

Key Financial Group of Jacksonville, Inc.  
Disclosure Brochure  
03/07/2012

*Item 1 – Cover Page*

This brochure provides information about the qualifications and business practices of Key Financial Group of Jacksonville, Inc. (“KFGJ” or “Advisor”).

If you have any questions about the contents of this brochure, please contact us at (904) 443-7996 or [services@keyfinancialgroup.net](mailto:services@keyfinancialgroup.net).

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Key Financial Group of Jacksonville, Inc. is a Registered Investment Advisor. Registration as an Investment Advisor does not imply any level of skill or training. This disclosure document is designed to grant current clients as well as potential clients the opportunity to carefully read and establish an understanding of the various investment advisory services that are offered and the respective fees and expenses of those services. The information contained in this document is important to the conduct of both parties entering an advisory contract. While investment advisors have a fiduciary duty to put the needs of clients before their own, clients likewise have a duty to investigate and maintain a basic understanding of the services offered by the Advisor. We hope this document serves as a leading educational tool to aid clients and prospective clients in understanding how Key Financial Group of Jacksonville, Inc. conducts investment advisory services.

Key Financial Group of Jacksonville, Inc.  
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Jacksonville, FL 32217  
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[www.keyfinancialgroup.net](http://www.keyfinancialgroup.net)  
[services@keyfinancialgroup.net](mailto:services@keyfinancialgroup.net)

## *Item 2- Material Changes*

There have not been any material changes in the business services of Key Financial Group of Jacksonville, Inc. over the past year. In the future, this portion of the brochure will discuss specific material changes that are made to the brochure and provide clients with a summary of such changes to this and subsequent brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

Additional information about Key Financial Group of Jacksonville, Inc. is also available via the SEC web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC web site also provides information about any persons affiliated with Key Financial Group of Jacksonville, Inc. who are registered as investment adviser representatives of KFGJ.

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#### *Item 4 – Advisory Business*

Key Financial Group of Jacksonville, Inc. was formed in August of 1996 and is a corporation organized in the State of Florida. Christopher P. Wadley is the President and Chief Compliance Officer. Key Financial Group of Jacksonville, Inc. was registered with the SEC in 2010, but due to the newly implemented registration requirements for 2011 is in the process of transitioning that registration to the State of Florida.

Key Financial Group of Jacksonville, Inc. provides “fee for service” financial planning and investment advice. Areas of advice include asset allocation, investment selection, retirement planning, college funding and employee benefits and qualified plan subaccount analysis. Engagements are limited in scope based on the client’s unique circumstances.

The Advisor gathers financial data including the client’s goals, circumstances, financial condition and risk tolerance. The adviser then prepares and delivers analysis and recommendations to the client. Recommendations may be in a written/electronic format, or in the form of verbal (in-person or phone) discussion, or both.

The services offered by KFGJ involve Financial Planning as well as Asset Allocation Management. Both services will be further discussed in this disclosure document. As a highlight, the company offers a fee-based advisory program, Key Managed Account. Securities Service Network, Inc., (SSN) is a broker-dealer and member of the FINRA/SIPC. If a client utilizes this program, all securities transactions associated with this program will be directed to SSN. SSN will process all transactions associated with this program through its clearing firm, National Financial Services LLC, a wholly-owned subsidiary of Fidelity Investments.

We hope this document grants insight to our products and services and welcome contact to discuss any topic of interest found in this brochure.

### *Item 5 – Fees and Compensation*

Fees are charged on a “pay as you go” basis. Fees are negotiable and may vary from client to client. Fees are quoted in advance and must be accepted by client prior to project commencement or investment management. Executing a signature on the client agreement or paying a partial/full payment of fee acknowledges acceptance by client.

#### **Financial Planning**

Financial planning information will be obtained through personal interviews with each client concerning the clients' current financial status, future goals and attitudes towards risk. Related documents supplied by the client are carefully reviewed, along with data gathered from the client. A written report may be issued.

For a full written financial plan, the Company charges \$125 per hour. A quote of estimated time involved will be given upon contracting with the client.

The Company will, upon client's request, continue to be available at a hourly rate as stated above for the implementation of the client's financial plan, any subsequent evaluation, analysis function, or specific securities or investment related advice. Annual updates may also be provided upon contracting with the client.

Clients not in need of a full financial plan but rather advice in one or more planning areas or on specific securities issues may be charged a hourly rate as stated above.

