

Item 1 Cover Page

KRANE FINANCIAL SOLUTIONS

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This brochure provides information about the qualifications and business practices of Krane Financial Solutions. If you have any questions about the contents of this brochure, please contact us at (310) 989-0934 or justin@kranefinancialsolutions.com. 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 Krane Financial Solutions also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Material Changes

There have been no material changes to the Brochure since the date of the last annual update noted below.

The material changes discussed above are only those changes that have been made to this brochure since the firm's last annual update of the brochure. The date of the last annual update of the brochure was February 3, 2011.

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Brochure

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Item 4 Advisory Business

Krane Financial Solutions is a registered investment advisor firm registered with the Securities and Exchange Commission since April 15, 2010.

The principal owner of Krane Financial Solutions is Justin D. Krane, President and Chief Compliance Officer.

Advisory Services

Krane Financial Solutions' ("Krane Financial" or "Advisor") principal service is providing fee-based investment advisory services and financial planning services. The Advisor practices custom management of portfolios, on a discretionary and non-discretionary basis, according to the client's objectives. The Advisor's primary approach is to use a tactical allocation strategy aimed at reducing risk and increasing performance. The Advisor uses exchange listed securities, over-the-counter securities, foreign securities, warrants, corporate debt securities, commercial paper, CDs, variable life insurance, variable annuities, municipal securities, mutual funds, United States government securities, options in securities and commodities and interests in partnerships investing in real estate to accomplish this objective. The Advisor measures and selects mutual funds by using various criteria, such as the fund manager's tenure, and/or overall career performance. The Advisor may recommend, on occasion, redistributing investment allocations to diversify the portfolio in an effort to reduce risk and increase performance. The Advisor may recommend specific stocks to increase sector weighting and/or dividend potential. The Advisor may recommend employing cash positions as a possible hedge against market movement which may adversely affect the portfolio. The Advisor may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position(s) in the portfolio, change in risk tolerance of client, or any risk deemed unacceptable for the client's risk tolerance.

Krane Financial will provide investment advisory services and portfolio management services and will not provide securities custodial or other administrative services. At no time will Krane Financial accept or maintain custody of a client's funds or securities.

Selection of Other Advisors

Krane Financial may recommend and refer clients to unaffiliated money managers or investment advisors through Managed Account programs sponsored by a third-party provider. In these arrangements, the client will then enter into a program and investment advisory agreement with the program sponsor and sub-advisors. Krane Financial will assist and advise the client in establishing investment objectives for the sub-advisors and continue to provide oversight of the client account and ongoing monitoring of the activities of the sub-advisors. The sub-advisors will develop an investment strategy to meet those objectives by identifying appropriate investments and monitoring such investments. In consideration for such services, the program sponsor will charge a program fee that includes the investment advisory fee of the sub-advisors, the administration of the program and trading, clearance and settlement costs. The program sponsor will add Krane Financial's investment advisory fee (described below in Item 5) and will deduct

the overall fee from the client account quarterly in advance based on the fair market value at the end of the preceding quarter.

The client, prior to entering into an agreement with a third party money manager selected by Krane Financial, will be provided with that manager's Form Brochure that makes the appropriate disclosures. In addition, Krane Financial and its client will agree in writing that the client's account will be managed by that selected third party money manager on a discretionary basis.

Financial Planning

In addition to investment supervisory services, Krane Financial may provide Financial Planning Services to some of its clients. The Advisor's Financial Planning services may include recommendations for portfolio customization based on their client's investment objectives, goals and financial situation. Financial Planning Services may also include recommendations relating to investment strategies as well as tailored investment advice.

Pursuant to California Rule 260.235.2, a conflict exists between the interests of the investment adviser or associated persons and the interest of the client; the client is under no obligation to act upon the investment adviser's or associated person's recommendation; if the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through the investment adviser, the associated person when the person is an agent with a licensed broker-dealer or through any associate or affiliate of such person.

