons), face. Our compliance policies and procedures also provide for various auditing and testing of our policies and procedures, which are reviewed no less frequently than annually as required by SEC rules. Our policy is to perform our services consistent with applicable law and in the best interests of clients, including clients of the Relevant Other Federated Advisory Companies for which we, and our employee-representatives, perform solicitation and other functions. To that end, we have procedures in place which we believe are reasonably designed to treat clients fairly and prevent clients from being systematically favored or disadvantaged. The other Federated Advisory Companies have adopted similar Codes of Ethics and written policies and procedures.

The following is a further discussion of certain actual or potential conflicts of interest relating to (A) performance-based fees, (B) side by side management and (C) other aspects of our business (and the business of the other Federated Advisory Companies), that we believe are important to understand. We, and the other Federated Advisory Companies, generally address these conflicts of interests as described above. Specific examples of how we, and the other Federated Advisory Companies, seek to address the conflicts of interest discussed below also are provided. It is important to be aware that Federated Securities Corp. shares certain directors/trustees and officers with the other Federated Advisory Companies. Federated Securities Corp. also shares certain supervised persons with certain of the other Federated Advisory Companies. Certain employees of certain of the other Federated Advisory Companies also may be registered representatives of Federated Securities Corp., including in its capacity as a broker-dealer. The Relevant Other Federated Advisory Companies also receive shared services from a Federated Advisory Company, Federated Advisory Services Company. Accordingly, to the extent that we or our affiliates face actual or potential conflicts of interest, it is likely that our shared directors/trustees, officers, supervised persons, as well as the other Federated Advisory Companies, have the same incentives, and face the same actual or potential conflicts of interest, as those discussed in this section of our brochure.

A. Conflicts of Interest Relating to Performance-Based Fees

Since Federated Securities Corp. does not manage any client accounts or investment products, conflicts of interest relating to performance-based fees do not arise from our management of client assets.

As noted above, however, we, and our employee-representatives (or supervised persons), may perform solicitation services, and provide investment advice, on behalf of the Relevant Other Federated Advisory Companies, some of which may accept performance-based fees. Certain of these Relevant Other Federated Advisory Companies also manage both accounts that are charged a performance-based fee and another type of fee (*e.g.*, asset-based fees or flat fees). Our employee-representatives may discuss the fees (including performance-based fees) charged by the Relevant Other Federated Advisory Companies, and the fee practices of the Relevant Other Federated Advisory Companies, with the clients of the Relevant Other Federated Advisory Companies when serving as salespeople for, or providing advice on behalf of, the Relevant Other Federated Advisory Companies. We also share certain directors/trustees and officers with the other Federated Advisory Companies. The other Federated Advisory Companies only charge performance-based fees to qualified clients as and when permitted under Section 205 of the Advisers Act and SEC Rule 205-3 promulgated under the Advisers Act. Actual or potential conflicts of interest arise in connection with the Relevant Other Federated Advisory Companies' charging of performance-based fees on certain accounts of the Relevant Other Federated Advisory Companies while they are managing other accounts at the same time for asset-based fees or flat fees. There is an incentive to favor any account for which the Relevant Other Federated Advisory Companies receive performance-based fees. For example, when the Relevant Other Federated Advisory Companies offer investment advisory services to eligible Separate Account, Private Investment Company and Pooled Investment Vehicle clients for performance-based fees, we, and our employee-representatives, may recommend investment in products or strategies for which the Relevant Other Federated Advisory Companies receive a performance-based fee because they have an opportunity to receive greater fees or compensation from their accounts or investment products that they charge performance-based fees as opposed to their accounts or investment products for which performance-based fees are not charged. As a result, we, and our employee-representatives, have an incentive to direct clients and potential clients of the Relevant Other Federated Advisory Companies to their investment products or strategies for which they receive performance-based fees. The Relevant Other Federated Advisory Companies, and their employees or supervised persons, also have similar conflicts of interest arising from the incentive to direct the best investment ideas to, or to allocate, aggregate or sequence trades in favor of, or to otherwise favor (whether in terms of better execution, brokerage commissions, directed brokerage/trading or otherwise), an account or investment product that pays a Relevant Other Federated Advisory Company a performance-based fee.

To address these actual or potential conflicts of interest, the Federated Advisory Companies trade allocation policies prohibit the consideration of the compensation or other benefits received by us or our affiliates, or by any of our officers or employees, when allocating trades among participating accounts or investment products. The Compliance Department for the Federated Advisory Companies reviews and reaffirms these allocation policies annually as well as the procedures adopted by each applicable Federated Advisory Company's Trading Department and portfolio managers to comply with these policies. The Compliance Department also monitors for favoring an account or product, front running and inconsistencies among similarly managed accounts or products.

B. Other Conflicts of Interest Relating to Side by Side Management

"Side by side management" refers to an investment adviser's business of managing different types of accounts and/or investment products simultaneously. While neither we, nor our employee-representatives, manage any client accounts or investment products, we and our employee-representatives do perform services with respect to different types of accounts and/or investment products. (Please refer to "Advisory Business" in this brochure for more information on the types of services we provide.)

As a general matter, Federated Securities Corp. and our employee-representatives (or supervised persons) may have conflicts in allocating their time and services. Federated Securities Corp. and our employee-representatives will endeavor to devote such time to performing our services as Federated Securities Corp. deems appropriate under the circumstances to perform our duties and obligations in accordance with applicable law and relevant agreements.

The following discusses certain more specific actual or potential conflicts of interest relating to side by side management (in addition to the conflicts of interest relating to performance-based fees and time allocation discussed above).

1. Conflicts of Interest Relating to Affiliated Investment Vehicles

When acting as solicitors for, and providing advice on behalf of, the Relevant Other Federated Advisory Companies, Federated Securities Corp.'s employee-representatives (or supervised persons) may recommend investing in Affiliated Investment Vehicles (*i.e.*, Investment Companies, Private Investment Companies or other Pooled Investment Vehicles that are advised by other Federated Advisory Companies (including the Relevant Other Federated Advisory Companies to which we provide services) or distributed by Federated Securities Corp.). These Affiliated Investment Vehicles generally pay their investment advisers and service providers based on a percentage of their average net assets. We, and our employee-representatives, also may receive compensation for selling these Affiliate Investment Vehicles. (Please refer to "Sales Compensation" under "Fees and Compensation" in this brochure for further information.) Accordingly, we, and our employee-representatives (or supervised persons) and related persons (*e.g.*, the other Federated Advisory Companies), have an incentive to recommend investments in these Affiliated Investment Vehicles in order to increase the compensation that will be paid to us, and our employee-representatives, other Federated Advisory Companies and/or our affiliates by these Affiliated Investment Vehicles.

To address these actual or potential conflicts of interest, investments in Affiliated Investment Vehicles will be recommended only when such investments are consistent with an account's investment objectives, policies, guidelines and restrictions, and applicable law. To the extent required under applicable law, prior to recommending or making investments in Affiliated Investment Vehicles, Federated Securities Corp., or our employee-representatives, or our related persons will:

- Disclose to the client of the other Federated Advisory Companies, (or, as applicable, the client's Board of Trustees or Directors) the nature of the affiliation;
- Obtain such client's authorization to invest in Affiliated Investment Vehicles; and
- Specify in such client's authorization whether: (a) the Federated Advisory Companies will charge, waive or reimburse the client for advisory fees attributable to investments in Affiliated Investment Vehicles; or (b) the Federated Advisory Companies will waive or reimburse the account for the account's share of the advisory fees, if any, paid by the Affiliated Investment Vehicle to the other Federated Advisory Companies.

Any authorization will be in writing (which may include board minutes) and may, to the extent permitted by law, authorize investments in Affiliated Investment Vehicles generally. For Managed Accounts and our related persons' model portfolio management services, the Managed Account program sponsor, platform provider or overlay manager generally do not allow for (or their systems cannot support) such waivers or reimbursements, but rather address this conflict of interest through disclosure. We and our related persons will also comply with the conditions of any applicable exemptive law, rule or order regulating investments in Affiliated Investment Vehicles.

C. Other Actual or Potential Conflicts of Interest

1. Conflicts of Interest Relating to Receipt of Compensation or Benefits, Other Than Advisory Fees

Actual or potential conflicts of interest arise to the extent that we, our employee-representatives (or supervised persons), or our affiliates (*e.g.*, the other Federated Advisory Companies), or any of their respective employees, supervised persons or other representatives, receive compensation or benefits other than advisory fees. Additional compensation or benefits may be received by us or our employee-representatives, or our affiliates, for example, for:

- Soliciting business for other Federated Advisory Companies or third parties;
- Providing investment advice on behalf of another investment adviser; or
- Selling, marketing or distributing mutual fund shares or other investment products or services or acting as a placement agent.

Our affiliates also may receive additional compensation or benefits, for example, for:

- Providing services to another investment adviser or investment product;
- Directing brokerage/trades to a particular broker or dealer; or
- Specific uses of commissions from client account portfolio trades (for example, soft dollar benefits).

We, or our affiliates, also may have other relationships with broker-dealers, commodity pool operators, commodity trading advisors, trust companies, other investment advisers and others in the financial industry that benefit us or our affiliates whether through increased advisory fees or other compensation or in other ways. (Please refer to “Relationships with Broker-Dealers” under “Other Financial Industry Activities and Affiliations,” and “Client Referrals and Other Compensation” in this brochure for further information.)