Fees are paid upon completion of the plan unless otherwise agreed upon between the Company and the client. Fees may be negotiable. The contract may be terminated by either party at any time upon written notice. The Company will, upon written request of the client, refund fees prorated to the amount of work completed. Clients who terminate the contract within five (5) days of signing the contract shall be provided a full refund.

A conflict of interest may exist between the interests of the Company and the interests of the clients. The client is under no obligation to act on the Company's recommendations. If the client elects to act on any of the recommendations, the client is under no obligation to effect the transactions through an associated person of the Company when such person is employed as an agent with a licensed broker dealer.

## Key Managed Account

The Key Managed Account is designed to offer suitable participants brokerage and asset allocation services, portfolio supervision, consolidated reporting, and periodic recommendations pursuant to investment objectives chosen by the client. All transactions are executed at the direction of the client unless the client has authorized discretionary trading.

The account will be charged an advisory fee every calendar quarter (the "Management Fee"). The Management Fee charged to the account is negotiable and is set forth in the "Actual Fee Charged" in the Asset Management Account Agreement. The Management Fee Charged may be higher than the costs of similar services offered through other financial firms. The amount of the annualized Management Fee is as follows:

Portfolio Value	Current Management Fee
\$0--\$249,999.	1.35%
\$250,000.--\$499,999.	1.10%
\$500,000.--\$1,999,999.	0.85%
\$2,000,000.—Up	0.60%

All of these fees are subject to negotiation.

The Management Fee covers the asset management and administrative services provided by the Company. Among other things, the Management Fee is used to compensate the Company for asset management and investment advice provided. The Management Fee does not cover charges imposed by third-parties for investments held in the account, such as contingent deferred sales charges on mutual funds purchased prior to their contribution to the account. The Management Fee also does not cover debit balances or related margin interest or SEC fees or other fees or taxes required by law.

The Management Fee is payable quarterly in advance and upon deposit of any funds or securities in the account. The first payment is due upon acceptance of the Asset Management Account Agreement and is based upon the opening value of the account. The first payment will be prorated to cover the period from the date that the account is opened through the end of the current calendar quarter. Thereafter, the Management Fee will be based on the fair market value of the assets in the account on the last business day of the preceding quarter as calculated by NFS and will be due the first business day of the current calendar quarter.

Clients have two options for payment of the Management Fee. The client may instruct the Company to invoice the client directly for payment. Alternatively, the client may authorize the Company to invoice NFS (or other custodian appointed by the client) directly for all Management Fees charged to the account. In that case, NFS (or other custodian appointed by the client) will debit all fees directly from the account and pay such fees to SSN. All Management Fees will be noted on the client's brokerage statements or confirmations. Management Fees will be payable, first from free credit balances, if any, in

the account, and second, from the liquidation or withdrawal of the client's shares of any money market funds or balances in any money market account. To the extent that such assets are insufficient to satisfy payment of such Management Fees, a portion of the account assets will be liquidated to cover the Management Fees. Such a liquidation may affect the relative balance of an account.

Clients may make additions to the account at any time. If assets are deposited into the account after the inception of a quarter, the Management Fee payable with respect to such assets is prorated based on the number of days remaining in the quarter. Clients may withdraw account assets on notice, subject to the usual and customary securities settlement procedures. No fee adjustment is made for partial withdrawals within a billing period.

In addition to the Management Fee, accounts may be assessed Transaction Charges. SSN shares a portion of the Transaction charges with NFS.

The current Transaction Charge schedule is stated below:

#### **No-Load Mutual Funds & Front-End Load-Waived Mutual Funds**

Buy or Sell	\$0.00
Dollar Cost Average (Minimum Trade Amounts Apply)	\$3.50
Postage & Handling Fee	\$4.95
Exchange	\$0.00
Reinvestment	\$0.00
Ticket Charge	\$0.00

#### **Equities (Stocks)**

Transaction Amount	Transaction Charge Per Trade
\$0.00--\$2,500.	\$20 + 1.6% of principal amount
\$2,501.--\$6,000.	\$40 + 0.6% of principal amount
\$6,001.--\$22,000.	\$55 + 0.3% of principal amount
\$22,001.--\$50,000.	\$70 + 0.2% of principal amount
\$50,001.-- \$500,000.	\$115 + 0.1% of principal amount
\$500,001.-Up	\$190 + 0.08% of principal amount

Equities priced at less than \$1 per share are \$38 plus 4% of the principal amount.

All equities transactions are subject to an overriding \$38 minimum.

