

## The Fiduciary Investment Adviser Program

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This Form ADV, Part 2A disclosure brochure ("Brochure") provides information about the qualifications and business practices of MetLife Securities, Inc. ("Firm"). If you have any questions about the contents of this Brochure, please contact the Firm at 800-842-4015. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority. The Firm is a registered investment adviser and securities broker-dealer. Please note that registration does not imply a certain level of skill or training.

Additional information about the Firm also is available on the SEC's website at - [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

*This Brochure describes the advisory and other services provided by the Firm under the Fiduciary Investment Adviser Program through its authorized representatives (each is a "Representative") to retirement plans subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Separate disclosure brochures are available upon request for a description of other investment advisory services offered by the Firm.*

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### 2. Material Changes

Pursuant To SEC rules, this Item summarizes the specific material changes that have been made to this Brochure since the Brochure dated December 22, 2014.

When required or appropriate, the Firm will also provide clients interim summary updates of material changes to this Brochure.

Clients may ask for a copy of the Firm's current Brochure, which includes all material changes since the previous Brochure, or a summary of material changes to a previous Brochure at any time, without charge by contacting the Firm at 800-842-4015.

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### Item 9. Disciplinary Information

Additional language has been added to this section to inform clients of disciplinary events pertaining to New England Securities Corporation ("NES"). NES and the Firm merged on January 1, 2015.

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## The Fiduciary Investment Adviser Program

### 4. **Advisory Business**

The Firm is a Delaware corporation and is registered as an investment adviser ("RIA") with the Securities and Exchange Commission ("SEC"). The Firm has conducted its advisory business since 1984. Its principal place of business is 1095 Avenue of the Americas, New York, NY 10036. The Firm is also registered as a broker-dealer ("B/D") with the SEC and various states. As a B/D and a RIA, the Firm is regulated by the SEC, the Financial Industry Regulatory Authority ("FINRA"), other U.S. regulatory agencies, as well as applicable state regulatory agencies. Since the Firm is not registered as a broker-dealer or investment adviser outside of the United States, the Firm and its personnel do not provide services to persons or entities located outside of the United States.

The Firm is a wholly owned subsidiary of MetLife, Inc. ("MetLife"), a publicly traded company (NYSE: MET). The Firm, together with other affiliates (see Item 10 – Other Financial Industry Activities and Affiliations -- for additional information), provides a wide array of financial products and services to its customers. For example, the Firm provides services to retirement plans that are subject to ERISA (each is a "Plan"). When appropriate and depending on whether the Plan is a customer of the B/D or the RIA, the Firm will either 1) assist the Plan's responsible plan fiduciary ("RPF"), in the Firm's capacity as a broker-dealer, and not an RIA under the Investment Advisers Act of 1940, as amended (the "Advisers Act") nor a fiduciary under ERISA, to purchase products through the B/D to fund the Plan or obtain products and services through third parties with whom the B/D has an agreement (collectively "Brokerage Services"), or 2) provide certain investment advisory services ("ERISA Fiduciary Services") to the Plan in the Firm's capacity as an RIA under the Advisers Act and a limited fiduciary under ERISA Section 3(21)(A). Plans and their RPFs may obtain more information about the Firm's Brokerage Services by referring to the Firm's 408(b)(2) disclosure and the Statement of Services that the Firm provides to Plans and their RPFs.

This Brochure explains the ERISA Fiduciary Services and other optional services ("Non Fiduciary Services" and collectively with ERISA Fiduciary Services "Available Services") that the Firm provides through the Fiduciary Investment Adviser Program (the "Program").

In addition to the Program described in this Brochure, the Firm also offers other advisory services to individuals and entities. Information about these services may be obtained by contacting the Firm.

#### **Available Services**

##### **A. ERISA Fiduciary Services:**

ERISA Fiduciary Services are investment advisory services that are subject to the Advisers Act. It is within the RPF's sole authority and discretion to select those ERISA Fiduciary Services that it desires the Firm to provide for the Plan under the Program pursuant to a Plan Services Agreement between the Firm and the Plan ("Agreement"). For each ERISA Fiduciary Service that the RPF selects, the Firm agrees to perform such ERISA Fiduciary Service as a limited scope fiduciary under Section 3(21)(A)(ii) of ERISA.

