

**Sparrow Wealth Management
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JANUARY 5, 2012

**FORM ADV PART 2A
BROCHURE**

This brochure provides information about the qualifications and business practices of Sparrow Wealth Management. If you have any questions about the contents of this brochure, please contact us at 877-330-9191. 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.

Additional information about Sparrow Wealth Management is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Sparrow Wealth Management is 152670.

Sparrow Wealth Management is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

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Advisory Business

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Sparrow Wealth Management's registration was granted by the U.S. Securities and Exchange Commission on January 15, 2010. Sparrow Wealth Management hereby applies to become a state registered investment adviser with the State of Nevada, Secretary of State, Securities Division as well as with the Commonwealth of Pennsylvania, Pennsylvania Securities Commission. Christopher M. Jones (CRD Number 4549249) is President and Chief Compliance Officer of the firm. Mr. Jones owns one hundred (100%) percent of the equity of the firm. The firm is not publicly owned or traded. There are no indirect owners of the firm or intermediaries, which have any ownership interest in the firm. As of December 31, 2011, the firm managed, on a discretionary basis, \$31,541,151.71, which represented 129 accounts. Client assets are managed on an individualized basis. Clients may impose restrictions on their accounts. The firm does not sponsor any wrap programs.

Sparrow Wealth Management (SWM) is a fee-only financial planning and asset management company. SWM provides a variety of services for individuals, families, trusts, and businesses. Approximately ninety-one (91%) percent of SWM's total billings shall be attributable to investment supervisory service activity and approximately nine (9%) percent shall be attributable to consulting about non-securities related matters.

Financial Planning Services

SWM offers new clients the opportunity to do a comprehensive financial plan. This plan includes a detailed review of the client's personal and financial goals, a cash flow analysis, tax planning, education planning, retirement planning, an insurance analysis, estate planning, and an investment evaluation. SWM provides the client with a written summary, a task list that the client should begin working on, and a recommended investment allocation based on the client's specific situation and risk tolerance. Before SWM can start working on the comprehensive financial plan, the client will need to sign a *Comprehensive Financial Planning Agreement*.

SWM offers hourly financial planning services to asset management clients who may or may not have completed a comprehensive financial plan. These services include updating a client's profile, updating a client's task list, reviewing the client's personal and financial goals, calculating the client's net worth, doing a cash flow analysis, tax planning, education planning, retirement planning, advising the client on corporate benefits, reviewing the client's insurance needs, estate planning, doing an investment evaluation, and providing other financial advice that the client requests help with. Hourly financial planning services are available anytime throughout the year, but clients mainly use them during their annual review. In order to begin these services, clients will need to sign an *Hourly Financial Planning Agreement*.

Asset Management Services

SWM offers asset management services for high net worth clients. The process for providing asset management begins with the establishment of the client's goals, objectives, time horizon, and risk tolerance. SWM works with the client to understand these critical components. Then, SWM assists the client in developing an Investment Policy Statement that clearly shows how the client's assets will be allocated across the various asset classes or risk factors. In developing the Investment Policy Statement, the first decision that must be made is how much of the client's assets to invest in fixed income and how much to invest in equity. Then, SWM allocates the equity portion of the client's portfolio across the following asset classes—U.S. and international, small and large, and value and growth. For the fixed income portion of the portfolio, SWM primarily invests in short-term bonds, intermediate bonds, and inflation-adjusted bonds. Depending on the client's specific needs and goals, SWM may decide to use additional asset classes (not mentioned above), or SWM may exclude some its standard asset classes.

SWM will manage the client's assets on a **discretionary** basis. Before starting, clients will need to sign an *Investment Advisory Agreement*.

Fees and Compensation

Form ADV Part 2A, Item 5

The fee for the comprehensive financial plan ranges from \$2,000 to \$10,000, depending on the expected time and complexity of the engagement. The entire fee will be due upon completion of the financial plan.

The fee for hourly financial planning is \$250 / hour. SWM does not charge asset management clients hourly fees for the following financial planning services: updating the client's profile, their task list, their goals, and their net worth. Fees will be billed monthly, in arrears. Clients may terminate the *Hourly Financial Planning Agreement* at any time.

The annual charge for asset management is 1.00% of *assets under management* for amounts up to \$1,000,000, .75% for amounts between \$1,000,000 and \$5,000,000, and .60% for amounts over \$5,000,000.