#### **Key Financial Managed Mutual Funds Account**

\$35 + 2.5 cents/share for NYSE and AMEX traded securities  
 \$35 flat for NASDAQ traded securities  
 \$7.95 postage/handling fee

**Debt instruments (Bonds)**

\$35 + \$7.95 postage/handling

**Variable Transaction Charge per Trade**

Transaction Amount	Years Until Maturity			
	0-2	2-5	6-10	11+
\$0-\$50,000.	None	.145%	.200%	.225%
\$ 50,001.-\$100,000.	None	.120%	.175%	.195%
\$100,001.-\$250,000.	None	.100%	.125%	.145%
\$250,001.-\$500,000.	None	.075%	.095%	.120%
\$500,001.- Up	None	.040%	.045%	.050%

All trades are subject to an overriding minimum of \$ 35.

Under the Asset Management Account Agreement, clients authorize the Company to invoice NFS for all Transaction Charges charged to the account. NFS debits all such charges and fees directly from the account to pay such charges and fees to SSN. All Transaction Charges are noted on the client's brokerage statements or confirmation.

The Management Fees and Transaction Charges will continue until thirty (30) days after the Company has notified the client in writing of any change in the amount of the Management Fees and/or charges applicable to the account. At that time, the new Management Fees and/or charges will become effective unless the client notifies the Company in writing that the account is to be closed.

The Management Fee, Transaction Charge, and other charges may be higher than the cost of purchasing the services provided under the Key Managed Account in other programs or through other parties. Factors that may bear upon the cost of the Key Managed Account in relation to the cost of the same services purchased separately include, among other things, the type and size of the account, the historical and/or expected size or number of trades for the account, and the number and range of supplementary advisory and client related services provided to the account.

Discretionary Transactions are directed by KFGJ for accounts that have a limited discretionary authority agreement. Clients who choose to provide KFGJ with discretion have empowered KFGJ to buy and sell securities without the client's prior knowledge or consent. Clients may, by contract, place restrictions on KFGJ's discretionary authority. Trail fees or 12(b)(1) fees on these discretionary accounts may be paid to KFGJ, however, at current the 12b-1 fees are kept by the custodian and the broker/dealer, SSN. KFGJ may act as the investment advisory client's representative in the execution of securities transactions on a normal and customary basis. The receipt of commissions creates the possibility of a conflict of



interest. Advisors that can make both fee and commission must put the client's interest ahead of any personal financial gain. This disclosure is to serve notice to clients of the inherent conflict of charging fees and having the ability to also make commissions. Clients have the right to ask if commissions are also being made by the Advisor on accounts where they are charging fees. Clients may pay higher commission rates than otherwise available. KFGJ and its principals, and not the broker/dealer are solely responsible for the quality of investment advice provided to clients.

For the purpose of implementing recommendations and effecting transactions in the course of construction of a client portfolio and ongoing monitoring or management, KFGJ may direct advisory clients to a licensed securities broker-dealer with which he is affiliated as a registered representative. Advisory clients are under no obligation to effect any portfolio transaction with or through KFGJ or any broker-dealer with which he may be affiliated as a registered representative, and may at any time direct that portfolio transactions be effected with or through any other appropriately licensed securities broker-dealer or registered representative. Investment Advisory Representatives (IARs) who choose to effect transactions for advisory clients through a securities broker/dealer with which they are affiliated, may receive certain types of transaction-based compensation, which is in addition to the advisory fees paid to the IAR by clients.

Key Financial Group of Jacksonville, Inc. management programs are not considered "wrap fee program" in that clients are responsible for paying any and all transaction costs, including, but not limited to customary ticket charges, postage and service fees and annual maintenance fees that may be issued by the custodians.

#### *Item 6 – Performance-Based Fees and Side-by-Side Management*

Key Financial Group of Jacksonville, Inc. does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

#### *Item 7 – Types of Client*

Key Financial Group of Jacksonville, Inc. takes an active approach to managing the types of clients that are accepted by the firm. The clients that Key Financial Group of Jacksonville, Inc. currently choose to work with are often "main street" every day people. There are some clients that have high net worth and would be considered "accredited" investors (individual net worth of any natural person, or joint net worth with the spouse of that person, at the time of purchase, is more than \$1,000,000 [as such amount is adjusted periodically by rule of the Commission], excluding the value of the primary residence of such natural person.) However, Key Financial Group of Jacksonville, Inc. does not impose any account limits or restrictions for maintaining or managing an account. The firm requires clients to disclose current financial status and investment objectives to the Advisor at the time of opening an investment account. These documents are updated as needed. Clients are requested to inform the Advisor whenever the client has experienced a significant change in financial status or condition or wish to change the investment objectives on the account. (Example: Client wishes to change investment objective from

Aggressive Growth to Moderate. The client would need to complete a new account form that evidences this request.) In general, most clients are residents of the State of Florida, while a few live in multiple locations largely dependent on the different seasons of the year.