The Firm offers the following ERISA Fiduciary Services:

- Recommendations to Establish or Revise the Plan's Investment Policy Statement ("IPS"):

The Firm will review with the RPF the investment objectives, risk tolerance and goals of the Plan. If the Plan does not have an IPS, the Firm will recommend investment policies to assist the RPF to establish an appropriate IPS. If the Plan has an existing IPS, the Firm will review it with the RPF for consistency with the Plan's objectives. If the IPS does not represent the objectives of the Plan, the Firm will recommend to the RPF revisions that will establish investment policies that are consistent with the Plan's objectives.

- Recommendations to Select and Monitor the Designated Investment Alternatives ("DIAs") under a Participant Directed Plan:

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Based on the Plan's IPS or other guidelines established by the Plan, the Firm will review with the RPF the investment options available to the Plan and will make recommendations to assist the RPF to select the DIAs to be offered to Plan participants. Once the RPF selects the DIAs, the Firm will annually, or upon reasonable request, provide available reports, information and recommendations to assist the RPF to monitor the investments. If the RPF determines that the IPS criteria require an investment to be removed, the Firm, upon request, will provide information, analysis and recommendations to the RPF to help evaluate replacing investment alternatives.

- Recommendations to Select and Monitor Qualified Default Investment Alternative(s) ("QDIA") under a Participant Directed Plan:

Based on the Plan's IPS or other guidelines established by the Plan, the Firm will review the investment options available to the Plan and will make recommendations to assist the RPF to select the Plan's QDIA(s) for Plan participants that fail to direct the investment of their accounts. Once the RPF selects the QDIAs, the Firm will provide reports, information and recommendations, annually, or upon reasonable request, to assist the RPF to monitor the investments. If the RPF determines that the IPS criteria require an investment to be removed, the Firm will provide information and analysis to assist RPF to evaluate replacement investment alternatives.

- Recommendations to Allocate and Rebalance Model Asset Allocation Portfolios ("Model Portfolios"):

Based on the Plan's IPS or other investment guidelines established by the Plan, the Firm will review the investment options available to the Plan and will make recommendations to assist the RPF to review, select and monitor appropriate Model Portfolios. Once the RPF approves the Model Portfolios, the Firm will provide reports, information and recommendations annually, or upon reasonable request, designed to assist the RPF to monitor the Plan's investments. If the RPF determines that the IPS criteria require an investment to be removed, the Firm will, upon request, provide information and analysis to assist the RPF to evaluate replacement investment alternatives to be included in the Model Portfolios. Upon reasonable request, the Firm will make recommendations to the RPF as to whether to rebalance the Model Portfolios to maintain their desired allocations.

- Recommendations to Select and Monitor Investment Managers:

Based on the Plan's IPS or other guidelines established by the Plan, the Firm will review the potential investment managers available to the Plan and will make recommendations to assist the RPF to select one or more investment managers. Once the RPF approves the investment manager, the Firm will provide annually, or upon reasonable request, reports, information and recommendations to assist the RPF to monitor the Plan's investment managers. If the RPF determines that the IPS criteria require an investment manager to be removed, the Firm will, upon reasonable request, provide information and analysis to assist RPF to evaluate replacement investment managers.

The RPF may select any or all of the foregoing ERISA Fiduciary Services for the Plan through the Agreement. When providing any selected ERISA Fiduciary Service, the Firm will make recommendations to the RPF, but the RPF retains full discretionary authority and control over the assets of the Plan. Also, the RPF is free to accept or reject any of the Firm's recommendations.

### B. Non Fiduciary Services:

The RPF may also request the Firm to provide for the Plan any or all of the Non Fiduciary Services listed below in addition to the selected ERISA Fiduciary Services (each Non Fiduciary Service or ERISA Fiduciary Service selected under the Agreement is referred to as a "Plan Service"). If the

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RPF selects a Non Fiduciary Service, the Firm is not performing any such Non Fiduciary Service as a fiduciary under Section 3(21)(A)(ii) of ERISA and that no such service is an investment advisory service subject to the Advisers Act. The Firm does not provide Non Fiduciary Services without providing any ERISA Fiduciary Service.

