



Carroll Financial Associates, Inc.

4201 Congress Street
Suite 210
Charlotte, North Carolina 28209

(704) 553-8006

www.CarrollFinancial.com

Form ADV Part 2A - Appendix 1 - Wrap Fee Program Brochure

December 29, 2014

This brochure provides information about the qualifications and business practices of Carroll Financial Associates, Inc. ("CFA"). If you have any questions about the contents of this brochure, please contact us at (704) 553-8006 or cfa@carrollfinancial.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state authority.

Additional information about Carroll Financial Associates, Inc. is available on the SEC's website at **www.AdviserInfo.sec.gov**.

Summary of Material Changes

This Wrap Fee Program Brochure (the "Brochure") should be read in conjunction with the Carroll Financial Associates, Inc. Form ADV Part 2A brochure dated December 29, 2014. It is recommended that you read the Form ADV Part 2A brochure before you read this Brochure to understand the complete nature of the advisory services and products made available through Carroll Financial Associates.

This Brochure is prepared in the revised format required by SEC rules effective March 31, 2011. Registered investment advisers are required to use this format to inform clients of the nature of advisory services provided, the types of clients served, the fees charged, the potential conflicts of interest and other information. Accordingly, the current format of the Brochure includes a Summary of Material Changes (the "Summary") reflecting changes to our policies, practices, or conflicts of interest we consider important to our advisory clients that have been made since the previous filing of this Brochure with the SEC. As this is the first brochure prepared and filed with the SEC describing the wrap fee program sponsored by Carroll Financial Associates, there are no

material changes to this program to disclose at this time. However, should there be material changes to the program in the future, the Summary will be provided to advisory clients within one hundred twenty (120) days of our December 31 fiscal year-end. Notwithstanding any future changes to the wrap fee program, a complete copy of this Brochure is available to clients at any time upon request.

Set forth below is the Summary of Material Changes to the Carroll Financial Wrap Fee Program:

Date of Change	Description of Item
December 2014	There are no changes to disclose, as this is the first brochure describing its wrap fee program prepared and filed by Carroll Financial Associates, Inc.

Table of Contents	Page
Cover Page	1
Material Changes.....	3
Services, Fees and Compensation	5
Schwab Involvement in Wrap Fee Program.....	6
Account Requirements and Types of Clients.....	7
Portfolio Manager Selection and Evaluation	7
Client Information Provided to Portfolio Managers.....	7
Client Contact with Portfolio Managers	7
Additional Information.....	7

Services, Fees and Compensation

General Information

Carroll Financial Associates, Inc. ("CFA") was formed in 1980, and provides financial planning, portfolio management and general consulting services to its clients. Such services may be offered through the Carroll Financial Wrap Fee Program (the "Wrap Program") which was designed to simplify the investment management of the client's portfolio and the payment of management fees and brokerage expenses.

Larry W. Carroll, B. Kelly Graves, John A. Patterson and Carl A. Brooks are the principal owners of Carroll Financial Associates, Inc. Please see ***Brochure Supplement(s)*** available from your Advisor(s) for more information on these and other individuals who formulate investment advice and have direct contact with clients, or who have discretionary authority over trading in client accounts.

Portfolio Management Services

At the outset of each client relationship, CFA spends time with the client, asking questions, discussing the client's investment experience and financial circumstances, and reviewing options for the client, in an effort to develop a thorough Investment Plan for the client. The Investment Plan will be updated from time to time when it is determined to be necessary or advisable by CFA, or when requested by the client, based on changes to the client's financial or other circumstances.

To implement the client's Investment Plan, CFA will manage the client's investment portfolio on a discretionary basis, as authorized in a separate document executed by the client. As a discretionary investment adviser, CFA will have the authority to supervise and direct the portfolio without prior consultation with the client. Notwithstanding the foregoing, clients may impose certain written restrictions on CFA in the management of their investment portfolios. Each client should note, however, that restrictions imposed by the client may adversely affect the composition and performance of the client's investment portfolio.

General Fee Information

Fees paid by clients to participate in the Wrap Program generally include brokerage expenses (i.e., commissions, ticket charges, etc.), as well as the portfolio management fee paid to CFA. Under the all-inclusive billing, CFA will assess one client fee that captures the management, brokerage and administrative charges collectively. Fees are individually negotiated with each client, and range up to an annual rate of no more than 2.75% of assets under management. The complete fee schedule for the Wrap Program is:

Carroll Financial Wrap Fee Program Account Fees

<u>Assets Under Management</u>	<u>Maximum Annual Fee</u>
First \$250,000	2.75%
Next \$250,000	2.50%
Next \$500,000	2.00%
Next \$1,500,000	1.75%
Next \$2,500,000	1.50%
Balance over \$5,000,000	1.25%

The above fees for Wrap Program accounts are the maximum fees charged and are negotiable between CFA and the client. These fees include standard transaction charges.