KFGJ's clientele could be categorized as individuals, businesses and trusts. The services offered to each may vary and is largely dependent upon the client's unique circumstances. Key Financial Group of Jacksonville, Inc. has each client execute an independent agreement and each agreement offers services separately to each individual client.

#### *Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss*

If an Advisor is engaged to provide Investment advice, the client's current financial situation, needs, goals, objectives and risk tolerance are first evaluated. Asset allocation is determined on an individual client basis; however, portfolio allocations are often grouped into investment objectives: Growth, Moderate, Conservative or Income focused. The management of the clients account contains the following processes:

- a. Investor Profile--The Company provides continuous investment advice to certain clients based upon the individual needs of the clients. The nature and amount of other client assets, income and financial obligations are considered in determining the advice given. The Company will provide asset management services to clients on a non-discretionary basis, if requested. Otherwise, all assets in Key Managed Accounts are managed on a discretionary basis.
- b. Portfolio Management Selection--The Company provides asset management of client's funds. The Company diversifies and manages the client's portfolio. Investments are determined based upon the client's investment objectives, risk tolerance, net worth, net income and other various suitability factors. The Company manages the client's accounts on an individualized basis. Further restrictions and guidelines imposed by clients affect the composition and performance of portfolios. For these reasons, performance of portfolios within the same investment objective may differ and clients should not expect that the performance of their portfolios will be identical with the average client of the Company.
- c. Performance Evaluation and Monitoring Services--The Company will furnish performance measurement services to its clients, provided by the custodian broker/dealer and through internally generated reports. Quarterly reports will be provided to the client or more frequently at the client's discretion. The internal reports are intended to inform clients as to the performance of their investments for the selected period.

There are substantial risks involved by investing in securities. It is the client's responsibility to read and review the monthly/quarterly statements and provide feedback as to their comfort or lack thereof with the then current asset allocation of their individual portfolio(s). Our method of investing is "active", so the allocation that exists one day or one week may not be representative of the allocation the following day, week, month or quarter. Therefore, we recommend establishing an electronic access to the custodian who holds or custodies your securities and provides monthly or quarterly statements. The

electronic access will allow clients to view the account as frequently as they like and will offer a more recurrent analysis of the portfolio's progress.

Additionally, there are complexities and risks associated with trading securities including, but not limited to: execution or trading errors, price volatility, bid/ask spreads, order types (such as "market" and "limit" orders), deviation from net asset value and "execution price slippage" caused by lack of order or book depth. This is commonly seen in some of the more thinly traded stocks or ETFs that don't usually experience a lot of daily trading volume. An example of such a dilemma was the "flash crash" that the market experienced on May 6, 2010. On that day the Dow Jones Industrial Average plunged about 900 points only to recover those losses later in the trade day. It was the second largest point swing, 1010.14 points, and the biggest one-day decline, 998.50 points, on an intraday basis in Dow Jones Industrial Average History.<sup>1</sup> At current, Key Financial Group of Jacksonville, Inc. heavily focuses on mutual funds that trade once per day, this helps minimize problems associated with industry intra-day price deficiencies. Exchange-traded funds (ETFs) are another tool that can be used by KFGJ to manage client accounts, but the price execution risk is much higher with ETFs than mutual funds, because their price fluctuates like a stock and can be traded multiple times per day.

Use of leverage funds in a client's portfolio often adds risk to the portfolio. Leveraged funds, which use futures and options to amplify returns, try to return two to three times the daily returns of a particular index. Key Financial Group of Jacksonville, Inc. does not usually recommend leveraged funds to the general public as they are volatile positions that can move quickly and materially affect a client's account value causing extensive damage to a portfolio. However, due to the liquidity that is often found as a characteristic of leveraged funds, KFGJ may from time to time purchase leveraged bond funds that contain 1.2 times or more the movement of the respective bond index. The use of such leverage is often conducted to accommodate specific liquidity needs of the client or to activate new investment assets that have been transferred into the client's portfolio. Other leveraged sector funds could be used to accommodate liquidity issues as well, but the time frame for holding those volatile positions would likely be short.

Clients have the right to place a restriction on their account that would not allow the use of leveraged investments in their portfolio. That restriction request must be performed in writing. However, this restriction would not require the Advisor to know how the individual fund invests internally. Many mutual funds use options, futures and derivative instruments to invest public clients' assets. This restriction would merely cause the Advisor to stay away from funds that market an investment strategy that is designed to amplify the returns of an index in a leveraged fashion.