### i. Plan-Level Services

#### a) Plan Governance and Committee Education-Related Services

Upon request, the Firm will provide assistance and education to the RPF so that the RPF may:

- Determine Plan parameters and provisions available under the Plan.
- Review participant education and communication strategy, including ERISA 404(c) requirements.
- Coordinate and reconcile participant disclosures under ERISA Section 404(a).
- Develop requirements for responding to participant requests for additional information.
- Develop and maintain a fiduciary audit file.

If requested, the Firm will also attend periodic meetings with Plan committee.

#### b) Vendor Management (Service Provider Selection/Review)-Related Services

Upon request, the Firm will provide assistance and education to the RPF so that the RPF may:

- Review fees and services of the vendors and identify procedures to track the receipt of and evaluate ERISA Section 408(b)(2) disclosures.
- Analyze on a periodic basis benchmarking of fees and services for reasonableness.
- Review ERISA spending accounts or plan expense recapture accounts (PERAs).
- Generate and evaluate service provider requests for proposals (RFPs) and/or requests for information (RFIs).
- Evaluate and effect service provider transition and/or plan conversion.

### ii. Participant-Level Services

#### a) Employee/Participant Investment Education and Communication

Upon request by the RPF, the Firm will assist and educate Plan participants by:

- Providing group enrollment and investment education meetings.
- Providing education regarding plan fees and communicating the Plan's requirements for requesting additional information about Plan fees and expenses.
- Providing information related to retirement readiness.

#### b) IRA Rollover Services to Plan Participants

Upon request by the RPF, the Firm will provide the following services to Plan participants:

- Provide general IRA rollover educational information to Plan participants in group meetings.
- Assist in opening an IRA Rollover account only if Plan participant has executed the IRA Rollover Special Notice to Plan Participants.

The Firm and its Representatives will not solicit Plan participants or provide

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recommendations to Plan participants on the advisability of taking retirement plan distributions.

### C. Services Not Provided through the Program:

In connection with the Program, the Firm, through its Representative, only offers Available Services and provides Plan Services. Services not identified as Available Services, including but not limited to those listed below, will not be offered or provided by the Firm or its Representatives:

- i. Taking custody or possession of any Plan assets, ensuring that contributions by the Plan or from participants are timely deposited with the trustee or custodian for the Plan, or executing orders for trades or securities transactions with respect to the Plan's assets.
- ii. Providing Plan administration-related services such as interpreting Plan documents or provisions, determining eligibility under the Plan, distributing Plan assets to pay benefits or expenses, determining benefit claim, or making any other discretionary decisions with respect to the administration of the Plan.
- iii. Providing legal or tax advice such as reviewing or amending Plan documents for compliance with changes in tax qualification requirements, or providing advice on matters relating to the Plan, including advising on whether Plan investments will result in unrelated business taxable income.
- iv. Providing participant advice such as furnishing any fiduciary "investment advice" within the meaning of ERISA to participants relating to any participant-directed investments under the Plan.
- v. Providing regulatory notices such as summary plan descriptions, elections and any other notices required by law, to participants, or filing any governmental reports for the Plan.

### Total Assets under Management (AUM)

As of December 1, 2014, the Firm has \$114.6 Million AUM under the Program.

## 5. Fees and Compensation for Plan Services

### A. Fee for Plan Services

The Firm does not have a standard fee schedule for providing Plan Services under the Program. The Representative will discuss with the RPF an appropriate annualized fee charged for providing Plan Services (the "Fee"). Some of the factors used to determine an appropriate Fee, include but are not limited to, the nature of the Plan Services to be provided, the size of the Plan, number of participants, number of investment options selected, frequency of services, client expectations, participant needs, and participant sophistication regarding the Plan provisions. The Fee is negotiable within certain limits and the specific amount of the Fee charged by the Firm is identified in the Agreement with the Plan. The Firm reserves the right in its sole discretion to reduce the Fee for certain clients at any time. Therefore, the Firm does not represent that the Fee it charges a particular client for certain Plan Services is the same or comparable to the Fee paid by other clients of the Firm who may or may not be similarly situated and/or may or may not be receiving the same or comparable Plan Services from the Firm. While the Firm believes, based on its understanding of the retirement plan consulting industry, that the Fee it charges is competitive, the Firm makes no representation that the Fee is lower than what is charged by other investment advisers or service providers for comparable services. Therefore, lower fees for similar services may be obtained from other investment advisers or service providers.