Newsletters

Krane Financial provides services consisting of the publication of a newsletter. The newsletter may provide, but is not limited to topics including current market conditions, retirement planning, financial planning, insurance and estate planning and any other relevant topics or information the Advisor deems appropriate. In addition, clients may arrange for the ability to receive, for an additional fee, consulting services related to the subject matter of the newsletter. Those fees are described in Item 5 below.

Krane Financial will tailor its advisory services to its client's individual needs based on meetings and completion of a client profile. If clients wish to impose certain restrictions on investing in certain securities or types of securities, the Advisor will address those restrictions with the client to have a clear understanding of the client's requirements.

Krane Financial does not provide portfolio management services to wrap fee programs.

Krane Financial manages client assets and as of December 31, 2011 has the following assets under management:

Discretionary assets:	\$42,635,000
Non discretionary assets:	<u>\$38,679,000</u>
Total	\$81,314,000

Item 5 Fees and Compensation

Asset Management Fees

Pursuant to an investment advisory contract signed by each client, the client will pay Krane Financial a quarterly Management Fee, payable in advance, based on the amount of the assets to be managed by the Advisor on the last business day of the preceding quarter. The range of the Advisor's fee is .25% to 1.50%.

These fees may be negotiated by the Advisor under unusual circumstances, at the sole discretion of the Advisor. Asset management fees will be automatically deducted from the client account on a quarterly basis by the custodian.

All fees paid to Krane Financial for investment advisory services are separate and distinct from the expenses charged by mutual funds to their shareholders and the product sponsor in the case of variable insurance products. These fees and expenses are described in each fund's or variable product's prospectus. These fees will generally include a management fee, other fund expenses. A client could invest in these products directly, without the services of Krane Financial. In that case, the client would not receive the services provided by Krane Financial which are designed, among other things, to assist the client in determining which products or services are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the product sponsor and the fees charged by Krane Financial to fully understand the total fees to be paid.

At no time will Krane Financial accept or maintain custody of a client's funds or securities except for authorized fee deduction. Client is responsible for all custodial and securities execution fees charged by the custodian and executing broker-dealer. The Advisors fee is separate and distinct from the custodian and execution fees.

Clients may request to terminate their advisory contract with Krane Financial, in whole or in part, by providing advance written notice. Upon termination, any fees paid in advance will be prorated to the date of termination and any excess will be refunded to client. Client's advisory agreement with the Advisor is non-transferable without client's written approval.

Hourly Fee

Some clients may contract to have the Advisor provide investment advisory and/or financial planning advice, podcasts, webinars, consulting, individual classes, books, customized materials, weekend retreats and other services as agreed to by the Advisor and Client provided based on an hourly fee. The Advisors hourly fee will be billed in the range of \$200 to \$300 per hour, and may be negotiated and agreed upon by the parties in advance. Hourly fee-based clients are billed on a monthly basis upon completion of work performed.

Fixed Fees

Krane Financial will charge a fixed fee for comprehensive financial planning services in the range of \$2,000 to \$10,000 per plan as contracted for with client in advance. Some clients may also engage the services of the Advisor on a fixed fee bases for services mentioned in Item 4 above, such as, podcasts, webinars, consulting, individual classes, books, customized materials, weekend retreats or the Advisor's newsletter. Fixed fees may be negotiated in advance based at

the discretion of the Advisor. Fixed fee-based clients are billed on a monthly basis upon completion of work performed.

For those Clients that subscribe to the Advisor's newsletter, Krane Financial generally requires prepayment of its basic subscription fee. In the event that Krane Financial cannot fulfill its obligations and/or its service is discontinued, it will refund the unearned balance of the subscription fee. Client's may cancel subscriptions with 30 days notice and are entitled to receive a pro-rated refund of any unearned subscription fees. Pre-payment of fees will not exceed \$500 per client, 6 months in advance.