The actual and potential conflicts arise because the additional compensation or other benefits create an incentive to recommend or favor our interests, and the interests of our affiliates, Affiliated Investment Vehicles (*e.g.*, the Federated mutual funds), and other products or services for which we, or our employee-representatives may receive solicitation fees or other compensation, based on the compensation that will be received rather than a client’s needs. For example, we, and our employee-representatives, act as sales people/solicitors for the Relevant Other Federated Advisory Companies and Dix Hills Partners, LLC. Certain of our directors/trustees, officers or supervised persons may be officers of the Federated mutual funds or other Pooled Investment Vehicles sponsored by Federated Investors, Inc., our ultimate parent company. Federated Securities Corp., and our employee-representatives who serve as sales people, also may receive compensation for the sale of mutual fund shares or other services or products. If an intermediary’s (such as a broker-dealer’s) customers represent a significant number of the shareholders of, and assets in, a Federated mutual fund, we, and our affiliates, or any of their respective employees, supervised persons or other representatives, may have an incentive to favor that intermediary. We would have a similar incentive with respect to a solicitor who referred clients to another Federated Advisory Company. Since other Federated Advisory Companies act as portfolio managers in Managed Account programs, these other Federated Advisory Companies, in hopes of gaining clients for these other Federated Advisory Companies through a Managed Account program, may have an incentive to execute brokerage transactions through the Managed Account program sponsor or platform provider (or an affiliated broker or dealer), which in turn has the power to recommend these other Federated Advisory Companies to Managed Account program clients. Outside of Managed Accounts, the willingness of the other Federated Advisory Companies to direct brokerage/trades to a particular broker or dealer when instructed to do so by accounts likewise may encourage a broker or dealer to refer business, resulting in higher advisory, servicing, distribution or other compensation or other benefits. “Soft dollar benefits” also may be received from certain brokers or dealers by these other Federated Advisory Companies. The receipt and use of brokerage and research services also creates various conflicts of interest. For example, there is an incentive to select or recommend brokers or dealers based on the Federated Advisory Companies’ interest in receiving research or other products or services, rather than on client interests in receiving most favorable execution. (Please refer to “Sales Compensation” under “Fees and Compensation,” and “Relationships with Broker-Dealers” under “Other Financial Industry Activities and Affiliations” in this brochure for further information.)

To address these actual or potential conflicts of interest recommendations to invest assets in Affiliated Investment Vehicles are made only when such investments are consistent with an account’s investment objectives, policies, guidelines and restrictions. With respect to solicitation arrangements, we, and the Relevant Other Federated Advisory Companies disclose in our brochures the solicitation activities of Federated Securities Corp. and our employee-representatives who serve as sales people for services and products of the Relevant Other Federated Advisory Companies and third parties. The solicitation policies of the Federated Advisory Companies relating to advisory clients also require any unaffiliated third-party solicitor to whom a cash solicitation fee is paid to provide a separate disclosure statement to clients and prospective clients. The policies and procedures are reasonably designed to comply with SEC Rule 206(4)-3 under the Advisers Act (which is commonly known as the “Cash Solicitation” rule) as well as SEC Rule 206(4)-5 under the Advisers Act (which is commonly known as the “Pay to Play” rule). To the extent that rules proposed by the Municipal Securities Rulemaking Board (MSRB) applicable to municipal advisors are finalized and impose additional requirements on solicitors (including affiliated solicitors) of municipal advisory business from government entities and/or political contributions and other pay to play practices of municipal advisors, these policies and procedures will be modified to comply with the applicable requirements of such finalized rules.

Also, other Federated Advisory Companies that manage Separate Accounts may, for example, waive or reimburse a Separate Account for the account’s share of the advisory fees, if any, paid to Federated Advisory Companies by an Affiliated Investment Vehicle into which client assets are invested. Finally, trade allocation policies prohibit the consideration of the compensation or other benefits received by us or our affiliates, or by any of our officers or employees, when allocating trades among participating client accounts. This includes a prohibition on investment personnel from considering an intermediary’s sale of Federated mutual fund shares when allocating trades to brokers and dealers.

2. Conflicts of Interest Relating to Personal Trading

Federated Securities Corp., and/or our employee-representatives (or supervised persons) and related persons (*e.g.*, the other Federated Advisory Companies), may recommend or invest in the same securities, or related securities, that we, or our employee-representatives, recommend or our related persons invest in on behalf of, or recommend to, clients, including at or around the same time. (Please refer to “Personal Trading” under “Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading” in this brochure for further information.) These practices create actual or potential conflicts of interest for Federated Securities Corp. and our employee-representatives (or supervised persons) and related persons. For example, personnel of the Federated Advisory Companies could make a personal investment in a thinly-traded security and then recommend a large investment in that same security in order to drive up the value of that security or such personnel could sell a personal investment in a security in advance of recommending the sale of positions in such security if the selling of positions in such security would drive the value of the security down.

To address these actual or potential conflicts of interest, the internal controls of the Federated Advisory Companies, including our Code of Ethics, are reasonably believed to be designed to prevent Federated Securities Corp., and our employee-representatives (or supervised persons) and related persons, from buying or selling securities contemporaneously with account transactions in an impermissible manner. For example, as discussed above and under “Our Code of Ethics” under “Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading” in this brochure, as required by SEC rules, we, and the other Federated Advisory Companies, have adopted a Code of Ethics. Although the Code of Ethics does permit investment personnel to trade in securities, including those that could be recommended to clients, it does contain significant safeguards designed to protect clients from abuses in this area, such as requirements to obtain prior approval for (*i.e.*, preclearance), and to report, particular transactions. No access person (*e.g.*, portfolio managers and research analysts) may execute a personal transaction, directly or indirectly, in any covered security and no prior preclearance will apply, when he or she knows, or should have known, that the covered security is being considered for purchase or sale, or purchased or sold, by or for an account. In addition, portfolio managers and research analysts identified as serving a client or group of clients are prohibited from purchasing or selling any covered security for which there is an open “buy” or “sell” order or any covered security that has been purchased or sold by or for those accounts in any amount within fifteen (15) calendar days before or after the security is purchased or sold. All such transactions will trigger a blackout period. This provision supersedes any prior preclearance. Investment personnel who are not among the portfolio managers and research analysts identified as serving client accounts, as provided above, may not purchase or sell a covered security within seven (7) calendar days after one or more open “buy” or “sell” orders are placed and/or purchases or sales are made for accounts in the same covered security in an amount sufficient to trigger a blackout period, subject to any prior preclearance. All other access persons may not purchase or sell a covered security on any day during which one or more open “buy” or “sell” orders are placed and/or purchases or sales are made for accounts in the same covered security in an amount sufficient to trigger a blackout period, subject to any prior preclearance. Among other policies, the Code of Ethics also contains certain restrictions on insider trading and misuse of customer information.

3. Other Conflicts of Interest

In addition to the above described conflicts of interest, actual or potential conflicts of interest can arise in the following areas, among others, for Federated Securities Corp., our employee-representatives, or our related persons (*e.g.*, the other Federated Advisory Companies):

- Consideration of sales of Federated mutual funds when allocating trades to brokers or dealers;
- Portfolio managers', traders' and other supervised persons' (including our employee-representatives') relationships with counterparties, issuers, and obligors, including entertainment and gifts received from counterparties, issuers or obligors, political and charitable contributions, and positions on boards of directors/trustees; and
- Specific compensation arrangements relating to portfolio managers, traders and other supervised persons.

To address these actual or potential conflicts of interest, the Federated Advisory Companies' policies and procedures prohibit investment personnel from considering an intermediary's (such as a broker's or dealer's) sale of Federated mutual fund shares when allocating trades to brokers and dealers. Portfolio manager and trader relationships with counterparties must be disclosed to the Compliance Department of the Federated Advisory Companies and they are monitored on an ongoing basis. The Code of Ethics addresses entertainment and gifts, as well as when portfolio

managers, traders and other supervised persons (including our employee-representatives) may make political or charitable contributions or serve on boards of directors/trustees. (Please refer to “Our Code of Ethics” under “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading” in this brochure for further information on our Code of Ethics.) The other Federated Advisory Companies’ portfolio manager compensation also has been structured in a manner reasonably designed to safeguard accounts from being negatively affected as a result of these actual or potential conflicts of interest. For example, compensation and promotion incentives that reward traders based on the volume or size of trades or asset growth are prohibited.

4. Management- and Trading- Related Conflicts of Interest

In addition to the conflicts of interest that are discussed above, we also believe it is important to understand that the other Federated Advisory Companies that manage client assets have additional management- and trading-related actual or potential conflicts of interest. Our shared directors/trustees, officers, supervised persons can face these conflicts of interest when they are acting in a capacity for or on behalf of another Federated Advisory Company. Our employee-representatives also may discuss certain practices of the other Federated Advisory Companies that give rise to these conflicts of interest with the clients of these other Federated Advisory Companies when they are acting as solicitors for, or providing advice on behalf of, the Relevant Other Federated Advisory Companies. Accordingly, the following is a summary of these additional management- and trading-related actual or potential conflicts of interest. For further information on these conflicts of interest, reference should be made to the Form ADV, Part 2A brochures for the other Federated Advisory Companies (to the extent prepared and filed with the SEC.) Please refer to “Advisory Business” in this brochure for information on how to obtain any available brochures for the other Federated Advisory Companies.