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The Firm shares a portion of the Fee with the Representative(s) who provides Plan Services on its behalf and the Firm's affiliates, as described in the Firm's ERISA 408(b)(2) disclosure, which it provides to the RPF.

### B. Fee Mechanics

Depending on the factors outlined below, the Fee may be either an annual flat fee payable in equal monthly or quarterly payments, or an annual asset based fee equal to a percentage of Plan assets covered by the Agreement, payable on a monthly or quarterly basis. The Fee may be paid in arrears, which means that the Fee pays for services that the Plan received under the Program in the prior period covered by the payment, or in advance, which means that the Fee pays for services that the Plan will receive under the Program in the upcoming period covered by the payment.

The RPF can elect to have the Fee paid to the Firm either i) by the vendor(s) (a "Platform Vendor") that manufactured the investment product(s) in which Plan assets are invested (e.g., mutual funds, insurance companies, etc.) by deducting the Fee from Plan assets held at such Platform Vendor(s) pursuant to instructions from the RPF, or ii) by the RPF.

#### i. When the Fee is paid from Plan assets by the Platform Vendor:

The RPF may be able to instruct the Platform Vendor to calculate and pay the Fee to the Firm in advance or in arrears and on a monthly or a quarterly basis as well as whether the Fee should be an annual asset based Fee or an annual flat Fee.

If the RPF selects an asset based Fee, the initial Fee shall be calculated based on the market value of the total Plan assets that are held at the Platform Vendor and subject to the Agreement, as of the date that the Agreement was executed, multiplied by the percentage specified in the Agreement, and such amount shall be divided by the number of billing periods (i.e. months, quarters) in the calendar year and prorated to cover the period from the date that the Agreement was executed by the Firm through the end of the initial billing period. Thereafter, the Fee calculated for each billing period selected shall be determined based on the Platform Vendor's method of calculating the Fee which may be based on one of the following methods or other methods, if available, as agreed to between the RPF and the Platform Vendor (market value of the total Plan assets as of the last day of the prior billing period or the average daily market value balance during a billing period), multiplied by the percentage specified in the Agreement, and such amount divided by the number of billing periods (i.e. months, quarters) in the calendar year. The RPF acknowledges that Platform Vendor is solely responsible for calculating the market value of the total Plan assets held at the Platform Vendor.

If the RPF selects an annual flat Fee, the initial Fee shall be the annual flat Fee dollar amount specified in the Agreement, divided by the number of billing periods (i.e. months, quarters) in the calendar year, and prorated to cover the period from the date that the Agreement was executed by the Firm through the end of the current billing period. Thereafter, the Fee calculated for each billing period shall be the annual flat Fee dollar amount specified in the Agreement, divided by the number of billing periods (i.e. months, quarters) in the calendar year.

The RPF should be aware that due to system limitations, Platform Vendors may have restrictions on how Fees will be calculated and deducted from Plan assets by Platform Vendors for payment to the Firm. Therefore, some Platform Vendors may only permit the Fee to be paid in arrears and not in advance, or vice versa, and only on a monthly basis and not on quarterly basis, and vice versa. The RPF should carefully review all payment instruction agreements or forms from Platform Vendors prior to execution to ensure consistency with the terms of the Agreement.

It is the RPF's sole responsibility to verify the accuracy of the Fee calculations and deductions made by Platform Vendor. The value of Plan assets for Fee calculation purposes and the actual



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amount of Fee deducted from Plan assets will be reported by the Platform Vendor. The RPF should promptly notify the Platform Vendor and the Firm upon discovery of any discrepancies.

ii. When the Fee is paid by the RPF:

The Firm will bill the RPF directly for the annual Fee if the RPF elects to pay the Fee. The annual Fee must be paid in advance on a quarterly basis.

The initial Fee shall be the annual flat fee dollar amount specified in the Agreement, divided by four and prorated to cover the period from the date that the Agreement was executed by the Firm through the end of the current calendar quarter. Thereafter, the Fee calculated each calendar quarter shall be the annual flat fee dollar amount specified in the Agreement, divided by four.

The RPF's should verify the accuracy of the Fee calculations made by the Firm. The RPF should promptly notify the Firm upon discovery of any Fee billing-related discrepancies.

