

Item 1 – Cover Page

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Date of Disclosure Brochure: May 2013

This disclosure brochure provides information about the qualifications and business practices of AFT Exchange, LLC. (also referred to as we, us and AFT Exchange throughout this disclosure brochure). If you have any questions about the contents of this disclosure brochure, please contact Peteris Kadiss at + 7 925 728 62 31 or enquiry@aftexchange.com. The information in this disclosure brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about AFT Exchange is also available on the Internet at www.adviserinfo.sec.gov. You can view our firm's information on this website by searching for AFT Exchange, LLC. or our firm's CRD number 167765.

*Registration as an investment adviser does not imply a certain level of skill or training.

Item 2 – Material Changes

AFT Exchange is a newly registered investment adviser, and this disclosure brochure dated May 2013 is the first disclosure brochure prepared by our firm. In the future, this item will discuss only specific material changes that are made to the disclosure brochure and provide readers with a summary of such changes. We will also reference the date of the last annual update of this disclosure brochure.

We will ensure that you receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after our firm's fiscal year ends. Our firm's fiscal year ends on December 31, so you will receive the summary of material changes no later than April 30 each year. At that time we will also offer or provide a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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Item 4 – Advisory Business

AFT Exchange is a foreign based investment adviser registered with the United States Securities and Exchange Commission (“SEC”) and is a limited liability company (LLC) formed under the laws of the State of Delaware.

- Peteris Kadiss is the 100% owner and Managing Member of AFT Exchange.
- AFT Exchange filed its initial application to become registered as an investment adviser in May 2013.

Introduction

The investment advisory services of AFT Exchange are provided to you through an appropriately licensed and qualified individual who is an investment adviser representative of AFT Exchange (referred to as your investment adviser representative throughout this brochure).

Description of Advisory Services

The following are descriptions of the primary advisory services of AFT Exchange. Please understand that a written agreement, which details the exact terms of the service, must be signed by you and AFT Exchange before we can provide you the services described below.

Asset Management Services – AFT Exchange offers internet based asset management services, which involves AFT Exchange providing you with continuous and ongoing supervision over your specified accounts.

You must appoint our firm as your investment adviser of record on specified accounts (collectively, the “Account”). The Account consists only of separate account(s) held by qualified custodian(s) under your name. The qualified custodians maintain physical custody of all funds and securities of the Account, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account.

The Account is managed by us based on your financial situation, investment objectives and risk tolerance. We actively monitor the Account and provide advice regarding buying, selling, reinvesting or holding securities, cash or other investments of the Account.

We will need to obtain certain information from you to determine your financial situation and investment objectives. You will be responsible for notifying us of any updates regarding your financial situation, risk tolerance or investment objective and whether you wish to impose or modify existing investment restrictions; however we will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives. We are always reasonably available to consult with you relative to the status of your Account. You have the ability to impose reasonable restrictions on the management of your accounts, including the ability to instruct us not to purchase certain securities.

It is important that you understand that we manage investments for other clients and may give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for your account(s) and other accounts advised by our firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

Limits Advice to Certain Types of Investments

AFT Exchange provides investment advice on the following types of investments:

- Exchange-listed Securities
- Foreign Issues
- Corporate Debt Securities
- Municipal Securities
- US Government Securities
- Options Contracts on Securities
- Options Contracts on Commodities
- Futures Contracts on Tangibles
- Futures Contracts on Intangibles
- Forex

Although we generally provide advice only on the products previously listed, we reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives.

It is not our typical investment strategy to attempt to time the market, but we may increase cash holdings modestly as deemed appropriate based on your risk tolerance and our expectations of market behavior. We may modify our investment strategy to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)

Tailor Advisory Services to Individual Needs of Clients

AFT Exchange's internet based advisory services are always provided based on your individual needs. This means, for example, that when we provide asset management services, you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and strategies. We will not enter into an investment adviser relationship with a prospective client whose

investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

Client Assets Managed by AFT Exchange

As a newly registered investment adviser, AFT Exchange has no assets under management to report as of the date of this Brochure.

Item 5 – Fees and Compensation

In addition to the information provided in *Item 4 – Advisory Business*, this section provides additional details regarding our firm's services along with descriptions of each service's fees and compensation arrangements. It should be noted that lower fees for comparable service may be available from other sources. The exact fees and other terms will be outlined in the agreement between you and AFT Exchange.