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<sup>1</sup> [http://en.wikipedia.org/wiki/2010\\_Flash\\_Crash](http://en.wikipedia.org/wiki/2010_Flash_Crash)

### *Item 9 – Disciplinary Information*

Registered Investment Advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to one's evaluation of Key Financial Group of Jacksonville, Inc. or the integrity of KFGJ's management (and each supervised person providing investment advice). Key Financial Group of Jacksonville, Inc. has no information applicable to this item regarding the firm or its principal owner and advisor, Christopher P. Wadley, or the rest of the Investment Advisory Representative (IAR) staff.

### *Item 10 – Other Financial Industry Activities and Affiliations*

Key Financial Group of Jacksonville, Inc. does not have other industry activities or affiliations, but all of the Investment Advisor Representatives who are registered with Key Financial Group of Jacksonville, Inc. are also registered representatives of Securities Service Network, Inc., a registered broker/dealer, member FINRA/SIPC. As such, members who are dually registered must adhere to both the FINRA rules and guidelines as implemented and enforced by the broker/dealer in addition to the State or Federal investment advisory rules and guidelines. The economic benefit that these dually licensed representatives can achieve is the ability to gain a commission in addition to or in lieu of the potential investment advisory fees. This can create a conflict of interest that should be disclosed to the client prior to the sale of any security.

Depending of the client's needs, annuities might be appropriate for the living benefit riders or the tax deferred nature of the investment vehicle. The companies that offer annuity products are numerous and the features of each product are often complex. Additionally, the methods of compensation vary per Annuity Company, but they often involve a commission payment to compensate the registered representative for learning and marketing the product. These commissions can be sizable and may induce a conflict of interest. When clients are found to have a need that may be best served with an annuity, the compensation of any such commission is evaluated and is considered when charging investment advisory fees.

### *Item 11 – Code of Ethics*

Key Financial Group of Jacksonville, Inc. has created a code of ethics that is designed to help educate and monitor the business conduct of our office staff. The code emphasizes the firm's fiduciary duty to clients and produces a heavy burden on the staff to maintain client confidentiality. A copy of the code of ethics is available to clients or prospective clients upon request.

Christopher P. Wadley or other employees of Key Financial Group of Jacksonville, Inc. may occasionally buy or sell securities for their own accounts. The firm may or may not recommend these securities to clients since recommendations vary according to an individual client's specific needs and circumstances.

Additionally, staff members may use investment processes that will actively reallocate and may buy or sell securities without consideration of client holdings. These securities are publicly traded and it is highly unlikely that transactions in the personal accounts of the firm's employees could adversely affect the price or performance of the securities.

Should an employee become aware of any non-public information regarding a security, it is the firm's policy that the employee not act on such information for his/her own benefit or for the benefit of clients and report the information to Key Financial Group of Jacksonville, Inc. management (and the proper regulatory authorities, if warranted).

### *Item 12 – Brokerage Practices*

Key Financial Group of Jacksonville, Inc. may recommend brokerage platforms based on trading and technology, the depth and breadth of services, the customer service responsiveness and brokerage transaction costs and best execution records. Currently, Key Financial Group of Jacksonville, Inc. often recommends the National Financial Services, LLC platform as its main brokerage/custodian. Such recommendation is based on the history and experience that Key Financial Group of Jacksonville, Inc. has established with SSN and NFS, but also due to the continued industry leadership and best execution practices they display in ongoing performance.

Key Financial Group of Jacksonville, Inc. has investment advisor representatives who are also registered with Securities Service Network, Inc., a registered broker/dealer, member FINRA/SIPC. This relationship is helpful on multiple levels including compliance and processing direct mutual fund or variable annuity business. SSN plays a key role in the investment management side of the business as well. Commission and Fee can be processed through SSN and creates the potential for a conflict of interest, however, SSN helps segregate accounts that are commission oriented and fee oriented and monitors both to ensure industry rule and guidelines are followed. SSN has policies in place to match fees and commissions and if they appear to be headed over a 3% annual compensation guideline the Advisor is alerted and asked to verify the compensation arrangement.