C. Other Fees and Charges

The Plan may purchase investment products recommended by the Firm under the Program through other brokers or agents that are not affiliated with the Firm, which will not result in any additional compensation to the Firm, but may result in the Plan incurring additional charges, fees and/or expenses payable to a broker or agent not affiliated with the Firm. If the Plan elects to purchase any investment product recommended by the Firm under the Program through the Firm as the broker-dealer of record on such sale, any commission or 12b-1 payment payable in connection with such investment product will be redirected by the Platform Vendor to the Plan as Plan assets and not paid to the Firm or its Representatives; or, if available, such investment product may contain a class of shares from which no commissions or 12b-1 fees are payable.

The Plan may also incur other fees and/or expenses, including but not limited to investment-related expenses imposed by other service providers or mutual fund managers not affiliated with the Firm and other fees or expenses charged by the Plan's custodian, third-party administrator, and/or recordkeeper. The Firm makes no representations about any costs or expenses associated with the services provided by any third party. The Fees charged by the Firm for the Plan Services are in addition to any brokerage, custodial and/or other fees that may be charged by other service providers to the Plan.

D. Refund of Fees

Depending on who pays the Fee, either the RPF or the Plan will be refunded a pro-rata portion of any prepaid but unearned Fee received by the Firm. The amount refunded, if any, to the RPF or the Plan will be based on the number of days remaining in the period after the date of termination, less any debit, liability, fees or charges that are owed to the Firm. The termination of the Agreement by any party will not, however, affect the liabilities or obligations of the parties under the Agreement, including the RPF's obligation to pay any earned but unpaid Fees for the period in which the termination occurs and any liability that may arise from transactions initiated during the term of the Agreement prior to the effective date of such termination.

## 6. **Performance-Based Fees and Side-By-Side Management**

The Firm does not charge performance based-fees (fees based on a share of capital gains on or capital appreciation of Plan assets).

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### 7. Types of Clients

The Firm provides the Plan Services described in this Brochure to RPFs of pension, profit sharing and other retirement plans subject to ERISA with at least one million dollars of Plan assets.

### 8. Methods of Analysis, Investment Strategies and Risk of Loss

The Firm does not manage investments or portfolio of securities but offers advice to, and is available to consult with, the RPF on investment products or services for the Plan (i.e., mutual funds, group life or variable annuities, investment managers and/or other plan service providers). The Firm uses certain third party software packages and web-based programs ("Third Party Software") to assist in providing Plan Services. Reports produced by Third Party Software are resources and decision-support tools that the Firm will share with the RPF to assist the RPF in making its fiduciary decisions for the Plan. These reports provide analyses on a variety of subjects, including but not limited to:

- Benchmarking - to compare the Plan's current data against industry and employer size benchmarks
- Available Platform Search - to analyze products and services in the marketplace and the fees charged by such product and service providers to generate a comparative report for use as a framework to assist the RPF to determine whether the Plan's current products and services, including the available investments, fees, and services, continues to be appropriate to meet the needs of the Plan and its participants
- Investment Monitoring – to analyze investments offered under the Plan in relation to the plan's IPS in order to provide a framework to assist the RPF in determining which funds are in good standing, which need to be watched and which should be considered for removal from the Plan.

The unaffiliated third parties that created and maintain Third Party Software use their own proprietary formula and logic (using fundamental, qualitative and/or quantitative factors) to analyze mutual funds, insurance products, other investment options, investment managers and service providers, and the results of their analyses are reflected in the reports generated through Third Party Software. The Firm has no influence, control or access to such third party proprietary formula or logic. To produce reports utilizing Third Party Software, the Firm uses information and assumptions provided by the RPF, the Plan custodian, trustee or Platform Vendor, and discussed during the review process with the RPF. The results are shared and reviewed with the RPF and are used to assist the Firm in formulating recommendations and advice to the RPF based on the Plan's stated investment criteria or needs.