Asset Management Services

Fees charged for our asset management services are charged based on a percentage of assets under management billed on a daily basis by the custodian.

The asset management services continue until terminated by either party (i.e., AFT Exchange or you) by giving notice to the other party. Services will be terminated within 5 business days of receiving the required notification. Any prepaid, unearned fees will be promptly refunded by AFT Exchange to you. Fee refunds will be determined on a pro rata basis using the number of days services are actually provided during the final period.

The annual fee for asset management services will range between 1.00% and 3.00%. Fees charged for our asset management services are negotiable based on the type of client, the complexity of the client's situation, the composition of the client's account (i.e., equities versus mutual funds), the potential for additional account deposits, specific strategy and the total amount of assets under management for the client.

In addition to the fees charged for asset management services disclosed above all managed accounts will also be subject to a monthly service fee which will be applied as follows:

Assets Under Management	Monthly Service Fee
\$0 - \$100,000	\$20.00
\$100,000 and above	\$10.00

The exact management fee arrangement for each client will be specified in that client's advisory services agreement with AFT Exchange.

AFT Exchange believes that its annual fee is reasonable in relation to: (1) services provided and (2) the fees charged by other investment advisers offering similar services/programs. However, our annual investment advisory fee may be higher than that charged by other investment advisers offering similar

services/programs. In addition to our compensation, you may also incur charges imposed at the mutual fund level (e.g., advisory fees and other fund expenses), and brokerage fees charged by the custodian

The investment advisory fees will be deducted from your account and paid directly to our firm by the qualified custodian(s) of your account. You will authorize the qualified custodian(s) of your account to deduct fees from your account and pay such fees directly to our firm.

You should review your account statements received from the qualified custodian(s) and verify that appropriate investment advisory fees are being deducted. The qualified custodian(s) will not verify the accuracy of the investment advisory fees deducted.

Brokerage commissions and/or transaction ticket fees charged by the qualified custodian are billed directly to you by the qualified custodian. AFT Exchange does not receive any portion of such commissions or fees from you or the qualified custodian. In addition, you may incur certain charges imposed by third parties other than AFT Exchange in connection with investments made through your account including, but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, IRA and qualified retirement plan fees, and charges imposed by the qualified custodian(s) of your account. Management fees charged by AFT Exchange are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each investment company security's prospectus.

Performance Based Fees

Under certain situations, AFT Exchange charges performance based fees to investors who meet the definition of "qualified client". Under these arrangements, you will be charged a fee based on the assets under management within your account and in accordance with the fee schedule and parameters detailed below. As a result, AFT Exchange has developed two basic fee schedules. The first fee schedule illustrated above is applied to non-qualified clients and the second fee schedule is applied to qualified clients.

To be considered a qualified client, the client must have at least \$1 million under management with our firm immediately after entering into an advisory contract or we must have reasonable belief that the client has a net worth of more than \$2 million at the time the investment advisory agreement is executed.

Qualified clients are typically charged an annual fee of 1.00% - 3.00% of the client's assets under management in addition to the fixed monthly service fee disclosed above. We will charge performance based fees in adherence with a high water mark (i.e., no performance based fee will be earned unless the Account's performance exceeds the previously achieved high water mark where performance based fees were charged). The high water mark will be used in order to prevent a scenario whereby we could receive a performance based fee merely for recouping prior losses. Any contribution of funds or securities to the Account will increase the high water mark by a corresponding amount, and any distributions of funds or securities from the Account will lower the high water mark by a corresponding amount. In addition to meeting the high watermark level requirements, performance fees will not be charged unless the performance achieved exceeds the performance of the preselected benchmark index chosen for the selected strategy.

In addition to the annual fee based on the value of the client's assets under management, we are compensated for our asset management services through a performance based fee. Under this

arrangement, the client will be charged a fee contingent upon the performance within the client's account(s). The performance based fee will be tied to the capital appreciation (i.e. capital gains) within the account as evaluated at the end of each calendar quarter. The performance based fee will be payable quarterly, in arrears. The performance based fee will generally vary between 10% and 30% of the capital appreciation attained within the client's account.

In order for our firm to receive a performance based fee, we must achieve capital appreciation within the account.