CFA requires at the time a new account is established that the aggregate value of the client's accounts (including the new account) held in the Wrap Program total at least \$25,000.

Portfolio management fees are payable quarterly, in advance. If portfolio management begins after the start of a quarter, fees are prorated accordingly. Fees are normally debited directly from client account(s), unless other arrangements are made.

Fees paid to CFA under the Wrap Program are exclusive of and distinct from the fees and expenses charged by mutual funds, ETFs (exchange traded funds) or other investment pools to their shareholders (generally including a management fee and fund expenses, as described in each fund's prospectus or offering materials). Clients may pay certain fees in addition to the fees of the Wrap Program, such as margin interest, check fees, wire transfer fees, trade-away fees, odd lot trading fees and other similar types of fees. Wrap Program fees that CFA does not pay to third parties in connection with transaction and execution expenses are retained by CFA. Because of this, CFA may have a disincentive to trade securities in the accounts of clients in the Wrap Program.

The client should review all fees charged by funds, CFA and others to fully understand the total fees paid by the client for investment and financial related services. Clients participating in the Wrap Program may pay higher or lower fees than clients purchasing such services separately, depending on the cost of services if provided separately and the level of trading in a particular client's account.

Schwab Involvement in Wrap Fee Program

The Wrap Program sponsored by Carroll Financial Associates, Inc. is made available to its advisory clients through the Schwab Advisor Services division of Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer, member FINRA/SIPC. CFA is independently owned and operated and is not affiliated with Schwab. In the Wrap Program, CFA serves as the sole investment advisor for client accounts and provides Schwab directions, under a discretionary trading authorization signed by the client, for trading client accounts using securities, mutual funds and other appropriate investments offered on Schwab's advisory platform.

Under the Wrap Program CFA may recommend that clients establish brokerage accounts with Schwab to maintain custody of clients' assets and to effect trades for their accounts. Schwab provides CFA with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. In addition to providing custody services and executing trades, Schwab's services may include research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors, or to client accounts with a high minimum initial investment.

For CFA client accounts maintained in its custody, Schwab generally does not charge separately for custody services, but is compensated by accountholders through commissions or other transaction-related or asset-based fees for securities trades executed through Schwab, or that settle in Schwab accounts.

Schwab also makes available to CFA other products and services that benefit CFA, but may not directly benefit its clients' accounts. These may include national, regional or CFA-specific educational events organized and/or sponsored by Schwab Advisor Services. Those products and services may assist CFA in managing and administering clients' accounts, and may include software and other technology (and related training) that provide access to client account data (such as trade

confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of CFA's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Schwab may discount or waive fees it would otherwise charge for some of these services, or pay all or a part of the fees of a third-party providing these services to CFA.

As noted earlier, in the Wrap Program client accounts pay CFA one inclusive fee that covers both portfolio management and transaction costs. The all-inclusive fee covers most fees normally charged by Schwab as the trade clearing firm and client account custodian, such as annual IRA maintenance fees, as applicable.

Account Requirements and Types of Clients

CFA serves individuals, pension and profit-sharing plans, 401(k) plans, corporations, trusts, estates, state or municipal government entities, and charitable and non-profit organizations. As noted in the Wrap Program Fee Schedule above, CFA requires at the time a new account is established that the aggregate value of the client's accounts (including the new account) held in the Wrap Program total at least \$25,000. Under certain circumstances and in its sole discretion, CFA may negotiate the minimum value of a client's account(s) participating in the Wrap Program.

Portfolio Manager Selection and Evaluation

The Wrap Program does not select investment advisers in addition to CFA, which is the only portfolio manager for the program.

Client Information Provided to Portfolio Managers

As CFA is the only portfolio manager under the Wrap Program, no information is shared with any other portfolio manager about the client or the client's account held in the Wrap Program.

Client Contact with Portfolio Managers

No restrictions are placed on the client's ability to contact or consult with CFA as the portfolio manager for the Wrap Program.

Additional Information

Neither CFA nor any of its investment advisers have any disciplinary events to disclose.

Please see the Form ADV Part 2A Brochure for more information in the following areas: ***Other Financial Industry Activities and Affiliations, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading, Review of Accounts, Client Referrals and Other Compensation, Financial Information, and Brochure Supplements.***

|