The RPF understands that investing in securities involves risk of loss that investors should be prepared to bear. Investors may experience loss in the value of their investment, including loss of principal, due to market fluctuation, even with Plan Services or using any reports from Third Party Software. There is no guarantee that an investor's investment objectives will be achieved by using Plan Services, any services provided by the Firm or reports from Third Party Software. The RPF should, and should communicate to Plan participants that they should, carefully review a copy of the current prospectus, offering statement, or similar disclosure document, for each investment option prior to investing. The prospectus, offering statement or similar disclosure document, contains information regarding the fees, expenses, investment objectives, investment techniques and risks associated with the investment option. The investment returns on a Plan participant's savings will vary and there is no guarantee of positive results or protection against loss. No warranties or representations are made by the Firm concerning the benefits of Plan Services or any report from Third Party Software. The Firm and its Representatives do not provide legal or tax advice. RPFs should seek the advice of their qualified independent tax or legal expert.

It is the responsibility of the Plans, through its RPFs, to monitor the investment options in the plan, its advisors and other service providers to ensure compliance with ERISA, Title I, section 408(b)(2) and Department of Labor regulations. Plans, through their RPFs, are solely responsible for determining whether accepting and implementing the recommendations and/or advice of the Firm would be

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appropriate for the clients based on clients' needs and regulatory obligations.

### **9. Disciplinary Information**

NES and the Firm merged on January 1, 2015.

In March 2003, NES self-reported to the Securities and Exchange Commission (SEC) that the Company, from 1995 to 2002, had failed to rebalance Investment Manager accounts as represented to a large number of its clients. In 2006, the SEC censured NES and issued an order in which NES agreed to hire an independent consultant to conduct an audit and provided restitution of \$2,614,865 to its clients. NES and the Firm merged on January 1, 2015.

In June 2006, the Firm reached a settlement with the Office of the Mississippi Secretary of State (Business, Regulations and Enforcement Division) regarding information provided to the Division and supervision of its registered representatives. Pursuant to the settlement, the Firm agreed to conduct training on certain products to all registered representatives located in Mississippi. The Firm also agreed to pay an administrative penalty of \$50,000. It was alleged that the Firm furnished incorrect information to the Division and failed to adequately supervise its registered representatives.

In September 2006, the Firm and certain of its affiliates reached a settlement with the National Association of Securities Dealers (NASD) relating to allegations that the Firm and its affiliates: executed late trades; submitted inaccurate responses to NASD regulatory inquiries; failed to establish and maintain adequate supervisory systems and written procedures to prevent and detect late trading; failed to capture the time of customer mutual fund orders; failed to produce responsive emails in a timely fashion; and failed to retain emails for the required time period. The Firm and affiliates agreed that an officer of the Firm and its affiliates would certify to the NASD that they (I) reviewed their procedures related to email retention, recording the time of mutual fund orders, and the productions of email in response to regulatory requests and late trading, and (II) established procedures designed to achieve compliance with laws, regulations and rules concerning these matters. The Firm and its affiliates also agreed to pay a fine of \$5,000,000.

In November 2006, the Firm reached a settlement with the NASD relating to the sale of 529 plans. Under the terms of the settlement, the Firm agreed to pay a fine of \$500,000 and agreed to pay \$376,000 in remediation.

In March 2009, NES reached a settlement with the Financial Industry Regulatory Authority (FINRA) on allegations of breakpoint violations, anti-money laundering violations, reporting, supervisory and recordkeeping allegations. NES paid a fine of \$500,000. NES and the Firm merged on January 1, 2015.

In November 2009, the Firm and its affiliates reached a settlement with FINRA regarding the supervision of email correspondence, and the supervision of associated persons in outside business activities and private securities transactions. The Firm and its affiliates were fined \$1,200,000 jointly and severally. The Firm's portion of the fine was \$552,000. NES's portion of the fine was \$264,000. NES and the Firm merged on January 1, 2015.

In November 2011, the Firm reached a settlement with FINRA regarding the maintenance and destruction of confidential client documents. Under the terms of the agreement, the Firm agreed to pay a fine of \$35,000.

### **10. Other Financial Industry Activities and Affiliations**

#### **Other Financial Industry Activities**

The Firm is registered with the SEC as a RIA and a B/D. The Firm sells general securities (including

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stocks and bonds), mutual funds, and alternative investments (including REITs, interests in trust funds and registered limited partnerships), to the public. The Firm and its principal executive officers are principally engaged in the securities brokerage business. As part of this business where the Firm acts as a broker-dealer, the Firm provides a broad range of securities brokerage services to customers. The Firm effects securities transactions for these brokerage customers for compensation and may recommend that customers buy or sell securities or other investment products in which the Firm or its officers, directors, employees or registered representatives ("related persons") have a financial interest or may themselves purchase or sell.