Pursuant to the California Code of Regulations Subsection (j) of Rule 260.238, Advisor discloses that the Client may receive lower fees from other sources for comparable services.

Krane Financial's management fee is payable in advance. Upon termination, any fees paid in advance will be prorated to the date of termination and any excess will be refunded to client.

Neither Krane Financial nor its supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

Item 6 Performance-Based Fees and Side-by-Side Management

Krane Financial does not charge performance-based fees.

Item 7 Types of Clients

Krane Financial will offer its services to individuals, pension and profit sharing plans, trust, estates or charitable organizations, corporations or other business entities.

Krane Financial does not have any minimum requirements for opening or maintaining an account with the firm.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

The Advisor may utilize fundamental, technical analysis techniques in formulating investment advice or managing assets for clients.

Fundamental analysis of businesses involves analyzing its financial statements and health, its management and competitive advantages and its competitors and markets. Fundamental analysis is performed on historical and present data but with the goal of making financial forecasts. There are several possible objectives; to conduct a company stock valuation and predict its probable price evolution; to make a projection on its business performance; to evaluate its management and make internal business decisions and to calculate its credit risk.

Technical analysis is a method of evaluating securities by relying on the assumption that market data, such as charts of price, volume and open interest can help predict future (usually short-

term) market trends. Technical analysis assumes that market psychology influences trading in a way that enables predicting when a stock will rise or fall.

The investment strategies the Advisor will implement may include long term purchases of securities held at least for one year; short term purchases for securities sold within a year; trading of securities sold within 30 days, short sales, margin transactions and option writing, including covered options, uncovered options or spreading strategies.

Clients need to be aware that investing in securities involves risk of loss that clients need to be prepared to bear.

The methods of analysis and investment strategies followed by Krane Financial are utilized across all of the Advisors clients, as applicable. One method of analysis or investment strategy is not more significant than the other as the Advisor is considering the client's portfolio, risk tolerance, time horizon and individual goals. However, the client should be aware that with any trading that occurs in the client account, the client will incur transaction and administrative costs.

Krane Financial does not primarily recommend a particular type of security.

Item 9 Disciplinary Information

Neither Krane Financial nor its management person has had any legal or disciplinary events, currently or in the past.

Item 10 Other Financial Industry Activities and Affirmations

Neither Krane Financial nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither Krane Financial nor any of its management persons are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Krane Financial does not currently have any relationships or arrangements that are material to its advisory business or clients with either a broker-dealer, municipal securities dealer, or government securities dealer or broker, investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund" and offshore fund, other investment advisor or financial planner, futures commission merchant, commodity pool operator, or commodity trading advisor, banking or thrift institution, accountant or accounting firm, lawyer or law firm, insurance company or agency, pension consultant, real estate broker or dealer or sponsor of syndicator of limited partnerships.

Krane Financial recommends and selects other investment advisors for clients. For more specific detail see the response to 4 above.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Krane Financial is registered with the SEC and maintains a Code of Ethics pursuant to SEC rule 204A-1. Krane Financial has adopted a Code of Ethics that sets forth the basic policies of ethical conduct for all managers, officers, and employees of the adviser. In addition, the Code of Ethics governs personal trading by each employee of Krane Financial deemed to be an Access Person and is intended to ensure that securities transactions effected by Access Persons of Krane Financial are conducted in a manner that avoids any conflict of interest between such persons and clients of the adviser or its affiliates. Krane Financial collects and maintains records of securities holdings and securities transactions effected by Access Persons. These records are reviewed to identify and resolve conflicts of interest. Krane Financial maintains a code of ethics and they will provide a copy to any client or prospective client upon request.