The exact fee and fee arrangements may vary or be different than that described above based on the complexity of client's situation, number of accounts managed, total assets under management and other factors specific to the client. The exact fee arrangements for each client will be specified in that client's advisory services agreement with AFT Exchange.

Item 6 – Performance-Based Fees and Side-By-Side Management

As described above in *Item 5 – Fees and Compensation*, AFT Exchange charges certain clients a performance fee, which is based upon a share of capital gains or capital appreciation of the assets of such client. We also provides services and are compensated on asset based fees, which are based on the total amount of assets owned by the client.

There are conflicts of interest AFT Exchange faces by managing performance based accounts at the same time as managing asset based, non-performance based accounts. For example, the nature of a performance fee poses an opportunity for AFT Exchange to earn more compensation than under a stand-alone asset based fee. Consequently, AFT Exchange may favor performance fee accounts over those accounts where we receive only an asset based fee. One way AFT Exchange may favor performance fee accounts is that we may devote more time and attention to performance fee accounts than to accounts under an asset based fee arrangement.

There are other conflicts associated with performance fees that are not as common under an asset based fee arrangement. The nature of performance fees can encourage unnecessary speculation with client assets in order to earn or increase the amount of the fee. The result of riskier investments can have a positive effect in that results could equal higher returns when compared to an asset based fee account. On the other hand, riskier investments historically have a higher chance of losing value. Also, since in a performance fee arrangement an adviser is compensated based on capital gains or capital appreciation, these arrangements could give an investment adviser an incentive to time transactions in a client's account on the basis of fee considerations rather than on what is in the best interest of the client.

Performance fees can potentially cause an investment adviser to engage in transactions or strategies which will increase the amount of the performance fees, but which may not increase the overall performance of the client's account. For example, an account may lose value during a year and no performance fee will be earned. In the following year, AFT Exchange may receive a performance fee for simply recouping losses from the previous year. AFT Exchange controls for this potential conflict of interest by using the high-water mark fee calculation method described in the preceding paragraph. A performance fee may also encourage AFT Exchange to make riskier and more speculative investments. AFT Exchange does not represent that the amount of the performance fees or the manner of calculating the performance fees is consistent with other performance related fees charged by other investment

advisers under the same or similar circumstances. The performance fees charged by AFT Exchange may be higher than the performance fees charged by other investment advisers for the same or similar services.

AFT Exchange has established policies and procedures to address the various conflicts of interest associated with charging a performance fee:

- AFT Exchange devotes equal time to the management of performance fee accounts and asset based fee accounts.
- Only clients that are able to assume additional risk are solicited to engage in a performance fee arrangement. AFT Exchange provides such clients full disclosure of the additional risks associated with a performance fee arrangement.
- Client accounts eligible to be charged a performance based fee must reach a pre-determined and agreed upon high-water mark before the performance based fee is charged.

Performance based fee arrangements of AFT Exchange will comply with Section 205(e) of the Investment Advisers Act of 1940. According to Section 205(e) (see Rule 205-3 thereunder), only natural individual clients meeting the SEC's definition of "qualified clients" may enter into agreements providing for performance based compensation to AFT Exchange. A natural person or company must meet the following conditions to be considered a qualified client:

- Have at least \$1,000,000 under management with AFT Exchange at the time the client enters into an agreement with AFT Exchange; **or**
- Provide documentation to AFT Exchange so that AFT Exchange will reasonably believe the client has either a net worth of \$2,000,000 or is a qualified purchaser under Section 2(a)(51)(A) of the Investment Company Act.

Item 7 – Types of Clients

AFT Exchange generally provides investment advice to the following types of clients:

- Individuals
- High net worth individuals
- Corporations or business entities

You are required to execute a written agreement with AFT Exchange specifying the particular advisory services in order to establish a client arrangement with AFT Exchange.

Minimum Investment Amounts Required

Currently AFT Exchange does not require a minimum investment amount to open an asset management account. However, all clients are required to execute an agreement for services in order to establish a client arrangement with AFT Exchange .

All clients will be subject to a minimum fixed monthly service fee based upon the following schedule:

Assets Under Management	Monthly Service Fee
\$0 - \$100,000	\$20.00
\$100,000 and above	\$10.00

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

Methods of Analysis

AFT Exchange uses the following methods of analysis in formulating investment advice:

Charting -This is a set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe that past trends in these indicators can be used to extrapolate future trends.