- Conflicts of Interest Relating to Management of Different Investment Strategies and Certain Pooled Investment Vehicles – These conflicts of interest arise from the differing investment objectives, policies, strategies and limitations/restrictions of such other Federated Advisory Companies’ clients for whom they perform investment advisory services, including certain pooled investment vehicles, such as hedge funds, and other client accounts or investment products. For example, it is possible that the various accounts managed could have different investment strategies that, at times, might conflict with one another to the possible detriment of a client’s account. Among other means, the relevant Federated Advisory Companies can address these conflicts of interest by establishing allocation policies that, as a general matter, provide that trade allocations are to be guided by the relative interests of the participating client accounts (which include Proprietary Accounts);
- Conflicts of Interest Relating to Uninvested Cash Positions – These conflicts of interest arise when uninvested cash in such other Federated Advisory Companies’ clients’ accounts or investment products may be invested in Affiliated Investment Vehicles. For example, if uninvested cash can be invested in Affiliated Investment Vehicles, such other Federated Advisory Companies have an incentive to recommend that more cash in their client accounts or investment products be left uninvested and then invested in Affiliated Investment Vehicles. Among other means, the relevant Federated Advisory Companies can address these conflicts of interest by setting parameters around the amount of cash that remains uninvested for a particular account or investment product. Investments in Affiliated Investment Vehicles also will be recommended and/or made only when such investments are consistent with an account’s investment objectives, policies, guidelines and restrictions, and applicable law;
- Conflicts of Interest Relating to Proprietary Accounts – These conflicts of interest arise from the common economic interests between the various subsidiaries of Federated Investors, Inc., (including the Federated Advisory Companies) and their affiliates. For example, given these common economic interests, such other Federated Advisory Companies have an incentive to devote more time to, or direct the best investment ideas to, or to allocate, aggregate or sequence trades in favor of, or to otherwise favor (whether in terms of better execution, brokerage commissions, directed brokerage/trading or otherwise), a Proprietary Account over other client accounts. A Proprietary Account is an account in which the client, accountholder, shareholder or investor is a Federated Advisory Company, an affiliate of a Federated Advisory Company or an employee of a Federated Advisory Company or an affiliate of a Federated Advisory Company. Among other means, the relevant Federated Advisory Companies can address these conflicts of interest by establishing allocation policies that, as a general matter, provide that trade allocations are to be guided by the relative interests of the participating client accounts (which include Proprietary Accounts);

- Conflicts of Interest Relating to Certain Cross Transactions – These conflicts of interest arise when investments are bought and sold between accounts (including Proprietary Accounts) managed by such other Federated Advisory Companies, which may occur for various reasons, such as an attractive price or ability to fill sell and purchase orders and where the trade will not disadvantage either client. For example, it is possible that such a Federated Advisory Company could conceivably recommend that a cross trade be effected for an account merely to create a market to aid the selling account or that the price at which the trade is executed does not represent the reasonable market value for either the selling or buying account. Among other means, the relevant Federated Advisory Companies can address these conflicts of interest by requiring that, when engaging in such cross transactions, no Federated Advisory Company, nor any affiliate, receive any compensation for acting as a broker-dealer, and by following SEC Rule 17a-7 under the Investment Company Act of 1940 (Investment Company Act) with respect to cross trades involving Investment Companies or Private Investment Companies (or similar procedures for cross trades involving other accounts or investment products) as required under applicable law;
- Certain Other Conflicts of Interest Relating to Certain Investment and Brokerage Practices – These conflicts of interest arise in connection with such other Federated Advisory Companies' management of an account's investments, on the one hand, and the investments of other accounts for which they provide investment advisory services, on the other. For example, to the extent that the same investment opportunities might be desirable for more than one account, possible conflicts could arise in determining how to allocate them. Advice may be given or actions taken with respect to investments of one or more accounts or investment products that may not be given or taken with respect to other accounts or investment products with similar investment strategies or objectives. Accordingly, accounts or investment products with similar strategies or objectives may not hold the same securities or instruments or achieve the same performance. Among other means, the relevant Federated Advisory Companies can address these conflicts of interest by establishing allocation policies that, as a general matter, provide that trade allocations are to be guided by the relative interests of the participating client accounts (which include Proprietary Accounts). They also have established trade execution policies that are reasonably believed to be designed to execute transactions for different types of client accounts as concurrently as practicable (or through the use of a trade rotation) and to treat clients fairly and not in a manner that systematically favors or disadvantages clients;
- Conflicts of Interest Relating to Deductions of Fees from Client Accounts – These conflicts of interest arise from arrangements that authorize such other Federated Advisory Companies to have their advisory fees deducted from investment accounts or products. For example, the relevant other Federated Advisory Companies, and their employees, supervised persons and related persons, have an incentive (whether for their benefit or personal benefit) to have fees deducted to which they are not entitled under the terms of their investment management agreement with their client. Among other means, the relevant Federated Advisory Companies can address these conflicts of interest by segregating the responsibilities of employees responsible for invoicing and collecting fees and/or having the auditing department of the Federated Advisory Companies periodically review invoicing and collection practices. Fee calculations are also periodically tested on a sample basis to confirm their accuracy and the overall reasonableness of the amount of fees of these other Federated Advisory Companies that are deducted and collected from investment accounts or products; and
- Conflicts of Interest Relating to Voting Securities Held in Client Accounts. These conflicts of interest arise where a matter on which a proxy is sought may present a potential conflict between the interests of a client and those of a Federated Advisory Company or affiliates. For example, this may occur where a significant business relationship exists between a Federated Advisory Company (including Federated Securities Corp.) and a company involved with a proxy vote. A company that is a proponent, opponent, or the subject of a proxy vote, and which to the knowledge of the Federated Advisory Companies', Proxy Committee has this type of significant business relationship, is referred to as an "Interested Company." Among other means, the relevant Federated Advisory Companies address these conflicts of interest by implementing the following procedures in order to avoid concerns that the conflicting interests of the Federated Advisory Companies, or affiliates, have influenced proxy votes. Any employee of any Federated Advisory Company who is contacted by an Interested Company regarding proxies to be voted by such other Federated Advisory Companies must refer the Interested Company to a member of the Proxy Committee, and must inform the Interested Company that the Proxy Committee has exclusive authority to determine how the Federated Advisory Companies will vote. Any Proxy Committee member contacted by an Interested Company must report it to the full Proxy Committee and provide a written summary of the communication. Under no circumstances will the Proxy Committee or any

member of the Proxy Committee make a commitment to an Interested Company regarding the voting of proxies or disclose to an Interested Company how the Proxy Committee has directed such proxies to be voted. If general instructions already provide specific direction on the proposal in question, the Proxy Committee shall not alter or amend such directions. Alternatively, the Proxy Committee may seek direction from the client on how a proposal concerning an Interested Company shall be voted. In seeking such direction, the Proxy Committee will disclose the reason such company is considered an Interested Company and may provide a recommendation, which recommendation may be other than as provided in general instructions, on how such proposal should be voted and the basis for such recommendation. If general instructions require the Proxy Committee to provide further direction, the Proxy Committee shall do so in accordance with applicable proxy voting policies, without regard for the interests of any Federated Advisory Company with respect to the Interested Company. If the Proxy Committee provides any direction as to the voting of proxies relating to a proposal affecting an Interested Company, it must disclose to the client information regarding: the significant business relationship; any material communication with the Interested Company; the matter(s) voted on; and how, and why, the Federated Advisory Companies voted as they did. If an investment company client of the Federated Advisory Companies holds 10% or more of an issuer's voting securities at the time of a solicitation, and a Federated Advisory Company has any relationship with such issuer that creates an actual conflict of interest, the Proxy Voting Committee is required to receive advice from counsel to the Proxy Voting Committee and to address any such conflict with the Board of Directors/Trustees of the investment company client. If the Proxy Voting Committee votes contrary to applicable proxy voting policies with respect to a solicitation involving such an issuer the Proxy Voting Committee also is required to provide a report at the next meeting of the Board of Directors/Trustees of the investment company client providing an explanation of the relationship with the issuer, the proposals that were the subject of the solicitation in question, any material communications between a Federated Advisory Company and such issuer regarding such proposals, and the rationale for the decision to vote contrary to applicable proxy voting policies. If an account holds shares of an Investment Company or Private Investment Company for which another Federated Advisory Company acts as an investment adviser, the Proxy Committee will vote the proxies in the same proportion as the votes cast by shareholders who are not clients of the Federated Advisory Companies at any shareholders' meeting called by such Investment Company or Private Investment Company, unless otherwise directed by the client.

ITEM 7. TYPES OF CLIENTS

A. Types

Federated Securities Corp. does not provide investment supervisory services or model portfolio management services to any client. We do not have any investment advisory clients of our own.

Our employee-representatives, in the capacity of supervised persons of the Relevant Other Federated Advisory Companies, provide solicitation services to the Relevant Other Federated Advisory Companies and provide advice on behalf of the Relevant Other Federated Advisory Companies to clients of the Relevant Other Federated Advisory Companies. Federated Securities Corp., and its employee-representatives, also provide solicitation services for Dix Hills Partners LLC, an unaffiliated investment advisor and commodity trading advisor. These registrations do not imply a certain level of skill or training. (Please see "Our Services" under "Advisory Business" in this brochure for further information.)

For further information on the advisory services provided by the other Federated Advisory Companies, reference should be made to the Form ADV, Part 1, and Form ADV, Part 2A brochures for the other Federated Advisory Companies (to the extent prepared and filed with the SEC.) Please refer to "Advisory Business" in this brochure for information on how to obtain the Form ADV, Part 1, and any available brochures of the other Federated Advisory Companies.

B. Requirements for Services

Since Federated Securities Corp. does not provide investment supervisory services or model portfolio management services to any client, and we do not have any investment advisory clients of our own, we do not have any requirements for opening or maintaining an account. (Please see "Our Services" under "Advisory Business" in this brochure for further information.)

Federated Securities Corp. has written agreements with the Relevant Other Federated Advisory Companies. When providing its solicitation services, Federated Securities Corp. also requires a written agreement (which may be with an affiliate).