Krane Financial and/or its investment advisory representatives may from time to time purchase or sell products that they may recommend to clients. Krane Financial and/or its investment advisory representatives have a fiduciary duty to put the interests of their clients ahead of their own. The Advisor requires that its investment advisory representatives follow its basic policies and ethical standards as set forth in its Code of Ethics. Krane Financial has adopted a Code of Ethics that sets forth the basic policies of ethical conduct for all managers, officers, and employees of the adviser. In addition, the Code of Ethics governs personal trading by each employee of Krane Financial deemed to be an Access Person and is intended to ensure that securities transactions effected by Access Persons of Krane Financial are conducted in a manner that avoids any conflict of interest between such persons and clients of the adviser or its affiliates. The Advisor collects and maintains records of securities holdings and securities transactions effected by Access Persons. These records are reviewed to identify and resolve conflicts of interest. Krane Financial's Code of Ethics is available upon request.

Item 12 Brokerage Practices

Krane Financial does not have the authority to select the broker or dealer for custody or client transactions. However, if requested by the client, the Advisor may suggest brokers or dealers to be used based on execution and custodial services offered, cost, quality of service and industry reputation. Krane Financial will consider factors such as commission price, speed and quality of execution, client management tools, and convenience of access for both the Advisor and client in making its suggestion.

Krane Financial does not receive research or other products or services other than execution from a broker-dealer or third party as a result of client securities transactions.

Krane Financial does not receive client referrals from any broker-dealer or third party as a result of the firm selecting or recommending that broker-dealer to clients.

Krane Financial does not recommend, request or require that a client direct it to execute transactions through a specified broker-dealer.

Item 13 Review of Accounts

Accounts are monitored on an ongoing basis. Mr. Justin Krane, President of Krane Financial will review all client accounts. Mr. Krane anticipates having approximately 150 client relationships. The triggering factors for a review of a client account are that Krane Financial becomes aware of a change in client's investment objective, a change in market conditions, change of employment, re-balancing of assets to maintain proper asset allocation, upon client request and any other activity that is discovered as the account is reviewed.

The client will receive written statements no less than quarterly from the trustee or custodian. In addition, the client will receive other supporting reports from Mutual Funds, Asset Managers, Trust Companies or Custodians, Insurance Companies, Broker/Dealers and others who are involved with client accounts.

The client is encouraged to notify the Advisor and Investment Advisor Representative if changes occur in his/her personal financial situation that might adversely affect his/her investment and/or financial plan.

Item 14 Client Referrals and Other Compensation

Krane Financial is not compensated by anyone for providing investment advice or other advisory services except as previously disclosed in this Brochure.

Krane Financial does not directly or indirectly compensate any person who is not a supervised person for client referrals.

Item 15 Custody

Krane Financial does not have custody of client funds or securities, however, the client will receive written statements no less than quarterly from the custodian. Krane Financial encourages clients to carefully review their account statements for any inaccuracies. Any discrepancies should be immediately brought to the firm's attention.

Item 16 Investment Discretion

Krane Financial generally has discretion over the selection and amount of securities to be bought or sold in client accounts without obtaining prior consent or approval from the client for each transaction. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the client and agreed to by Krane Financial.

Discretionary authority will only be provided upon full disclosure to the client. The granting of such authority will be evidenced by the client's execution of an Investment Advisory Agreement containing all applicable limitations to such authority. All discretionary trades made by Krane Financial will be in accordance with each client's investment objectives and goals.

Item 17 Voting Client Securities

Krane Financial will not vote, nor advise clients how to vote, proxies for securities held in client accounts. The client clearly keeps the authority and responsibility for the voting of these proxies. Also, Krane Financial cannot give any advice or take any action with respect to the voting of these proxies. The client and Krane Financial agree to this by contract. Clients will receive proxy solicitations from their custodian and/or transfer agent.

Item 18 Financial Information

Krane Financial does not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance.

Krane Financial has discretionary authority over client accounts and is not aware of any financial condition that will likely impair its ability to meet contractual commitments to clients. If Krane Financial does become aware of any such financial condition, this brochure will be updated and clients will be notified.

Krane Financial has never been subject to a bankruptcy petition.