Charting is likely the most subjective analysis of all investment methods since it relies on proper interpretation of chart patterns. The risk of reliance upon chart patterns is that the next day's data can always negate the conclusions reached from prior days' patterns. Also, reliance upon chart patterns bears the risk of a certain pattern being negated by a larger, more encompassing pattern that has not shown itself yet.

Cyclical –This method analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and in higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

While most economists and investors agree that there are cycles in the economy that need to be respected, the duration of such cycles is generally unknown. An investment decision to buy at the bottom of a business cycle may actually turn out to be a trade that occurs before or after the bottom of the cycle. If done before the bottom, then downside price action can result prior to any gains. If done after the bottom, then some upside price action may be missed. Similarly, a sell decision meant to occur at the top of a cycle may result in missed opportunity or unrealized losses.

Fundamental – This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is considered to be the

opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong, and could therefore lead to an unfavorable investment decision.

Technical – This is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly, since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

There are risks involved in using any analysis method.

To conduct analysis, AFT Exchange gathers information from financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses and filings with the SEC, and company press releases.

Investment Strategies

AFT Exchange uses the following investment strategies when managing client assets and/or providing investment advice:

Long term purchases. Investments held at least a year.

Short term purchases. Investments sold within a year.

Frequent trading. This strategy refers to the practice of selling investments within 30 days of purchase.

Short sales. A short sale is generally the sale of a stock not owned by the investor. Investors who sell short believe the price of the stock will fall. If the price drops, the investor can buy the stock at the lower price and make a profit. If the price of the stock rises and the investor buys it back later at the higher price, the investor will incur a loss. Short sales require a margin account.

Margin transactions. When an investor buys a stock on margin, the investor pays for part of the purchase and borrows the rest of the purchase price from a brokerage firm. For example, an investor may buy \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm. Clients cannot borrow stock from AFT Exchange.

Primarily Recommend One Type of Security

We do not primarily recommend one type of security to clients. Instead, we recommend any product that may be suitable for each client relative to that client's specific circumstances and needs.

Risk of Loss

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through our investment management program, as described below:

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on

strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

- Fixed Income Risk. When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- ETF and Mutual Fund Risk – When investing in a an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.
- Margin Risk - When you purchase securities, you may pay for the securities in full or borrow part of the purchase price from your account custodian or clearing firm. If you intended to borrow funds in connection with your Account, you will be required to open a margin account, which will be carried by the clearing firm. The securities purchased in such an account are the clearing firm's collateral for its loan to you.

If those securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and as a result, the brokerage firm is required to take action in order to maintain the necessary level of equity in your account. The brokerage firm may issue a margin call and/or sell other assets in your account.

It is important that you fully understand the risks involved in trading securities on margin, which are applicable to any margin account that you may maintain, including any margin account that may be established as part of the Asset Management Agreement established between you and AFT Exchange and held by the account custodian or clearing firm.

These risks include the following:

- You can lose more funds than you deposit in your margin account.
- The account custodian or clearing firm can force the sale of securities or other assets in your account.
- The account custodian or clearing firm can sell your securities or other assets without contacting you.
- You are not entitled to choose which securities or other assets in your margin account may be liquidated or sold to meet a margin call.
- The account custodian or clearing firm may move securities held in your cash account to your margin account and pledge the transferred securities.

- The account custodian or clearing firm can increase its “house” maintenance margin requirements at any time and they are not required to provide you advance written notice.
- You are not entitled to an extension of time on a margin call.

Item 9 – Disciplinary Information

Item 9 is not applicable to this Disclosure Brochure because there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

Item 10 – Other Financial Industry Activities and Affiliations

AFT Exchange is **not** and does **not** have a related person that is a broker/dealer, municipal securities dealer, government securities dealer or broker, an 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), another investment adviser or financial planner, a futures commission merchant, commodity pool operator, or commodity trading advisor, a banking or thrift institution, an accountant or accounting firm, a lawyer or law firm, an insurance company or agency, a pension consultant, a real estate broker or dealer, and a sponsor or syndicator of limited partnerships.