The term, *assets under management*, generally refers to assets that are held in one or more brokerage account(s) where SWM has a Limited Power of Attorney on the account(s). This fee schedule is negotiable based upon portfolio size and other business considerations. No fee shall be based upon capital gains or capital appreciation of assets. Fees will be paid quarterly, in advance, and they will be based on the market value of the account(s) as of the last day of the prior quarter. No fee shall be paid more than six months in advance. The minimum quarterly fee is \$1,875. Fees for the first quarter will be prorated for the number of days that services are to be provided. Furthermore, the advisory client shall enjoy a five day penalty free right of rescission. If a client wants to have these fees debited directly from their brokerage account, the client must provide a written authorization to do so. The client may terminate SWM's asset management services at any time and a pro-rata refund (by day) of any fees paid will be made to the client.

In addition to the above fees charged for SWM's services, each mutual fund or REIT charges on-going management fees for the operations of the fund. These management fees should not be confused with "loads" or commissions. SWM primarily utilizes "no load" funds for its clients, except in rare circumstances. Finally, clients pay transaction fees to their brokerage firm for purchases and sales of mutual funds, securities, and REITs.

Performance-Based Fees and Side-By-Side Management

Form ADV Part 2A, Item 6

None.

Types of Clients

Form ADV Part 2A, Item 7

Individuals (primarily high net worth), pension plans, profit sharing plans, trusts, estates, and charitable organizations.

Methods of Analysis, Investment Strategies and Risk of Loss

Form ADV Part 2A, Item 8

SWM's basic investment philosophy is firmly rooted in the conviction that securities markets are generally efficient and that investment returns are primarily determined by asset allocation rather than by market timing or stock picking. Therefore, asset class investments are mostly implemented through the use of no-load, passively structured mutual funds, conventional index funds, and real estate investment trusts (REITs). Most of the funds that SWM uses are only available to institutional investors and approved investment advisors. In rare cases, SWM will use actively managed funds. With regards to selecting funds, SWM is primarily concerned with the fund's management style, consistency, and expense ratios.

SWM does not analyze individual securities through charting methods, fundamental analysis, technical analysis, or any other type of stock picking methodology. As stated previously, SWM's basic investment philosophy is firmly rooted in the conviction that securities markets are generally efficient and that investment returns are primarily determined by asset allocation rather than by market timing or stock picking. SWM's investment strategy is to develop globally diversified portfolios composed of passively structured mutual funds that represent specific asset classes in the global markets. These portfolios, which range in risk from conservative to aggressive, are specifically designed to meet the unique needs of each client.

Disciplinary Information

None.

Form ADV Part 2A, Item 9

Other Financial Industry Activities and Affiliations

Form ADV Part 2A, Item 10

None.

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

Form ADV Part 2A, Item 11

SWM has adopted a written Code of Ethics in accordance with SEC Rule 204A-1. Such Code of Ethics addresses, among other things, the personal securities transaction practices and prohibitions imposed upon associated persons of the firm. A copy of the Code of Ethics is available upon request to all clients and prospective clients.

As stated in SWM's ADV Part 1, Item 8.A.(2), employees of SWM do not buy or sell securities (other than shares of mutual funds) that we also recommend to advisory clients, nor do we recommend securities to advisory clients that we (or any related person) have some other proprietary (ownership) interest.

It is further disclosed that SWM is in full compliance with the Insider Trading and Securities Fraud Enforcement Act of 1988. Specifically, SWM has distributed a firm-wide policy statement and written supervisory procedure statement setting forth what specific steps have been taken to police the dissemination of material nonpublic information.

Brokerage Practices

Form ADV Part 2A, Item 12

SWM suggests that clients use a discount brokerage/custodial firm that provides access to no-load mutual funds, excellent customer service, leading-edge technology, and is cost effective. The commissions and/or transaction fees charged by the various brokerage/custodian firms that SWM suggests may be higher or lower than those charged by other firms. In seeking “best execution” for clients, the key factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into account the full range of services, including the execution capability, the technological processes used for submitting trades, and other valuable services.

It is customary for Custodians to provide certain products and services to investment advisors. Custodians provide SWM with software for downloading information into PortfolioCenter (SWM's portfolio management system), submitting client trades, and deducting advisory fees from client accounts. Additional services provided may include practice management and compliance assistance. SWM **does not** utilize any custodian's research products and/or services.