As noted above, we, and our employee-representatives (or supervised persons), may perform solicitation services, and provide investment advice, on behalf of the Relevant Other Federated Advisory Companies. When performing these functions, we, and our employee-representatives, or the Relevant Other Federated Advisory Companies may request clients of the Relevant Other Federated Advisory Companies to provide proof of authority, directed trading letters, qualified purchaser or accredited investors letters/certifications, or other information to allow the Relevant Other Federated Advisory Companies to manage client assets. For further information on the requirements that the other Federated Advisory Companies impose for managing client assets, reference should be made to the Form ADV, Part 2A brochures for the other Federated Advisory Companies (to the extent prepared and filed with the SEC.) Please refer to “Advisory Business” in this brochure for information on how to obtain any available brochures of the other Federated Advisory Companies.

We also require any client or prospective client of Dix Hills Partners LLC that our employee-representatives solicit on Dix Hills Partners’ behalf, to execute and deliver an acknowledgement of delivery and receipt of our separate solicitor disclosure and Dix Hills Partners’ Form ADV, Part 2A, brochure.

To the extent that rules proposed by the MSRB applicable to municipal advisors are finalized and impose additional requirements on solicitors (including affiliated solicitors) of municipal advisory business from government entities, our requirements will be modified to comply with any applicable disclosure and written acknowledgement/receipt requirements imposed by such finalized rules.

We, and our employee-representatives, also may be restricted by the securities laws of jurisdictions outside of the U.S. from performing solicitation services, and providing investment advice, on behalf of the Relevant Other Federated Advisory Companies to clients of the Other Federated Advisory Companies or engaging in the other activities discussed under “Advisory-Related Services” under “Our Services” under “Advisory Business” in this brochure.

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Since Federated Securities Corp. does not manage any client accounts or investment products, we do not utilize methods of analysis or offer investment strategies.

As noted under “Our Services” under “Advisory Business” in this brochure, however, we, and our employee-representatives (or supervised persons), may perform solicitation services, and provide investment advice, on behalf of the Relevant Other Federated Advisory Companies, which do utilize methods of analysis and offer investment strategies. Our employee-representatives may discuss the methods of analysis utilized, and investment strategies offered (and related investment risks involved with the investment strategies offered), by the Relevant Other Federated Advisory Companies with the clients of the Relevant Other Federated Advisory Companies. For information regarding the specific methods of analysis utilized, and specific investment strategies offered (and related investment risks involved with the specific investment strategies offered), by the Relevant Other Federated Advisory Companies, reference should be made to the Form ADV, Part 2A brochures for the other Federated Advisory Companies (to the extent prepared and filed with the SEC.) Please refer to “Advisory Business” in this brochure for information on how to obtain any available brochures of the other Federated Advisory Companies.

Investing in securities involves risk of loss that an investment adviser’s clients should be prepared to bear. Investment decisions are subject to various market, currency, economic, political and business risks. Investment decisions will not always be profitable and may subject accounts to overall investment loss. Past performance is not necessarily an indication of future results. The Federated Advisory Companies do not guarantee future performance, any specific level of performance or the success of any particular investment decision or strategy.

ITEM 9. DISCIPLINARY INFORMATION

This section of the brochure discusses any legal or disciplinary events that Federated Securities Corp. believes are important when evaluating us or the integrity of our management.

As discussed under “Our Services” under “Advisory Business,” in this brochure, employee-representatives of Federated Securities Corp. serve as sales people for, and provide certain investment advice on behalf of, certain other Federated Advisory Companies and are supervised persons of such other Federated Advisory Companies. We share certain directors/trustees and officers with the other Federated Advisory Companies. We also share certain supervised persons with certain of the other Federated Advisory Companies. The Federated Advisory Companies also share common compliance policies, procedures and programs. In light of these interrelationships, the following discusses certain disciplinary events involving Federated Securities Corp., a Relevant Other Federated Advisory Company and another affiliated company.

In 2005, the SEC and New York Attorney General (NYAG) settled proceedings against three subsidiaries of Federated Investors, Inc., Federated Securities Corp., Federated Investment Management Company, and Federated Shareholder Services Company, involving undisclosed market timing arrangements and late trading. The SEC made findings that:

- Federated Securities Corp., in its capacity as distributor of the Federated mutual funds, and its affiliate, Federated Investment Management Company, an SEC-registered investment adviser to many of the Federated mutual funds, violated provisions of the Advisers Act and Investment Company Act, by approving, but not disclosing, three market timing arrangements, or the associated conflict of interest between Federated Investment Management Company and the funds involved in the arrangements, either to other fund shareholders or to the funds' board; and
- Federated Shareholder Services Company, formerly an SEC-registered transfer agent, and another affiliate of Federated Securities Corp., failed to prevent a customer and a Federated employee from late trading in violation of provisions of the Investment Company Act.

Federated Investment Management Company, Federated Securities Corp. and Federated Shareholder Services Company were censured. The NYAG found that such conduct violated provisions of New York State law. Federated entered into the settlements without admitting or denying the regulators' findings. Federated Securities Corp. was ordered to cease and desist from committing or causing any violations of Section 17(d) of the Investment Company Act and SEC Rule 17d-1 thereunder, and from causing any violations of Section 206(1) and 206(e) of the Advisers Act. Federated Securities Corp., however, was not barred from acting in any capacity under the Federal securities laws. Federated paid approximately \$8.0 million in 2004 to certain funds as determined by an independent consultant. As part of these settlements, Federated agreed to pay disgorgement (\$27 million) and a civil money penalty (\$45 million) in the aggregate amount of an additional \$72 million and, among other things, agreed that it would not serve as investment adviser to any registered Investment Company unless:

- At least 75% of the fund's directors are independent of Federated;
- The chairman of each such fund is independent of Federated;
- No action may be taken by the fund's board or any committee thereof unless approved by a majority of the independent trustees of the fund or committee, respectively; and
- The fund appoints a "senior officer" who reports to the independent trustees and is responsible for monitoring compliance by the fund with applicable laws and fiduciary duties and for managing the process by which management fees charged to a fund are approved.

The settlements are discussed in Federated's announcement which, along with previous press releases and related communications on those matters, is available in the "About Us" section of Federated's website at [FederatedInvestors.com](http://www.federatedinvestors.com). The settlements can be obtained at <http://www.sec.gov/litigation/admin/34-52839.pdf> and at <http://www.oag.state.ny.us/press/2005/nov/federated%20investment%20aod%2011.17.05.pdf>.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

This section of our brochure discusses the activities and relationships that Federated Securities Corp., and our management, engage in or have with other financial industry participants.

A. Relationships with Broker-Dealers

As discussed under “Advisory Business,” and “Sales Compensation” under “Fees and Compensation,” in this brochure, Federated Securities Corp. is a dually-registered investment adviser, municipal advisor, municipal securities dealer and

broker-dealer. None of these registrations imply a certain level of skill or training. Given these registrations, most of our management persons are registered representatives of Federated Securities Corp. Our employees are registered representatives of Federated Securities Corp. and are salaried employees. As discussed under “Our Services” under “Advisory Business,” and “Sales Compensation” under “Fees and Compensation,” in this brochure, our employee-representatives serve as sales people for, and provide certain investment advice on behalf of, the Relevant Other Federated Advisory Companies, and are supervised persons of the Relevant Other Federated Advisory Companies. Federated Securities Corp. also:

- Provides services to banks, financial institutions or other advisors in connection with Federated Securities Corp. acting as liquidation agent for such entities and locating purchasers for assets held in pooled investment vehicles for which such entities serve as trustees;
- Sells units of certain collective investment trust(s)/fund(s) for which Federated Investors Trust Company, an affiliate of Federated Securities Corp., serves as trustee;
- Serves as placement agent for certain products offered and managed by GML Capital LLP, London, an unaffiliated, foreign SEC-registered investment adviser (This registration does not imply a certain level of skill or training);
- Engages in certain sales-related activities relating to certain local government investment pools; and
- Serves as a solicitor for Dix Hills Partners, LLC, an unaffiliated, SEC-registered investment adviser and commodity trading advisor (these registrations do not imply a certain level of skill or training).

(Please refer to “Sales Compensation” under “Fees and Compensation” in this brochure for additional information regarding these activities and related arrangements).

Federated Securities Corp. also is affiliated through common ownership with Edgewood Services, Inc., which is located at 1001 Liberty Avenue, Pittsburgh, PA 15222, and is a limited purpose broker-dealer.

(Please refer to “Performance-Based Fees and Side by Side Management” in this brochure for a discussion of conflicts of interest that arise as a result of these relationships.)

Passport Research, Ltd., another Federated Advisory Company that is affiliated with Federated Securities Corp., is a limited partnership. The General Partner of Passport Research, Ltd. is Federated Investment Management Company, another Federated Advisory Company that is affiliated with Federated Securities Corp., and Passport Research, Ltd.’s Limited Partner is Edward D. Jones & Co., L.P. (Edward Jones). Edward Jones is a broker-dealer the clients of which are solicited to invest in Investment Companies advised by Passport Research, Ltd., and other Federated Advisory Companies. Edward Jones also receives certain transfer agent, distribution and/or services-related fees from these Investment Companies or Federated Investors, Inc. or its subsidiaries. Edward Jones’ limited partnership interest in Passport Research, Ltd., and the receipt of this compensation, creates certain potential conflicts of interest for Edward Jones and its registered representatives similar to those discussed under “Conflicts of Interest Relating to Receipt of Compensation or Benefits, Other Than Advisory Fees” under “Other Actual or Potential Conflicts of Interest” under “Performance-Based Fees and Side by Side Management” in this brochure. No management persons of Passport Research, Ltd., or Federated Securities Corp., are registered representatives of Edward Jones. Given that Edward Jones’ customers, and their assets, constitute all or a significant number of the shareholders, and assets, in the Investment Companies to which Passport Research, Ltd. serves as investment adviser, we, and the other Federated Advisory Companies and our other affiliates, have an incentive to favor Edward Jones, and its customers, which creates a conflict of interest.