We are an independent registered investment registered adviser and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure. However, while we do not sell products or services other than investment advice, our representatives may sell other products or provide services outside of their role as investment adviser representatives with us.

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

Code of Ethics Summary

According to the *Investment Advisers Act of 1940*, an investment adviser is considered a fiduciary and has a fiduciary duty to all clients. AFT Exchange has established a Code of Ethics to comply with the requirements of Section 204(A)-1 of the *Investment Advisers Act of 1940* that reflects its fiduciary obligations and those of its supervised persons. The Code of Ethics also requires compliance with federal securities laws. The Code of Ethics covers all individuals that are classified as “supervised persons”. All employees, officers, directors and investment adviser representatives are classified as supervised persons. AFT Exchange requires its supervised persons to consistently act in your best interest in all advisory activities. AFT Exchange imposes certain requirements on its affiliates and supervised persons to ensure that they meet the firm's fiduciary responsibilities to you. The standard of conduct required is higher than ordinarily required and encountered in commercial business.

This section is intended to provide a summary description of the Code of Ethics of AFT Exchange. If you wish to review the Code of Ethics in its entirety, you should send us a written request and upon receipt of your request, we will promptly provide a copy of the Code of Ethics to you.

Affiliate and Employee Personal Securities Transactions Disclosure

AFT Exchange or associated persons of the firm may buy or sell for their personal accounts, investment products identical to those recommended to clients. This creates a potential conflict of interest. It is the express policy of AFT Exchange that all persons associated in any manner with our firm must place clients' interests ahead of their own when implementing personal investments. AFT Exchange and its associated persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry.

We are now and will continue to be in compliance with applicable state and federal rules and regulations. To prevent conflicts of interest, we have developed written supervisory procedures that include personal investment and trading policies for our representatives, employees and their immediate family members (collectively, associated persons):

- Associated persons cannot prefer their own interests to that of the client.
- Associated persons cannot purchase or sell any security for their personal accounts prior to implementing transactions for client accounts.
- Associated persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry.
- Associated persons are prohibited from purchasing or selling securities of companies in which any client is deemed an "insider".
- Associated persons are generally prohibited from serving as board members of publicly traded companies unless an exception has been granted to the Chief Compliance Officer of AFT Exchange.

Any associated person not observing our policies is subject to sanctions up to and including termination.

Item 12 – Brokerage Practices

Clients are under no obligation to act on the financial planning recommendations of AFT Exchange. If the firm assists in the implementation of any recommendations, we are responsible to ensure that the client receives the best execution possible. Best execution does not necessarily mean that clients receive the lowest possible commission costs but that the qualitative execution is best. In other words, all conditions considered, the transaction execution is in your best interest. When considering best execution, we look at a number of factors besides prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with our existing systems, ease of monitoring investments)
- Products and services offered (e.g., investment programs, back office services, technology, regulatory compliance assistance, research and analytic services)
- Financial strength, stability and responsibility
- Reputation and integrity
- Ability to maintain confidentiality

We exercise reasonable due diligence to make certain that best execution is obtained for all clients when implementing any transaction by considering the back office services, technology and pricing of services offered.

Brokerage Recommendations

If we assist you in the implementation of any recommendations, Interactive Brokers will be used as the broker/dealer for your account. AFT Exchange is independently owned and operated and not affiliated with Interactive Brokers.

Directed Brokerage

Clients should understand that not all investment advisors require the use of a particular broker/dealer or custodian. Some investment advisors allow their clients to select whichever broker/dealer the client decides. By requiring clients to use a particular broker/dealer, AFT Exchange may not achieve the most favorable execution of client transactions and the practice requiring the use of specific broker/dealers may cost clients more money than if the client used a different broker/dealer or custodian. However, for compliance and operational efficiencies, AFT Exchange has decided to require our clients to use broker/dealers and other qualified custodians determined by AFT Exchange.

Soft Dollar Benefits

An investment adviser receives soft dollar benefits from a broker-dealer when the investment adviser receives research or other products and services in exchange for client securities transactions or maintaining an account balance with the broker-dealer.

AFT Exchange does not have a soft dollar agreement with a broker-dealer or a third-party.