### *Item 13 – Review of Accounts*

The reviews of client accounts in the Key Financial Group of Jacksonville, Inc. program are performed periodically and/or at least quarterly. These reviews will encompass performance evaluation, asset allocation analysis and customer suitability review. The triggering factors for evaluation may include, but are not limited to: change in product composition, change in market condition, change in management philosophy, change in client's financial condition, and any other change of which client apprises the Advisor. Levels of review include: summary review of account statements; in-depth review of statements, objectives and current performance. The client may be invited to attend a detailed review involving a meeting to discuss any and all related investment strategy and/or future planning. Christopher P. Wadley or the IAR assigned to the client account conducts the review process, with

occasional assistance from other office staff. The role of the office staff is largely administrative in gathering the material for review.

#### *Item 14 – Client Referrals and Other Compensation*

Key Financial Group of Jacksonville, Inc. occasionally enters into referral/solicitor agreements. At current, there are a couple relationships where KFGJ compensates another individual for client referrals. Fees paid to the solicitors are paid by the Investment Advisor Representative from the quarterly management fee. The advisory fee paid by a Client is not increased due to the arrangement by which Key Financial compensates the solicitor. The advisory fee will not differ from that charged to other clients.

#### *Item 15 – Custody*

In 2010, the Securities Exchange Commission (SEC) adopted amendments to Rule 206(4)-2 (the “Custody Rule”) under the Investment Advisers Act of 1940 (the “Advisers Act”) which governs custody arrangements for registered investment advisers. Prior to that amendment KFGJ, due to various “No Action” letters and safe harbor provisions issued by the SEC, was deemed to not have custody of client funds. However, after the amendment in 2010, the billing practices of Key Financial Group of Jacksonville, Inc. are now considered to create a form of custody since advisory fees can be deducted directly from client accounts. This form of custody is very limited. Key Financial Group of Jacksonville, Inc. is not permitted to take control of any client assets or transfer client assets to or from a client’s account unless directed or authorized by the client to do so. KFGJ does not take possession of client securities or assets. They are held at places like National Financial Services, LLC that meet the standards and requirements that include providing statements to all clients that reflect their securities activity during a given quarter.

Key Financial Group of Jacksonville, Inc. is not affiliated with any custodial services and is “operationally independent” from any custodian that generates statements for clients. As such, Key Financial Group of Jacksonville, Inc. merely performs the calculation of the fees and supplies that information to the custodian, who in-turn debits the fee and reports the activity on the statement. While the act of debiting the fee directly from the client account meets the new definition of custody as amended by the SEC in their 2010 amendment notice for rule 206(4)-2 under the Investment Advisers Act of 1940; the SEC carved out a provision in the rule change that exempted firms from an annual surprise audit on its books and records, if they merely met the definition of having custody due to the ability to deduct the fee from the client(s) account. The basic provisions for the exemption that Key Financial Group of Jacksonville, Inc. and its members adhere to are:

- Maintain accounts at a “qualified custodian”, institutions to which clients and advisers customarily turn for custodial services.
- Those custodians are subject to regulations and oversight.

- Key Financial Group of Jacksonville, Inc. maintains a reasonable belief that the qualified custodians send statements directly to advisory clients.

These requirements are designed so that advisory clients will receive a statement from the qualified custodian and have the opportunity to compare and contrast with any statements or other information they receive from their advisor to determine whether account transactions, including deductions to pay advisory fees, are proper. While Key Financial Group of Jacksonville, Inc. often provides individual account assessments for clients on a quarterly basis, KFGJ is operationally independent from National Financial Services, LLC and other custodians. As such, we urge clients to compare the documentation provided directly from Key Financial Group of Jacksonville, Inc. to the statements provided from the independent custodians.

#### *Item 16 – Investment Discretion*

The discretionary authority granted to Key Financial Group of Jacksonville, Inc. when a client enters the client agreement is limited. The authority limits the discretion to purchases and sales within the account. Key Financial Group of Jacksonville, Inc. members have no authority to transfer assets to or from accounts, other than when deducting fees on a quarterly basis. Therefore, the discretion is limited and may be canceled by the client at any time. However, the cancelation of the discretionary authority would likely necessitate the client being removed from the active management program.

#### *Item 17 – Voting Client Securities*

Key Financial Group of Jacksonville, Inc. does not vote proxies on behalf of clients. The proxies are sent from the custodian or Investment Company directly to the client's address of record. The client is welcome to vote proxies as they see fit. Key Financial Group of Jacksonville, Inc. does not make recommendations as to how or for whom to vote.