(Please refer to “Performance-Based Fees and Side by Side Management” in this brochure for a discussion of conflicts of interest that arise as a result of these relationships.)

B. Relationships with Commodity Pool Operators and Commodity Trading Advisors

Federated Investors, Inc., which is Federated Securities Corp.’s ultimate parent company, owns a non-voting, minority interest in both Dix Hills Partners, LLC, an unaffiliated, SEC-registered investment adviser and commodity trading advisor, and its affiliate, Dix Hills Associates, LLC (collectively, Dix Hills). These registrations do not imply a certain level of skill or training. Federated Investors has entered into a business alliance arrangement with Dix Hills. Federated Securities Corp. also has entered into a solicitation agreement with Dix Hills Partners, LLC, pursuant to which Federated

Securities Corp. is compensated by Dix Hills Partners based on a percentage of fees collected by Dix Hills Partners from clients referred to it by Federated Securities Corp. and our employee-representatives. No management persons of Federated Securities Corp. are registered representatives of Dix Hills Partners, LLC. (Please refer to “Performance-Based Fees and Side by Side Management” in this brochure for a discussion of conflicts of interest that arise as a result of these relationships.)

C. Relationships with Certain Related Persons

The following discusses other arrangements and relationships that Federated Securities Corp. has with our related persons, other than Edgewood Services, Inc. (Please refer to “Relationships with Broker-Dealers” under “Other Financial Industry Activities and Affiliations” in this brochure for a discussion of our arrangements and relationship with Edgewood Services, Inc.)

In addition to the other relationships discussed below, Federated Securities Corp. has certain directors/trustees, officers, or supervised persons in common with:

- Certain other Federated Advisory Companies and the other affiliated investment advisers discussed under “Other Investment Advisers” under “Relationships with Certain Related Persons” under “Other Financial Industry Activities and Affiliations” in this brochure; and
- Certain other affiliated companies owned by Federated Investors, Inc. (such as, among others, the affiliated broker-dealer discussed under “Relationships with Broker-Dealers” under “Other Financial Industry Activities and Affiliations” in this brochure and the trust company discussed under “Banking or Thrift Institutions” under “Relationships with Certain Related Persons” under “Other Financial Industry Activities and Affiliations” in this brochure).

Certain of these shared/common directors/trustees, officers, or supervised persons of Federated Securities Corp. also may be directors/trustees or officers of the Investment Companies, Private Investment Companies and Pooled Investment Vehicles discussed under “Investment Companies, Private Investment Companies and Pooled Investment Vehicles” and “Sponsor or Syndicator of Limited Partnerships” under “Relationships with Certain Related Persons” under “Other Financial Industry Activities and Affiliations” in this brochure. (Please refer to “Performance-Based Fees and Side by Side Management” in this brochure for a discussion of conflicts of interest that arise as a result of these relationships.)

1. Investment Companies, Private Investment Companies and Pooled Investment Vehicles

As discussed under “Advisory Business” in this brochure, Federated Securities Corp. serves as distributor to domestic Investment Companies and Private Investment Companies managed by the other Federated Advisory Companies.

As discussed under “Our Services” under “Advisory Business” in this brochure, we also serve as placement agent for certain products offered and managed by GML Capital LLP, London, an unaffiliated, foreign SEC-registered investment adviser (this registration does not imply a certain level of skill or training), and engage in certain sales-related activities relating to certain local government investment pools.

Related persons of Federated Securities Corp. (*i.e.*, the other Federated Advisory Companies) serve as investment adviser or sub-adviser to domestic and foreign funds (*i.e.*, Pooled Investment Vehicles), Investment Companies and Private Investment Companies managed and distributed by the Federated Advisory Companies or their affiliates (including Federated Securities Corp.), as well as to other non-affiliated funds and accounts. The other Federated Advisory Companies may charge advisory clients a fee other than the fund's fees on assets which are invested in U.S. registered funds which the other Federated Advisory Companies may advise. Under appropriate circumstances, Federated Securities Corp., or its employee-representatives, and the other Federated Advisory Companies, also may recommend investments in certain Affiliated Investment Vehicles (*i.e.*, Investment Companies, Private Investment Companies, or Pooled Investment Vehicles advised by the other Federated Advisory Companies and distributed by Federated Securities Corp.). Except as discussed under “Conflicts of Interest Relating to Affiliated Investment Vehicles” under “Other Conflicts of Interest Relating to Side by Side Management” under “Performance-Based Fees and Side by Side Management” in this brochure, clients of the other Federated Advisory Companies can pay the fees and expenses charged or assessed by any Investment Companies, Private Investment Companies or Pooled Investment Vehicles to the

extent that their assets are invested in Investment Companies, Private Investment Companies and Pooled Investment Vehicles, including those (such as Affiliated Investment Vehicles) that are managed by, are distributed by or receive services from the Federated Advisory Companies (including Federated Securities Corp.) or other affiliated companies.

Federated Securities Corp. also has certain related persons who are general partners of certain family limited partnerships.

(Please refer to “Performance-Based Fees and Side by Side Management” (including “Conflicts of Interest Relating to Affiliated Investment Vehicles” under “Other Conflicts of Interest Relating to Side by Side Management”) in this brochure for a discussion of conflicts of interest that arise as a result of these relationships.)

2. Other Investment Advisers

As discussed under “Our Ownership Structure” under “Advisory Business” in this brochure, Federated Securities Corp. is an affiliate through common ownership with other SEC-registered investment advisers (*i.e.*, the other Federated Advisory Companies). Registration does not imply a certain level of skill or training. These investment advisers are identified below under “SEC-Registered Advisers.” As discussed under “Advisory Business” in this brochure, we share certain directors/trustees and officers with the other Federated Advisory Companies. We also share certain supervised persons with certain of the other Federated Advisory Companies. Certain employees of certain of the other Federated Advisory Companies also may be registered representatives of Federated Securities Corp., including in its capacity as a broker-dealer. The Relevant Other Federated Advisory Companies also receive certain shared services from another Federated Advisory Company, Federated Advisory Services Company. Federated Advisory Services Company provides services exclusively to related persons that are registered investment advisers (*i.e.*, certain of the Federated Advisory Companies). These services vary depending upon whether a Federated Advisory Company manages equity or fixed income assets and consist of: equity trading and settlement, fundamental analysis, quantitative analysis, performance attribution, administration and risk management. The Federated Advisory Companies also share common compliance policies, procedures and programs.

Federated Securities Corp. also is affiliated through common ownership with certain investment advisers registered with a Foreign Financial Regulatory Authority (foreign adviser) identified below under “Foreign Advisers.”

Federated Investors, Inc. is the ultimate parent company for the following investment advisers:

SEC-Registered Advisers

(*i.e.*, Federated Securities Corp. and the other Federated Advisory Companies)

- Federated Securities Corp.;
- Federated Investment Counseling;
- Federated Advisory Services Company;
- Federated Equity Management Company of Pennsylvania;
- Federated Global Investment Management Corp.;
- Federated Investment Management Company;
- Federated MDTA LLC; and
- Passport Research, Ltd.

Foreign Advisers

Federated International Management Limited, Federated Asset Management GmbH; and Federated Prime Rate Capital Management LLP.

As discussed under “Our Services” under “Advisory Business,” and “Sales Compensation” under “Fees and Compensation,” in this brochure, Federated Securities Corp.’s employee-representatives sell products and services of the other Federated Advisory Companies, in addition to shares of the Federated Investment Companies, and engage in other activities. In these cases, representatives are salaried employees and receive no commission, fees or other remuneration in connection with individual securities transactions. Bonuses may be paid as described under “Sales Compensation” under “Fees and Compensation,” and “Arrangements Involving Receipt of Economic Benefits from Non-Clients” under “Client Referrals and Other Compensation,” in this brochure. (Please refer to “Performance-Based

Fees and Side by Side Management” in this brochure for a discussion of conflicts of interest that arise as a result of these relationships.)

3. Banking or Thrift Institutions

Related persons of Federated Securities Corp. (*i.e.*, certain other Federated Advisory Companies) act as investment adviser to Federated Investors Trust Company in its capacity as trustee for one or more collective investment trust(s)/fund(s) (a type of Pooled Investment Vehicle). Federated Investors Trust Company is affiliated through common ownership with Federated Securities Corp. Federated Securities Corp., and our employee-representatives, also sell units of these collective investment trust(s)/fund(s). (Please refer to “Performance-Based Fees and Side by Side Management” in this brochure for a discussion of conflicts of interest that arise as a result of this relationship.)

4. Sponsor or Syndicator of Limited Partnerships

Related persons of Federated Securities Corp. (*i.e.*, certain other Federated Advisory Companies) are the Managing Member or General Partner in a limited liability company and a partnership respectively: Optimum Q Market Neutral LLC (Market Neutral) and Federated Core Trust II, L.P. (Core Trust II). Clients of the other Federated Advisory Companies are generally not actively solicited to invest in these funds. However, such a client's assets may be invested in Core Trust II by the other Federated Advisory Companies (or we, or our employee-representatives, may recommend investment in Core Trust II) as part of the overall investment strategy for that client. Assets are invested pursuant to an exemption from the registration requirements of the Securities Act of 1933, as amended (1933 Act), and not as part of a public offering. Shares of Core Trust II are being offered for investment only to individuals, organizations or entities that are "accredited investors" within the meaning of Regulation D of the 1933 Act. (Please refer to “Performance-Based Fees and Side by Side Management” in this brochure for a discussion of conflicts of interest that arise as a result of these relationships.)