Handling Trade Errors

AFT Exchange has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with its fiduciary duty, it is the policy of AFT Exchange to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client is responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client is made whole and any loss resulting from the trade error is absorbed by AFT Exchange if the error is caused by AFT Exchange. If the error is caused by the broker-dealer, the broker-dealer is responsible for handling the trade error. If an investment gain results from the correcting trade, the gain remains in the client's account unless the same error involved other client account(s) that should also receive the gains. It is not permissible for all clients to retain the gain. AFT Exchange may also confer with a client to determine if the client should forego the gain (e.g., due to tax reasons).

AFT Exchange will never benefit or profit from trade errors.

Block Trading Policy

Investment advisors may elect to purchase or sell the same securities for several clients at approximately the same time when they believe such action may prove advantageous to clients. This process is referred to as aggregating orders, batch trading or block trading. AFT Exchange does not engage in block trading.

It should be noted that implementing trades on a block or aggregate basis may be less expensive for client accounts; however, it is our trading policy is to implement all client orders on an individual basis. Therefore, we do not aggregate or “block” client transactions. Considering the types of investments we hold in advisory client accounts, we do not believe clients are hindered in any way because we trade accounts individually. This is because we develop individualized investment strategies for clients and holdings will vary. Our strategies are primarily developed for the long-term and minor differences in price execution are not material to our overall investment strategy.

Agency Cross Transactions

Our associated persons are prohibited from engaging in agency cross transactions, meaning we cannot act as brokers for both the sale and purchase of a single security between two different clients and cannot receive compensation in the form of an agency cross commission or principal mark-up for the trades.

Item 13 – Review of Accounts

Account Reviews and Reviewers

Managed accounts are reviewed at least quarterly. While the calendar is the main triggering factor, reviews can also be conducted at your request. Account reviews will include investment strategy and objectives review and making a change if strategy and objectives have changed. Reviews are conducted by Peteris Kadiss, with reviews performed in accordance with your investment goals and objectives.

Statements and Reports

For our asset management services, you are provided with internet based access to the activity in your account in addition to transaction confirmation notices and regular quarterly account statements directly from the qualified custodian.

You are encouraged to always compare any information, reports or statements provided by us against the account statements delivered from the qualified custodian. When you have questions about your account statement, you should contact our firm and the qualified custodian preparing the statement.

Item 14 – Client Referrals and Other Compensation

AFT Exchange does not directly or indirectly compensate any person for client referrals.

The only compensation received from advisory services is the fees charged for providing investment advisory services as described in *Item 5* of this Disclosure Brochure. AFT Exchange receives no other forms of compensation in connection with providing investment advice.

Please see Item 5, Fees and Compensation, Item 10, Other Financial Industry Activities and Affiliations and Item 12, Brokerage Practices, for additional discussion concerning other compensation.

Item 15 – Custody

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

AFT Exchange is deemed to have custody of client funds and securities whenever AFT Exchange is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody AFT Exchange will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which AFT Exchange is deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from AFT Exchange. When clients have questions about their account statements, they should contact AFT Exchange or the qualified custodian preparing the statement.

Item 16 – Investment Discretion

When providing asset management services, AFT Exchange maintains trading authorization over your Account and can provide management services on a **discretionary** basis. When discretionary authority is granted, we will have the authority to determine the type of securities and the amount of securities that can be bought or sold for your portfolio without obtaining your consent for each transaction.

You will have the ability to place reasonable restrictions on the types of investments that may be purchased in your Account. You may also place reasonable limitations on the discretionary power granted to AFT Exchange so long as the limitations are specifically set forth or included as an attachment to the client agreement.

Item 17 – Voting Client Securities

AFT Exchange does not vote proxies on behalf of Clients. We have determined that taking on the responsibilities for voting client securities does not add enough value to the services provided to you to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in Account.

You will receive proxies directly from the qualified custodian or transfer agent; we will not provide you with the proxies. You are encouraged to read through the information provided with the proxy-voting documents and make a determination based on the information provided.

Item 18 – Financial Information

This *Item 18* is not applicable to this brochure. AFT Exchange does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, AFT Exchange has not been the subject of a bankruptcy petition at any time.

Business Continuity Plan

AFT Exchange has a business continuity and contingency plan in place designed to respond to significant business disruptions. These disruptions can be both internal and external. Internal disruptions will impact our ability to communicate and do business, such as a fire in the office building. External disruptions will prevent the operation of the securities markets or the operations of a number of firms, such as earthquakes, wildfires, hurricanes, terrorist attack or other wide-scale, regional disruptions.