#### *Item 18 – Financial Information*

Registered Investment Advisors are required in this item to provide you with certain financial information or disclosures about KFGJ's financial condition. Key Financial Group of Jacksonville, Inc. has no financial commitment that impairs its ability to meet its financial obligations and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

#### *Item 19 – Requirements for State-Registered Advisers*

If this disclosure brochure was not delivered to the client at least 48 hours prior to the client entering into any written or oral advisory agreement with this investment advisor, then the client has the right to terminate the agreement without penalty within five business days after entering into the agreement. For the purposes of this provision, an agreement is considered entered into when all parties to the

agreement have signed the agreement, or in the case of an oral agreement otherwise signified their acceptance.

*Item 20 – Educational Background and Business Experience*

**Christopher Phillip Wadley**

DOB: 5/29/1941

**Education Background**

Daytona Beach Junior College Daytona Beach, FL

University of Florida 1967-BSBA Gainesville, FL Finance/Marketing

**Business Background**

Key Financial Group of Jacksonville, Inc. 08/96 - Present President  
Securities Service Network, Inc. 06/97 - Present Registered Representative  
Royal Alliance Associates, Inc. 02/97 - 06/97 Registered Representative  
Keogler Morgan & Company, Inc. 06/96 - 02/97 Registered Representative  
Securities America, Inc. 07/94 - 06/96 Registered Representative  
CNA Investor Services, Inc. 12/91 - 07/94 Registered Representative  
Keogler Morgan & Company, Inc. 05/91 - 12/91 Registered Representative  
Royal Alliance Associates, Inc. 11/89 - 05/91 Registered Representative  
Integrated Resources Equity Corporation 08/84 - 11/89 Registered Representative  
Investment Management & Research, Inc. 05/82 - 08/84 Registered Representative  
Wadley Agency, Inc. 06/81 - Present President  
Pension Specialists, Inc. 08/76 - Present President

**Bryan Vincent Bartosik**

DOB: 11/22/1948

**Education Background**

Jones College 1974 - BS Jacksonville, FL Management

**Business Background**

Key Financial Group of Jacksonville, Inc. 10/04 - Present Vice President  
Securities Service Network, Inc. 10/04 - Present Registered Representative  
Camarda Financial Advisors 01/00 - 10/04 Registered Representative  
Walnut Street Securities 01/99 - 01/00 Registered Representative  
Washington Square Securities 01/98 - 01/99 Registered Representative  
WMA Securities 01/96 - 01/98 Registered Representative  
Self Employed 01/81 - 01/96 Independent Insurance Agent



**Edmond Christopher Godreau**

DOB: 4/29/1960

**Education Background**

Airforce Community College Airframe and Power Sheppard Airforce BaseWichita Falls, TX  
Charleston Airforce Base Aircraft Maintenance Charleston, S.C.

**Business Background**

Key Financial Group of Jacksonville, Inc. 08/96 - Present Vice President  
Securities Service Network, Inc. 06/97 - Present Registered Representative  
Royal Alliance Associates, Inc. 02/97 - 06/97 Registered Representative  
Keogler Morgan & Company 06/96 - 02/97 Registered Representative  
Riverside Financial Group 10/95 - 06/96 Independent Insurance Agent  
Pruco Securities 12/89 - 10/95 Registered Representative

**John Duncan Bowsman**

DOB: 02/14/1946

**Education Background**

Northern Michigan University, Marquette, Michigan 1972 M.A. Business Education  
Northern Michigan University, Marquette, Michigan 1968 B.S. Business Administration  
CFP® (Certified Financial Planner) 2004

**Business Background**

Key Financial Group of Jacksonville, Inc. 2008 – Present Vice President  
Securities Service Network, Inc. 2008-Present Registered Representative  
Camarda Financial Advisors 2003 – 2008 Financial Advisor  
Cuna Mutual Group 1998-2003 Registered Representative  
One Plus Financial Services 1991-Present Business Owner  
The Holden Group 1990-1991 Account Executive  
Dean Witter Reynolds, Inc. 1989-1990 Registered Representative  
Investor Center 1998-1999 Registered Representative  
Blinder Robinson & Co., Inc. 1984-1988 Registered Representative  
H&R Block 1975-1985 Franchise Owner  
Alpha Data Computer Systems 1975-1985 Owner  
Bowsman Standard 1975-1980 Owner

**Christopher Robert Wadley**

DOB: 09/23/1971

**Education Background**

Florida Community College at Jacksonville 2007 – AA Jacksonville, FL

**Business Background**

Key Financial Group of Jacksonville, Inc. 10/2007 – Present Vice President

Securities Service Network, Inc. 10/2007-Present Registered Representative

Command Technology, Inc. 08/1998 – 12/2007 President

Chris Wadley Computer Service 05/1997 – 09/1999 President

*Supervision conducted internally at Key Financial Group of Jacksonville, Inc.*

Christopher Robert Wadley is the Chief Compliance Officer and is responsible for monitoring the daily activities and work produced by the IARs and employees of Key Financial Group of Jacksonville, Inc. He works closely with the office staff conducting routine checks and balances. These compliance reviews are often conducted throughout the normal course of daily business, but some are more formal, such as the end of year annual audit and various other compliance meetings conducted with and by the broker/dealer. Christopher is responsible for maintaining the code of ethics and other regulatory requirements.