D. Relationships with Certain Investment Advisers

Federated Securities Corp. does not recommend or select other investment advisers for either direct or indirect compensation, except:

- With respect to the solicitation activities engaged in by us and our employee-representatives for, and advice that we and our employee-representatives provide on behalf of, certain affiliated investment advisers (*e.g.*, the Relevant Other Federated Advisory Companies) as discussed under “Our Services” under “Advisory Business” in this brochure;
- With respect to the solicitation activities engaged in by us and our employee-representatives for Dix Hills, an unaffiliated SEC-registered investment adviser, as discussed under “Our Services” under “Advisory Business” in this brochure (these registrations do not imply a certain level of skill or training);
- With respect to the placement agent activities engaged in by us and our employee-representatives for GML Capital LLP, London, an unaffiliated, foreign SEC-registered investment adviser, as discussed under “Our Services” under “Advisory Business” in this brochure (this registration does not imply a certain level of skill or training).

The business relationships can create conflicts of interest for Federated Securities Corp. and its employee-representatives (or supervised persons). For example, we, or our employee-representatives, may recommend an investment in an investment product that is sponsored, managed, distributed or serviced by these other investment advisers to benefit them rather than serve the best interests of clients or potential clients of the other Federated Advisory Companies. (Please refer to “Performance-Based Fees and Side by Side Management” in this brochure for a discussion of conflicts of interest that arise as a result of these relationships.)

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. Our Code of Ethics

As required by SEC rules, Federated Securities Corp. has adopted a Code of Ethics for Access Persons (Code of Ethics). The other Federated Advisory Companies also have adopted the same Code of Ethics. Although it does permit investment personnel to trade in securities, including those that could be recommended to clients, it does contain

significant safeguards designed to protect clients from abuses in this area, such as requirements to obtain prior approval for, and to report, particular transactions. Among other policies, the Code of Ethics also contains certain restrictions on insider trading, misuse of customer information, serving on boards of directors of issuing companies by investment personnel, disclosure of conflicts of interest and receiving/giving gifts and political and charitable contributions. (Please refer to “Conflicts of Interest Relating to Personal Trading” under “Other Actual or Potential Conflicts of Interest” under “Performance-Based Fees and Side by Side Management” in this brochure for more information regarding our Code of Ethics.) We will provide a copy of our Code of Ethics upon request.

B. Participation or Interest in Client Transactions

Related persons of Federated Securities Corp. (*i.e.*, the other Federated Advisory Companies, including those for which our employee-representatives serve as salespeople) may, from time to time, invest client assets in, or we our employee-representatives or our related persons may from time to time recommend, investments in registered Investment Companies (*e.g.*, mutual funds), Private Investment Companies and unregistered investment companies (*e.g.*, hedge funds or other Pooled Investment Vehicles) managed, distributed or administered by Federated Securities Corp. or our related persons (*e.g.*, Affiliated Investment Vehicles). (Please refer to “Performance-Based Fees and Side by Side Management” in this brochure for further information.) This includes, for example, investment of uninvested cash in such Affiliated Investment Vehicles by the other Federated Advisory Companies.

Related persons of Federated Securities Corp. (*i.e.*, the other Federated Advisory Companies, including those for which our employee-representatives serve as salespeople) are the Managing Member or General Partner in a limited liability company and a partnership respectively: Optimum Q Market Neutral LLC (Market Neutral) and Federated Core Trust II, L.P. (Core Trust II). Clients of the other Federated Advisory Companies are generally not actively solicited to invest in these funds. However, such a client's assets may be invested in Core Trust II by the other Federated Advisory Companies (or we, or our employee-representatives, may recommend investments in Core Trust II) as part of the overall investment strategy for that client. (Please refer to “Sponsor or Syndicator of Limited Partnerships” under “Relationships with Certain Related Persons” under “Other Financial Industry Activities and Affiliations” in this brochure for further information.)

Affiliates of Federated Securities Corp. (*i.e.*, the other Federated Advisory Companies, including those for which our employee-representatives serve as salespeople) will, from time to time, temporarily seed a Proprietary Account for the purposes of establishing an investment strategy or seeding an Investment Company, Private Investment Company or Pooled Investment Vehicle. These investments are generally nominal in relation to both their total managed client assets and their own assets. (Please refer to “Performance-Based Fees and Side by Side Management” in this brochure for more information.)

Affiliates of Federated Securities Corp. (*i.e.*, the other Federated Advisory Companies, including those for which our employee-representatives serve as salespeople) also may from time to time buy or sell portfolio securities:

- Between Proprietary Accounts;
- Between a Proprietary Account and another account (including Separate Accounts, Investment Companies, Private Investment Companies, or Pooled Investment Vehicles); or
- Between accounts (including Separate Accounts, Investment Companies, Private Investment Companies, or Pooled Investment Vehicles).

We, or our employee-representatives, may recommend or discuss cross transactions with clients of the Relevant Other Federated Advisory Companies. When engaging in such cross transactions, no Federated Advisory Company, nor any affiliate, receives any compensation for acting as a broker-dealer and any applicable SEC rules or guidance for cross transactions or, if applicable, principal transactions are followed.

The above activities can create various actual or potential conflicts of interest for Federated Securities Corp. and our employee-representatives (or supervised persons) and related persons (*i.e.*, the other Federated Advisory Companies, including those for which our employee-representatives serve as salespeople). For example, conflicts of interest could arise when a recommendation is provided to invest in an Affiliated Investment Vehicle to which Federated Securities Corp. acts as distributor or an affiliate (*i.e.*, the other Federated Advisory Companies, including those for which our employee-representatives serve as salespeople) act as investment adviser, provide other services or serve as General Partner. We, and/or our affiliates, receive a financial benefit since advisory fees and other service fees are often based on

the average net assets invested in such Affiliated Investment Vehicles. (Please refer to “Performance-Based Fees and Side by Side Management” (including “Conflicts of Interest Relating to Affiliated Investment Vehicles” under “Other Conflicts of Interest Relating to Side by Side Management”) in this brochure for further information regarding conflicts of interest and how they are addressed.)

C. Personal Trading

Federated Securities Corp., and/or our employees-representatives (or supervised persons) and related persons (*e.g.*, the other Federated Advisory Companies, including those for which our employee-representatives serve as salespeople), may recommend or invest in the same securities, or related securities, that we, or our employee-representatives, recommend or our related persons invest in on behalf of, or recommend to, clients, including at or around the same time. Personal trading can create various or potential conflicts of interest for Federated Securities Corp. and our employee-representatives (or supervised persons) and related persons. (Please refer to “Conflicts of Interest Relating to Personal Trading” under “Other Actual or Potential Conflicts of Interest” under “Performance-Based Fees and Side by Side Management” in this brochure for a discussion of conflicts of interest and how they are addressed.)

ITEM 12. BROKERAGE PRACTICES

Federated Securities Corp. does not manage client accounts or investment products (including providing trading instructions). We do not have any investment advisory clients of our own. Accordingly, we do not select or recommend brokers/dealers for client transactions, determine the reasonableness of broker-dealer compensation, engage in soft dollar practices in connection with client securities transactions, or recommend, request or require that clients direct us, or permit clients to direct us, to execute transactions through a specified broker-dealer or aggregate client securities transactions.

As noted under “Our Services” under “Advisory Business” in this brochure, we, and our employee-representatives (or supervised persons), may perform solicitation services, and provide investment advice, on behalf of the Relevant Other Federated Advisory Companies, which do manage client accounts or investment products (including providing trading instructions) and do recommend brokers-dealers for client transactions, determine the reasonableness of broker-dealer compensation, engage in soft dollar practices in connection with client securities transactions, and permit clients to direct them to execute transactions through a specified broker-dealer or aggregate client securities transactions. We share certain directors/trustees and officers with the other Federated Advisory Companies. We also share certain supervised persons with certain of the other Federated Advisory Companies. Federated Securities Corp. and related persons (*e.g.*, the other Federated Advisory Companies) also may from time to time come into possession of confidential or privileged information about issuers of securities, or other persons or entities and their securities, as a result of their business activities. In such cases, the other Federated Advisory Companies and related persons may be restricted from executing certain trades if doing so could violate insider trading policies and procedures or applicable legal requirements/laws. Federated Securities Corp., and the other Federated Advisory Companies, have adopted policies and procedures to address the treatment of such confidential or privileged information in a manner that the Federated Advisory Companies believe to be reasonable. These restrictions may have an adverse impact on the other Federated Advisory Companies’ client accounts or investment products. For information regarding the specific methods of analysis utilized, and specific investment strategies offered (and related investment risks involved with the specific investment strategies offered), by the Relevant Other Federated Advisory Companies, reference should be made to the Form ADV, Part 2A brochures for the other Federated Advisory Companies (to the extent prepared and filed with the SEC.) Please refer to “Advisory Business” in this brochure for information on how to obtain any available brochures of the other Federated Advisory Companies.

ITEM 13. REVIEW OF ACCOUNTS

Federated Securities Corp. does not manage client accounts or investment products. We do not have any investment advisory clients of our own. Accordingly, we do not conduct reviews of accounts, periodically or otherwise. We also do not provide our own written or other reports independently to clients.