Our continuity and contingency plan has been developed to safeguard employees' lives and firm property, to allow a method of making financial and operational assessments, to quickly recover and resume business operations, to protect books and records, and to allow clients to continue transacting business.

The plan includes the following:

- Alternate locations to conduct business;
- Hard and electronic back-ups of records;
- Alternative means of communications with employees, clients, critical business constituents and regulators; and
- Details on the firms' employee succession plan

Our business continuity and contingency plan is reviewed and updated on a regular basis to ensure that the policies in place are sufficient and operational.

Customer Privacy Policy Notice

In November of 1999, the United States Congress enacted the Gramm-Leach-Bliley Act (GLBA). The GLBA requires certain financial institutions, such as investment advisor firms, to protect the privacy of customer information. In situations where a financial institution does disclose customer information to nonaffiliated third parties, other than permitted or required by law, customers must be given the opportunity to opt out or prevent such disclosure. AFT Exchange does not share or disclose customer information to nonaffiliated third parties except as permitted or required by law.

AFT Exchange is committed to safeguarding the confidential information of its clients. AFT Exchange holds all personal information provided by clients in the strictest confidence and it is the objective of AFT Exchange to protect the privacy of all clients. Except as permitted or required by law, AFT Exchange does not share confidential information about clients with nonaffiliated parties. In the event that there were to be a change in this policy, AFT Exchange will provide clients with written notice and clients will be provided an opportunity to direct AFT Exchange as to whether such disclosure is permissible.

To conduct regular business, AFT Exchange may collect personal information from sources such as:

- Information reported by the client on applications or other forms the client provides to AFT Exchange
- Information about the client's transactions implemented by AFT Exchange or others
- Information developed as part of financial plans, analyses or investment advisory services

To administer, manage, service, and provide related services for client accounts, it is necessary for AFT Exchange to provide access to customer information within the firm and to nonaffiliated companies, (optional to include examples of outside firms), with whom AFT Exchange has entered into agreements with. To provide the utmost service, AFT Exchange may disclose the information below regarding customers and former customers, as necessary, to companies to perform certain services on AFT Exchange's behalf.

- Information AFT Exchange receives from the client on applications (name, social security number, address, assets, etc.)
- Information about the client's transactions with AFT Exchange or others (account information, payment history, parties to transactions, etc.)
- Information concerning investment advisory account transactions
- Information about a client's financial products and services transaction with AFT Exchange

Since AFT Exchange shares nonpublic information solely to service client accounts, AFT Exchange does not disclose any nonpublic personal information about AFT Exchange's customers or former customers to anyone, except as permitted by law. However, AFT Exchange may also provide customer information outside of the firm as required by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas. In the event that AFT Exchange has a change to its customer privacy policy that would allow it to disclose non-public information not covered under applicable law, AFT Exchange will allow its clients the opportunity to opt out of such disclosure.

FORM ADV PART 2B BROCHURE SUPPLEMENT - Peteris Kadiss

Item 1 – Cover Page

Peteris Kadiss
AFT Exchange, LLC.
Begovaya 3 bldg.1, Business center Regus Nordstar, 31st floor
Moscow, Russia 125284
+ 7 925 728 62 31
www.aftexchange.com

Date of Supplement: May 2013

This brochure supplement provides information about Peteris Kadiss that supplements the AFT Exchange, LLC. (“AFT Exchange”) disclosure brochure. You should have received a copy of that brochure. Please contact Peteris Kadiss at + 7 925 728 62 31 or at enquiry@aftexchange.com if you did not receive AFT Exchange’s brochure or if you have any questions about the contents of this supplement.