### Relationship with Affiliates

In connection with the Program, the Firm may recommend the RPF to purchase a product or service for the Plan. The RPF is solely responsible for deciding whether to purchase any recommended product or service, and the RPF may purchase such product or service through any broker-dealer that the RPF deems appropriate, including the Firm or its affiliates. Should the RPF purchase a product or service through the Firm, the Firm will act as the Broker-Dealer of Record on such sale, and such transaction will not result in the payment of additional compensation by the Plan and/or Platform Vendor to the Firm or its affiliates, or their agents, employees or independent contractors, including the Representative.

The Firm shares a portion of the Fee that it receives under the Program with the Representative, who provides services on behalf of the Firm to the Plan and the RPF, and Firm's affiliates, as described in Firm's 408(b)(2) disclosure.

In addition to being associated with the Firm in the capacities described in this Brochure, your Representative is also associated with the Firm's affiliated companies, which manufacture products that your Representative may be able to offer to clients of the Firm.

Representatives are generally compensated by the Firm and its affiliated companies for the sale, renewal and servicing of proprietary and certain authorized non-proprietary products. Proprietary products are products or programs that are sponsored or issued by the Firm or its affiliates, and the Program is a proprietary product. A Representative's overall compensation includes base commissions and other forms of compensation that may vary from product to product and/or by the amount of the purchase payment made by clients. RPF should be aware that the amount of a Representative's compensation may increase in part based upon the relative amount of proprietary and/or certain non-proprietary products that a Representative sells during a set period. A Representative may also be eligible for additional cash compensation (such as medical, retirement and/or other benefits) and non-cash compensation (such as conferences and sales support services) based on his or her sales of proprietary products, certain authorized non-proprietary products, and/or overall sales and productivity, as applicable. This Program is considered a proprietary product, and therefore, Representatives may have an incentive to favor this Program over non-proprietary programs in order to receive certain cash and/or noncash compensation that Representatives may be eligible to receive under their applicable compensation plans and/or to meet certain production requirements, if applicable. Representatives must meet minimum overall sales requirements, which include a minimum proprietary product sales requirement, in order to continue their affiliation with the Firm and its affiliates and/or to continue to qualify for certain compensation arrangements described above. Additionally, Representatives' managers are compensated by the Firm and/or its affiliates generally based on overall sales goals, including those that include proprietary product sales, achieved by the Representatives whom they supervise and may qualify for additional compensation based on non-sales related factors as set by the Firm and/or its affiliates from time to time. Generally, a manager's compensation is aligned with that of a Representative, as noted above.

## 11. Code of Ethics

To help manage conflicts of interest, the Firm has adopted a code of ethics (the "Code") pursuant to an

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SEC rule. As a general summary, the Code, among other things, requires certain persons to observe guidelines regarding fiduciary responsibilities, and observe restrictions in the giving and receipt of gifts. The Code also requires certain persons of the Firm to periodically report certain personal securities holdings, accounts and transactions, including those of certain family (household) members, and periodically certify that they understand their obligations under the Code and the firm's Investment Adviser Compliance Manual. Some personnel who are authorized to provide specific advisory services are required to move their and/or their family (household) members' personal securities accounts and other accounts under their control or beneficial ownership to a brokerage account at the Firm or one of its affiliates, and to observe blackout restrictions and other limitations with respect to those accounts. A copy of the Code will be made available to all clients and prospective clients upon request to the Firm. The Firm and its Representatives may give advice or take action in performing their duties for one client receiving Plan Services that differs from the advice provided, or in the timing and nature of action taken, with respect to another client receiving Plan Services.

### **12. Brokerage Practices**

The RPF or the Plan may select any broker-dealer to execute securities transactions or to purchase products or services for their plans. The Firm does not recommend or advise the RPF on the selection of a broker-dealer. If the RPF or the Plan deems it appropriate to do so, the RPF or the Plan may designate the Firm (in its capacity as a broker-dealer) as broker of record for products or service in connection with plan assets. The Firm, in its capacity as a broker-dealer, will not receive any commissions or 12b-1 payments for investments made in connection with recommendations made by the Firm under the Program. However, if the RPF or the Plan selects a broker-dealer other than the Firm, that broker-dealer may be paid commissions or 12b-1 payments from Plan assets. The Firm will not receive any additional compensation, including commissions or 12b-1 payments in connection therewith.