As noted under “Our Services” under “Advisory Business” in this brochure, we, and our employee-representatives, may perform solicitation services, and provide investment advice, on behalf of the Relevant Other Federated Advisory Companies, which do periodically review their clients’ accounts and provide written reports to their clients. For further information regarding the account review practices of the other Federated Advisory Companies, and regarding the reports the other Federated Advisory Companies provide to their clients, reference should be made to the Form ADV, Part 2A brochures for the other Federated Advisory Companies (to the extent prepared and filed with the SEC). Please refer to “Advisory Business” in this brochure for information on how to obtain any available brochures of the other Federated Advisory Companies. We also share certain directors/trustees and officers with the other Federated Advisory Companies.

We also share certain supervised persons with certain of the other Federated Advisory Companies. While Federated Securities Corp. does not manage client accounts or investment products, so there are no accounts or products of its own to review, we, and our employee-representatives (including certain representatives of Federated Securities Corp. that are employees of Federated Advisory Services Company, another Federated Advisory Company), may assist the other Federated Advisory Companies in conducting reviews of their client accounts and products and delivering certain reports to their clients. Our employee-representatives also may jointly participate in conference calls or other meetings between investment professionals of the other Federated Advisory Companies and their clients. For further information regarding the periodic account reviews conducted by, and reports provided by, the other Federated Advisory Companies, reference should be made to the Form ADV, Part 2A brochures for the other Federated Advisory Companies (to the extent prepared and filed with the SEC.) Please refer to “Advisory Business” in this brochure for information on how to obtain any available brochures for the other Federated Advisory Companies.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

A. Arrangements Involving Receipt of Economic Benefits from Non-Clients

As discussed under “Our Services” under “Advisory Business,” and under “Sales Compensation” under “Fees and Compensation,” in this brochure, the Relevant Other Federated Advisory Companies have entered into a written agreement with Federated Securities Corp. Under this arrangement, our employee-representatives also serve as sales people for the investment services and products sponsored by Federated and investment advisory services offered by the other Federated Advisory Companies. We, and our employee-representatives, act in the capacity of solicitors for the Relevant Other Federated Advisory Companies. In certain cases, we, and our employee-representatives, also provide advice on behalf of the Relevant Other Federated Advisory Companies to the institutional, high net worth, separately managed account/wrap-fee account and other clients of these Relevant Other Federated Advisory Companies. We receive compensation from such Relevant Other Federated Advisory Companies (in the form of an intercompany credit) for performing these activities on their behalf. Our employee-representatives also may receive compensation from Federated Securities Corp. for performing such solicitation and other functions. In connection with these services, under applicable guidance issued by the SEC, Federated Securities Corp.’s relevant regulatory history is required to be disclosed to clients and potential clients. (Please refer to “Disciplinary Information” in this brochure for information on Federated Securities Corp.’s regulatory history.)

As discussed under “Advisory Business” and “Fees and Compensation” in this brochure, Federated Securities Corp. also has entered into a solicitation agreement with Dix Hills Partners, LLC, an unaffiliated investment adviser and commodity trading advisor (these registrations do not imply a certain level of skill or training), pursuant to which we are compensated by Dix Hills Partners based on a percentage of fees collected by Dix Hills Partners from clients referred to it by us. (Please refer to “Relationships with Commodity Pool Operators and Commodity Trading Advisors” under “Other Financial Industry Activities and Affiliations” in this brochure for more information.) Among other activities, Federated Securities Corp. also acts as a placement agent for GML Capital LLP, London, an unaffiliated, foreign investment adviser, for compensation. (Please refer to “Sales Compensation” under “Fees and Compensation” in this brochure for more information on these arrangements, including other relevant Federated Securities Corp. arrangements.)

Some brokers or dealers that execute portfolio transactions for our affiliates (*e.g.*, certain other Federated Advisory Companies) and their clients may furnish research and brokerage services (or soft dollar benefits) which may be used in advising Investment Companies, Private Investment Companies, Pooled Investment Vehicles, Separate Accounts, Managed Accounts and other accounts. To the extent that receipt of these services and software may supplant services

for which the Federated Advisory Companies might otherwise have paid, expenses would be reduced.

Certain of our affiliates (*e.g.*, certain Relevant Other Federated Advisory Companies) act as portfolio managers in Managed Account programs. In Managed Account program arrangements, our affiliates receive fees from sponsors to the Managed Account programs, or related platform providers, for services rendered to Managed Account program participants. To the extent that the sponsor or platform provider is not considered a client, and Managed Account program participants may be deemed to be clients, our affiliates could be viewed as receiving cash from a non-client in connection with advice given to Managed Account program participants. Similarly, our affiliates receive fees for investment advisory services provided to sub-advisory clients from the primary advisers for those clients.

Employees and supervised persons of Federated Securities Corp. and/or our affiliates (*e.g.*, the other Federated Advisory Companies) also may receive salaries, bonuses and certain sales awards, such as travel and entertainment, from Federated Investors or other affiliates. For example, Federated Securities Corp.'s employee-representatives are salaried employees of Federated Securities Corp. and receive no commission, fees or other remuneration in connection with individual securities transactions. Bonuses may be based on a number of factors, including mutual fund/account sales, net sales, increase in average annual assets and/or revenue of assigned accounts/investment products or territories, and, for certain sales managers, Federated Investors, Inc.'s overall financial results. Certain employee-representatives may be eligible to receive a portion of their annual bonus in cash or a combination of cash and restricted stock of Federated Investors, Inc. Certain representatives of Federated Securities Corp., who are not employees of Federated Securities Corp. but are salaried employees of Federated Advisory Services Company, receive no commission, fees or other remuneration in connection with individual securities transactions. Bonuses for these representatives are based on revenue of assigned accounts/investment products. Finally, investment professionals at the other Federated Advisory Companies may receive a fixed-base salary and a variable annual incentive or bonus. Base salary is determined within a market competitive, position-specific salary range, based on the portfolio manager's experience and performance. The annual incentive amount or bonus is determined based primarily on the performance of the accounts/investment products managed by the investment professional and, to a lesser extent, Federated Investors' overall financial results, and may be paid entirely in cash, or in a combination of cash and restricted stock of Federated Investors. Such employees and supervised persons of Federated Securities Corp. and/or our affiliates (*i.e.*, the other Federated Advisory Companies) also may receive entertainment and gifts from third parties to the extent permitted under our and the other Federated Advisory Companies' Code of Ethics. (Please refer to "Our Code of Ethics" under "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading" in this brochure for more information on Federated Securities Corp.'s Code of Ethics.

We also may be provided with office space, phone systems, computer systems, internet and other administrative, clerical and technical support from or through our ultimate parent company, Federated Investors, Inc., or its affiliates.

Arrangements in which Federated Securities Corp. or our related persons receive economic benefits from non-clients create conflicts of interest for us and our related persons. For example, we, and our employee-representatives (or supervised persons), have an incentive to favor these non-clients. Our affiliates (*e.g.*, the other Federated Advisory Companies), and their employees or supervised persons, have an incentive to utilize the services of a particular broker-dealer. We, our employee-representatives and related persons also have an incentive to recommend a particular security to, or, in the case of our related persons, buy a particular security for, an account based on economic benefits received from the broker-dealer or issuer or placement agent. There also is an incentive to recommend Dix Hills Partners or GML Capital LLP, London, products or services to clients because of:

- The solicitation and placement agent fees received by Federated Securities Corp.;
- Any return that Federated Investors, Inc., may receive on its non-voting minority interest in Dix Hills; and
- The strategic arrangements established by Federated Investors, Inc., with GML Capital LLP, London, to market and distribute products and services focused on investment in global trade finance transactions, and the five-year option to acquire the trade finance investment activities of GML Capital LLP, London, acquired by Federated Investors, which is exercisable within two years after certain asset under management milestones are achieved.

(Please refer to "Advisory Business," and "Sales Compensation" under "Fees and Compensation," in this brochure for additional information regarding these arrangements and option to purchase.) Conflicts of interest also arise in connection with certain portfolio manager or other employee and supervised person compensation arrangements. (Please refer to "Conflicts of Interest Relating to Receipt of Compensation or Benefits, Other Than Advisory Fees"

under “Other Actual or Potential Conflicts of Interest” under “Performance-Based Fees and Side by Side Management” in this brochure for a further discussion of these conflicts of interest and how they are addressed.)

B. Arrangements Where Compensation is Paid to Another Person for Client Referrals

Federated Securities Corp. and our affiliates (*e.g.*, certain other Federated Advisory Companies) may enter into various arrangements pursuant to which employees, or affiliated and unaffiliated third parties, may be compensated, directly or indirectly, for referring clients to our affiliates. Please refer to “Arrangements Involving Receipt of Economic Benefits from Non-Clients” under “Client Referrals and Other Compensation,” “Our Services” under “Advisory Business,” and “Sales Compensation” under “Fees and Compensation,” in this brochure for further information.) Such compensation will not result in a charge to investment advisory clients, or in any differential in the level of advisory fees customarily charged, unless specifically disclosed to clients.

While not advisory clients of the Federated Advisory Companies, we and our affiliates may enter into arrangements pursuant to which potential shareholders are solicited for investment in Investment Companies or other investment products sponsored, managed, serviced or distributed by Federated Investors or the Federated Advisory Companies (including Affiliated Investment Vehicles).

Arrangements where we, or our affiliates (*e.g.*, certain other Federated Advisory Companies), pay compensation to solicitors for referrals create conflicts of interest for us, and our affiliates, as well as the solicitors. We, and our employee-representatives (or supervised persons), and our related persons, have an incentive to utilize or recommend the solicitor’s products and services. The solicitor also has a financial incentive to favor the services of, and products sponsored, distributed or managed by, Federated Securities Corp. and our affiliates, over the interest of clients. (Please refer to “Conflicts of Interest Relating to Receipt of Compensation or Benefits, Other Than Advisory Fees” under “Other Actual or Potential Conflicts of Interest” under “Performance-Based Fees and Side by Side Management” in this brochure for a discussion of these conflicts of interest and how they are addressed.)