Additional information about Peteris Kadiss is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Educational Background and Business Experience

Peteris Kadiss

06/09/1983
CRD # 6189700

Post-Secondary Educational Background:

University of Sheffield, UK, Master’s degree. (Money Banking & Finance): 2006 - 2007

Bachelor, Exchange Student, Gent University, Belgium, Faculty of Economics and Business Administration: 2005

Bachelor degree University of Latvia, Faculty of Economics. International Economic Relations: 2001-2005

Business Background:

AFT Exchange, Managing Member, 04/2013 to Present;

IFC Metropol, Moscow, Russia, Deputy Managing Director, Fixed Income and Derivatives Division, 01/2013 to Present

IFC Metropol, Moscow, Russia, Head of Fixed Income and Derivatives Research Department, 01/2011 to Present

Norvik Bank, Latvia, Head of Asset Management Division, 06/2008 to 02/2011

Professional Designations

Chartered Financial Analyst (CFA) - 2011

The Chartered Financial Analyst (CFA) designation is issued by the CFA Institute, formerly known as the Association for Investment Management and Research (AIMR). The CFA Program is a graduate-level program for investment specialists such as securities analysts, money manager, and investment advisers. To become a CFA charterholder, an individual must have at least four years of acceptable professional experience in the investment decision-making process, must pass three sequential, six-hour examinations. Each of the 3 course level exams must be passed and each course level is a self-study program involving approximately 250 hours of study time. There are no continuing education requirements to maintain the CFA designation. CFA charterholders must commit to abide by and annually reaffirm adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

CFA Institute Financial Adviser Statement for SEC Form ADV

The Chartered Financial Analyst (CFA) charter is a globally respected, graduate-level investment credential established in 1962 and awarded by CFA Institute — the largest global association of investment professionals.

There are currently more than 90,000 CFA charterholders working in 134 countries. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

High Ethical Standards

The CFA Institute Code of Ethics and Standards of Professional Conduct, enforced through an active professional conduct program, require CFA charterholders to:

- Place their clients' interests ahead of their own
- Maintain independence and objectivity
- Act with integrity
- Maintain and improve their professional competence
- Disclose conflicts of interest and legal matters

Global Recognition

Passing the three CFA exams is a difficult feat that requires extensive study (successful candidates report spending an average of 300 hours of study per level). Earning the CFA charter demonstrates mastery of many of the advanced skills needed for investment analysis and decision making in today's quickly evolving global financial industry. As a result, employers and clients are increasingly seeking CFA charterholders—often making the charter a prerequisite for employment.

Additionally, regulatory bodies in 22 countries and territories recognize the CFA charter as a proxy for meeting certain licensing requirements, and more than 125 colleges and universities around the world have incorporated a majority of the CFA Program curriculum into their own finance courses.

Comprehensive and Current Knowledge

The CFA Program curriculum provides a comprehensive framework of knowledge for investment decision making and is firmly grounded in the knowledge and skills used every day in the investment profession. The three levels of the CFA Program test a proficiency with a wide range of fundamental and advanced investment topics, including ethical and professional standards, fixed-income and equity analysis, alternative and derivative investments, economics, financial reporting standards, portfolio management, and wealth planning.

The CFA Program curriculum is updated every year by experts from around the world to ensure that candidates learn the most relevant and practical new tools, ideas, and investment and wealth management skills to reflect the dynamic and complex nature of the profession.

To learn more about the CFA charter, visit www.cfainstitute.org.

Item 3 – Disciplinary Information

Peteris Kadiss has no legal or disciplinary events to report.

Item 4 – Other Business Activities

Peteris Kadiss has no other business activities to disclose.

Item 5 – Additional Compensation

In addition to the description of additional compensation provided in Item 4, Peteris Kadiss can receive additional benefits.

Certain product sponsors may provide Peteris Kadiss with other economic benefits as a result of his recommendation or sale of the product sponsors' investments. The economic benefits received by Peteris Kadiss from product sponsors can include but are not limited to, financial assistance or the sponsorship of conferences and educational sessions, marketing support, incentive awards, payment of travel expenses, and tools to assist Peteris Kadiss in providing various services to clients.

Although AFT Exchange and Peteris Kadiss endeavor at all times to put the interest of its clients ahead of its own or those of its officers, directors, or representatives ("affiliated persons"), these arrangements could affect the judgment of Peteris Kadiss when recommending investment products. These situations present a conflict of interest that may affect the judgment of affiliated persons including Peteris Kadiss.

Item 6 – Supervision

Peteris Kadiss is the Chief Compliance Officer of AFT Exchange. He is responsible for overseeing and enforcing the firm's compliance programs that have been established to monitor and supervise the activities and services provided by the firm and its representatives. Peteris Kadiss can be contacted at + 7 925 728 62 31.