### **13. Review of Accounts**

In accordance with the Agreement, the Firm will contact the RPF annually to schedule a plan review in connection with the ERISA Fiduciary Services selected by the RPF. During the annual plan review, the Representative will review with and provide to the RPF written reports and materials described in Item 8 above that are applicable and relevant to the ERISA Fiduciary Services provided under the Agreement. The RPF may request for additional plan reviews on a more than annual basis upon reasonable request to the Firm, which the Firm may consider and will attempt to reasonably accommodate.

### **14. Client Referrals and Other Compensation**

Associated persons of the Firm's affiliates may from time to time refer prospective Plans and their RPFs to the Firm or its Representatives as potential clients of the Program. The Firm does not share any Fee with or compensate any such associated person for referring potential clients to the Firm or Representatives.

From time to time, the Firm conducts training sessions that Representatives are required to attend. Platform Vendors that manufacture products or provide services accessible through the Program or in connection with Brokerage Services described in Item 4 above may be solicited by the Firm to contribute towards the cost of conducting these training sessions in exchange for opportunities at these sessions to present their retirement plan products or services, provide industry updates and/or conduct educational training to Representatives (a Platform Vendor that contributes to the cost of the training is a "Sponsor"). Representatives have the ability to offer RPFs access to any product or service on the Firm's platform, regardless of whether such product or service is manufactured by a Sponsor. However, Representatives may be more knowledgeable about products and services offered by Sponsors over products and services manufactured by non-Sponsors or Platform Vendors due to the additional exposure that

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Representatives may receive at these sessions. Also, some Platform Vendors and Sponsors have business relationships with and compensate the Firm through arrangements outside of and unrelated to the Program.

It is important to keep in mind that not all Platform Vendors that were solicited will contribute. Additionally, all contributions are used by the Firm only to cover expenses associated with conducting training sessions and are not used to compensate the Firm or Representatives for the sale of products and services of Sponsors. The amount of contribution is determined solely by the Sponsor, and the Firm does not require contributions to be made in proportion to sales made through the Firm. RPFs may contact the Firm for a list of Sponsors, if any, who contributed during the current calendar year.

### **15. Custody**

Custody of all Plan assets will be maintained with a third-party custodian selected by the RPF, and Plan recordkeeping will be provided by a third-party recordkeeper selected by the RPF. The Firm and its Representatives will not have custody of any Plan assets. The Plan will be solely responsible for paying all fees or charges of the recordkeeper and the custodian. Neither the Firm nor any of its affiliates will have any liability for custodial or recordkeeping arrangements or the acts, conduct, or omissions of the custodian or the recordkeeper. The Firm and its Representatives do not provide account statements or confirmations for transactions to the Plan, the RPF or Plan participants. Any document that the Firm or its Representatives may provide, which contains information on Plan assets or value of those assets, should not be construed as account statements or confirmations for transactions replacing any official document from the Plan's recordkeeper or custodian of Plan assets. The Plan should receive at least quarterly statements from the Plan's selected custodian holding and maintaining Plan assets. The RPF is urged to carefully review such statements and compare them against the account statements or other documents received from Platform Vendors or other service providers, including the Firm.

### **16. Investment Discretion**

The Firm and its Representatives do not have investment discretion over Plan assets or discretion over Plan operations.

### **17. Voting Client Securities**

The Firm and its Representatives have no obligation or authority to take any action or render any advice with respect to proxies, consents, waivers or other documents with respect to any securities held by, or for, the Plan. The Plan retains the responsibility for receiving and voting proxies for any and all securities held by or for the Plan. The Plan may receive proxies or other solicitations directly from the custodian, transfer agent or Platform Vendor.

### **18. Financial Information**

The Firm does not require the Plan or the RPF to prepay any Fee six months or more in advance. Additionally, the Firm does not have any material financial condition to require the Firm to provide any disclosure to the Plan or the RPF.