ITEM 15. CUSTODY

Federated Securities Corp. does not have custody of client assets.

As noted under “Our Services” under “Advisory Business” in this brochure, we, and our employee-representatives (or supervised persons), may perform solicitation services, and provide investment advice, on behalf of the Relevant Other Federated Advisory Companies. We share certain directors/trustees and officers with the other Federated Advisory Companies. We also share certain supervised persons with certain of the other Federated Advisory Companies. Neither Federated Securities Corp., nor any related person, hold, directly or indirectly, funds or securities of clients or have any authority to obtain possession of them in connection with the services that Federated Securities Corp. or its employee-representatives (or supervised persons) provide, except as follows. Certain of the other Federated Advisory Companies are considered to have custody of their clients’ assets in certain circumstances, such as when they have arrangements that authorize them to have their advisory fees deducted from their clients’ accounts or serve as Managing Member to a Pooled Investment Vehicle. Neither we, nor the other Federated Advisory Companies, generally open investment advisory accounts for clients with qualified custodians. Clients will receive account statements from the broker-dealer, bank or other qualified custodian for their accounts and clients should carefully review those statements. If a client also receives an account report from a relevant other Federated Advisory Company, clients are urged to compare the account statements that clients receive from the qualified custodian with the reports clients receive from such other Federated Advisory Company. For further information regarding the other Federated Advisory Companies’ custody practices, reference should be made to the Form ADV, Part 1, and Form ADV, Part 2A brochures for the other Federated Advisory Companies (to the extent prepared and filed with the SEC. Please refer to “Advisory Business” in this brochure for information on how to obtain the Form ADV, Part 1, and any available brochures of the other Federated Advisory Companies.

Related persons of Federated Securities Corp. (*e.g.*, certain other Federated Advisory Companies) are sometimes asked by clients for suggestions of entities to act as custodians for accounts and, in response, recommend commercial banks or broker-dealers that act in that capacity. When asked for a recommendation concerning a custodian, consideration will be given to a number of factors such as the ability to execute trades, the overall cost of the custodian’s services, the custodian’s willingness to allow trading through other brokers or dealers, the custodian’s willingness to perform the recordkeeping necessary to allow clients to pool their transactions in order to obtain the best price and execution, the

custodian's geographic proximity to the client which may enhance the client's ability to deal with the custodian, the willingness and ability of the custodian to assist the client in transferring assets and distributions and overall service.

ITEM 16. INVESTMENT DISCRETION

Federated Securities Corp. does not accept investment discretion on behalf of clients to manage their accounts.

As noted under “Our Services” under “Advisory Business” in this brochure, we, and our employee-representatives (or supervised persons), may perform solicitation services, and provide investment advice, on behalf of the Relevant Other Federated Advisory Companies. When acting in such capacity, our employee-representatives are supervised persons of the Relevant Other Federated Advisory Companies, which do accept investment discretion on behalf of their clients to manage their clients’ accounts. Our employee-representatives (and certain representatives of Federated Securities Corp. that are employees of Federated Advisory Services Company, another Federated Advisory Company) may discuss investment objectives, policies, guidelines, restrictions/limitations and other instructions or information with a client of another Federated Advisory Company. (Please refer to “Our Services” under “Advisory Business” for further information on the activities our employee-representatives may perform when providing investment advice on behalf of the Relevant Other Federated Advisory Companies). We also share certain directors/trustees and officers with the other Federated Advisory Companies. We also share certain supervised persons with certain of the other Federated Advisory Companies. For further information regarding the investment discretion of the other Federated Advisory Companies, reference should be made to the Form ADV, Part 1, and Form ADV, Part 2A brochures for the other Federated Advisory Companies (to the extent prepared and filed with the SEC.) Please refer to “Advisory Business” in this brochure for information on how to obtain the Form ADV, Part 1 and any available brochures of the other Federated Advisory Companies.

ITEM 17. VOTING CLIENT SECURITIES

Federated Securities Corp. does not accept authority or direction to vote securities held in client accounts. Accordingly, Federated Securities Corp. is not required under SEC Rule 206(4)-6 under the Advisers Act to have proxy voting policies and procedures. For further information regarding the proxy voting authority, policies and procedures of the other Federated Advisory Companies (including how to obtain information about how they voted securities in their client accounts), reference should be made to the Form ADV, Part 2A brochures for the other Federated Advisory Companies (to the extent prepared and filed with the SEC.) Please refer to “Advisory Business” in this brochure for information on how to obtain any available brochures of the other Federated Advisory Companies.

ITEM 18. FINANCIAL INFORMATION

Federated Securities Corp. is not required to include a balance sheet for our most recent fiscal year because we do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. There are no financial conditions affecting us that are reasonably likely to impair our ability to meet contractual commitments. We also have not been subject to a bankruptcy petition at any time during the past ten years.

PRIVACY POLICY

Federated is committed to maintaining the confidentiality, security and integrity of client and shareholder information. We want you to understand how Federated obtains information, how that information is used and how it is kept secure.

Personal Information Federated Collects

Federated may collect nonpublic personal information about you from the following sources:

- We may collect information from you or your financial representative on account applications, other forms or electronically, such as your name, address, Social Security Number, assets and income.
- We may collect information from you or your financial representative through transactions, correspondence and other communications, such as specific investments and account balances.
- We may obtain other personal information in connection with providing you a financial product or service, such as depository or debit account numbers.

Information Sharing Policy

Except as described below, Federated does not share customer information or disclose any personal information about you. If you decide to close your account(s) or become an inactive customer, we will continue to follow these privacy policies and practices.

Federated will **not** disclose personal information, account numbers, access numbers or access codes for deposit or transaction accounts to any nonaffiliated third party for use in telemarketing, direct mail or other marketing purposes.

Federated limits the sharing of nonpublic personal information about you with financial or non-financial companies or other entities, including companies affiliated with Federated, and other, nonaffiliated third parties, to the following:

- Information that is necessary and required to process a transaction or to service a customer relationship. For example, with a company that provides account record keeping services or proxy services to shareholders.
- Information that is required or permitted by law. For example, to protect you against fraud or with someone who has a legal or beneficial interest, such as your power of attorney, or in response to a subpoena.
- We may disclose some or all of the information described above with companies that perform marketing or other services on our behalf. For example, with the financial intermediary (bank, investment advisor, or broker-dealer) through whom you purchased Federated products or services, or with providers of marketing, legal, accounting or other professional services.

Information Security

Federated maintains physical, electronic, and procedural safeguards to protect your nonpublic personal information, and has procedures in place for its appropriate disposal and protection against its unauthorized access or use when we are no longer required to maintain the information.

When Federated shares nonpublic personal information, the information is made available for limited purposes and under controlled circumstances. We require third parties to comply with our standards for security and confidentiality. These requirements are included in written agreements between Federated and such third-party service providers.

Each of the following sections explains an aspect of Federated's commitment to protecting your personal information and respecting your privacy.

Employee Access to Information

All Federated employees must adhere to Federated's privacy and confidentiality policies. Employee access to nonpublic personal information is authorized for business purposes only and is based on an employee's need for the information to service a customer's account or comply with legal requirements.

Visiting A Federated Website

- Federated's website maintains statistics about the number of visitors and the information viewed most frequently. These statistics are used to improve the content and level of service we provide to our clients and shareholders.
- Information or data entered into a website will be retained.

- Where registration or reentering personal information on a website is required, “cookies” are used to improve your online experience. A cookie is a small file stored on your computer that recognizes whether you have visited our site before and identifies you each time you visit. Cookies provide faster access into the website.
- We may also obtain non-personally identifiable Internet Protocol (IP) addresses for all other visitors to monitor the number of visitors to the site; these addresses are never shared with any third party.

Restricted Access Website

Federated provides restricted sections of its websites for Investment Professionals and certain clients or shareholders. Information entered in these sites is only accessible by those individual clients or shareholders, persons with whom they share access information, a limited number of Federated employees and Federated’s service providers who maintain website functionality. Federated does not permit the use of that information for any purpose, or the renting, selling, trading, or otherwise releasing or disclosing of information to any other party.

E-Mail

If you have opted to receive marketing information from Federated by e-mail, our policy requires that all messages include instructions for canceling subsequent e-mail programs. Some products or services from Federated are intended to be delivered and serviced electronically. E-mail communication may be utilized in such cases. Please do not provide any account or personal information such as Social Security Numbers, account numbers, or account balances within your e-mail correspondence to us. We will not use unsecured e-mail to execute transaction instructions, provide personal account information, or change account registration.

Surveys / Aggregate Data

Periodically, Federated may conduct surveys about financial products and services or review elements of customer information in an effort to forecast future business needs. We then generate reports that are used for Federated’s planning, analytical and other corporate purposes.

Changes to Our Privacy Statement

Federated reserves the right to modify this privacy statement at any time. We will notify you of any changes that may affect your rights under this policy statement.

We Welcome Your Comments

Federated welcomes your questions and comments about our Privacy Policy. You can email us at Services@FederatedInvestors.com or call us at 1-800-341-7400.

This privacy disclosure applies to: Federated Investors, Inc. and each of its wholly owned broker-dealers, investment advisers and other subsidiaries, including Edgewood Services, Inc., Passport Research Ltd., Federated MDTA LLC, and each of the funds managed by Federated, whether or not named “Federated,” including the Edward Jones Money Market Fund, and all portfolios of Cash Trust Series, Inc., Cash Trust Series II, and Money Market Obligations Trust.

This policy is effective December 1, 2010.