SWM feels that receipt of these products and services does not create any type of “conflict of interest” for the client.

Review of Accounts

Form ADV Part 2A, Item 13

Sparrow Wealth Management conducts account reviews on a monthly basis. The purpose of the review is to determine if the current asset allocation for the portfolio is significantly out of tolerance with the desired allocation, which is based upon the client's Investment Policy Statement. When a client portfolio is significantly out of tolerance, the assets may be reallocated to keep the portfolio allocation consistent with the client's Investment Policy Statement. Also, client accounts may be reviewed more often depending on market conditions. Accounts are reviewed by Christopher M. Jones, the President of the firm.

Sparrow Wealth Management provides quarterly investment reports to asset management clients. These reports will show the client's current account holdings (by asset class), the actual performance of the portfolio (by asset class) during the most recent one-year period, and the actual performance of the portfolio since Sparrow Wealth Management, or its predecessor firm, Keystone Financial Planning, started to manage the account. In addition to the reports that the clients receive from Sparrow Wealth Management, they will also receive monthly statements and trade confirmations directly from their custodial/brokerage firm.

Client Referrals and Other Compensation

Form ADV Part 2A, Item 14

Business Consulting

Christopher M. Jones, the President of SWM, provides business consulting services to start-up companies and small businesses. These services may include some or all of the following activities: business development, marketing, operations, investor presentations and education, and employee training.

Client Referrals

SWM does not pay for client referrals.

Custody

Form ADV Part 2A, Item 15

None.

Investment Discretion

Form ADV Part 2A, Item 16

SWM establishes a *discretionary* relationship with all asset management clients. This type of relationship helps to facilitate the investment process. For example, it allows SWM to rebalance client portfolios when necessary and to request third-party checks for a client.

Voting Client Securities

Form ADV Part 2A, Item 17

SWM **does not** vote proxies for clients. Therefore, our clients retain responsibility for voting proxies on securities held in all their accounts (including the accounts managed by SWM).

Financial Information

Form ADV Part 2A, Item 18

SWM does not receive fees more than six months in advance. No financial information is required.

Requirements for State-Registered Advisers

Form ADV Part 2A, Item 19

CHRISTOPHER M. JONES, CFP®

Born: September 16, 1972

Education Background:

Certified Financial Planner™, CFP Board of Standards, 2002

College of Financial Planning, CFP Professional Education Program, 2000

Brigham Young University, BS in Economics (summa cum laude), 1997

Business Background:

Sparrow Wealth Management, President, 01/10 - Present

Keystone Financial Planning, Founder/Principal, 4/01 - 01/10

Zdenek Financial Planning, Personal Financial Planner, 11/00 - 4/01

Pinney and Scofield, Personal Financial Planner, 7/99 - 10/00

Monitor Company, Management Consultant, 8/97 - 6/99

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the "CFP® marks") are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. ("CFP Board").

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board's studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor's Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board's financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;

- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board's *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

Additional Information

None.

Christopher M. Jones

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January 5, 2012

**FORM ADV PART 2B
BROCHURE SUPPLEMENT**

This brochure supplement provides information about Christopher M. Jones that supplements the Sparrow Wealth Management brochure. You should have received a copy of that brochure. Please contact Christopher M. Jones, Chief Compliance Officer, if you did not receive Sparrow Wealth Management's brochure or if you have any questions about the contents of this supplement.

Additional information about Christopher M. Jones is available on the SEC's website at www.adviserinfo.sec.gov.

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Educational Background and Business Experience

Form ADV Part 2B, Item 2

CHRISTOPHER M. JONES, CFP®

Born: September 16, 1972

Education Background:

Certified Financial Planner™, CFP Board of Standards, 2002

College of Financial Planning, CFP Professional Education Program, 2000

Brigham Young University, BS in Economics (summa cum laude), 1997

Business Background:

Sparrow Wealth Management, President, 01/10 - Present

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- Ethics – Agree to be bound by CFP Board's *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

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Disciplinary Information

Form ADV Part 2B, Item 3

Not applicable.

Other Business Activities

Form ADV Part 2B, Item 4

Not applicable.

Additional Compensation

Form ADV Part 2B, Item 5

None.

Supervision

Form ADV Part 2B, Item 6

Not applicable.

Requirements for State-Registered Advisers

Form ADV Part 2B, Item 7

Not applicable.