Any potential issue regarding advice, service or processes of Key Financial should be brought to the attention of the Chief Compliance Officer. This enables Key Financial to be aware of the situation early in the review process and allows Christopher to take an active role in rectifying any problem or misunderstanding and resolving any potential conflict. Christopher maintains an “open door” policy and welcomes face-to-face meetings and direct phone contact. These are the best means of communication for dialog about any issues that may need to be addressed. Relationships tend to breakdown when there is a lack of communication and Christopher strives to keep the lines of communication open for both positive and negative feedback from clients.

*Item 21 – Other Business Activities*

Key Financial Group of Jacksonville, Inc. is a registered investment advisor and its sole responsibility is offering fee based investment advice. However, Investment Advisor Representatives (IARs) who are individuals registered with Key Financial Group of Jacksonville, Inc. have multiple business activities that are material to the securities industry. All of the IARs registered with Key Financial Group of Jacksonville, Inc. are also registered representatives (investment brokers) with a broker/dealer named Securities Service Network, Inc. member FINRA/SIPC.

This outside business affiliation allows those registered representatives to make commissions on various securities trades. As such, an inherent conflict of interest may exist. When working with an IAR member of Key Financial Group of Jacksonville, Inc. we encourage our clients to ask about the different kinds of compensation that might be made with regard to offering investment advice or brokering a

product. While the vast majority of business conducted from this office is performed as fee based advice under KFGJ, there are times where a commission based product may be suitable and warranted.

### *Item 22 – Additional Compensation*

As disclosed in previous sections, additional compensation can be earned by members of KFGJ. Such compensation could include commissions from the purchase or sale of securities or insurance products, and income from outside business activities. Additionally, members of Key Financial Group of Jacksonville, Inc. could be invited to due diligence meetings at the request of investment companies or other industry organizations. On occasion, travel reimbursements are made by those companies that extended the invitation. While these payments would only reimburse travel expenses, the appearance of “pay for production” may exist and as such the potential conflict of interest has been disclosed.

Key Financial Group of Jacksonville, Inc. can directly compensate persons for client referrals in accordance with such written agreements as may be entered into between KFGJ and persons who may solicit. Such agreements between KFGJ and any solicitor must be disclosed to any prospective advisory client. When a solicitor arrangement has been formed and a client referral has been made, Key Financial Group of Jacksonville, Inc. will present the client a Disclosure Statement that informs the client that a payment or multiple payments may be made to the solicitor introducing the client to KFGJ. The compensation paid by KFGJ for client solicitations and referrals may include cash payments or, where appropriate, provision for percentage-based fee sharing.

### *Item 23 – Privacy Policy*

In order to facilitate the servicing of your account, the Advisor may receive nonpublic personal information about you from the following sources:

- Information we receive from you on questionnaires, applications, account opening documents or other forms;
- Information about your transactions with us or others;
- Information we receive from a consumer reporting agency; and
- Information we received from other sources with your consent.

We do not disclose any nonpublic personal information about you to anyone, except as permitted by law. Such disclosure may include the following:

- Disclosures to affiliates, including affiliated service providers (for example, insurance agencies for processing of variable insurance applications on your behalf);
- Disclosures to your chosen broker-dealer firm (for example, to establish a brokerage account on your behalf);
- Disclosures to government agencies, securities regulators and law enforcement officials (for example, for tax reporting, under a court order or to protect our legal rights);
- Disclosures to other organizations, with your consent (for example, other investment advisor

- firms in order to open a managed account with their firm or the brokerage firm they utilize); and
- Disclosures to other persons you authorize to obtain such information (for example, a CPA who will be preparing your tax return).

The Advisor restricts access to your personal and account information to those of its employees who need to know that information to provide products or services to you. The Advisor maintains physical, electronic, and procedural safeguards to guard your nonpublic personal information.

We will continue to adhere to the privacy policies and practices as described in this notice if you decide to close your account(s) or become an inactive customer.

If you have any questions concerning the Advisor's privacy policies and procedures, please feel free to contact us. Thank you.

Christopher P. Wadley  
President