



Stratos Wealth Partners, Ltd  
3750 Park East Drive, Suite 200, Beachwood, OH 44122  
www.StratosWealthPartners.com (440) 519-2500

Retirement Plan Consulting Services

March 24, 2014

**This brochure provides information about the qualifications and business practices of Stratos Wealth Partners, Ltd. If you have any questions about the contents of this brochure, please contact us at 440-519-2500. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Stratos Wealth Partners, Ltd. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

Stratos Wealth Partners, Ltd. is registered with the U.S. Securities and Exchange Commission. Note, however, that such registration does not imply a certain level of skill or training. The oral and written communications we provide to you, including this Brochure, is information you use to evaluate us (and other advisers) which are factors in your decision to hire us or to continue to maintain a mutually beneficial relationship.

ITEM 1 COVER PAGE

ITEM 2 MATERIAL CHANGES

This Brochure is a disclosure document required to be delivered to clients by investment advisors. The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Brochure. This brochure is filed as an update to the Stratos Wealth Partners, Ltd, Form ADV Part 2A, Retirement Plan Consulting Services Brochure. Stratos last amended this Brochure on January 31, 2015. Since then following material changes have occurred.

- None.

If you would like another copy of this Brochure, please download it from the SEC Website as indicated above or you may contact our Chief Compliance Officer at 440-505-5620.

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## ITEM 4 ADVISORY BUSINESS

### Introduction

Stratos Wealth Partners, Ltd., (“Stratos”) is an investment advisor registered with the Securities and Exchange Commission (“SEC”) pursuant to the Investment Advisers Act of 1940. Stratos has provided advisory services as a registered investment advisor since 2010. Note that registration as an investment advisor with the SEC does not imply a certain level of skill or training.

As of December 31, 2014, Stratos’ discretionary assets under management were \$1,914,663,405 in 7586 accounts. Non-discretionary assets under management were \$354,863,725 in 1547 accounts. The total assets under management were \$2,269,527,130 in 9133 accounts.

Stratos’ advisory services are made available to clients primarily through individuals associated with Stratos as investment advisor representatives (“IARs”). For more information about the IAR providing advisory services, client should refer to the Brochure Supplement for the IAR. The Brochure Supplement is a separate document that is provided by the IAR along with this Brochure

before or at the time client engages the IAR. If client did not receive a Brochure Supplement for the IAR, the client should contact the IAR or Stratos at 440-505-5620.

## **Types of Advisory Services**

Stratos offers various types of advisory services and programs, including wrap programs, mutual fund asset allocation programs, advisory programs offered by third party investment advisor firms, financial planning services, retirement plan consulting services, investment research, and other customized advisory services. This Brochure provides information about Stratos and its retirement plan consulting services.

Stratos provides information in separate disclosure brochures for its other advisory services and advisory programs, including the Stratos Wealth Management, Stratos Wealth Management II, Manager Select, Manager Access Select, Personal Wealth Portfolios, Optimum Market Portfolios and Model Wealth Portfolios programs. If clients would like more information on such services and programs, clients should contact the IAR for a copy of the disclosure brochure that describes such service or program or go to [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Retirement Plan Consulting Services**

Under Stratos' Retirement Plan Consulting Services ("RPCS"), IARs assist clients that are trustees or other fiduciaries to retirement plans ("Plans") by providing fee-based consulting and/or advisory services. IARs perform one or more of the following services, as selected by the client in the client agreement:

- Assistance in the preparation or review of an investment policy statement ("IPS") for the Plan based upon consultation with client to ascertain Plan's investment objectives and constraints.
- Acting as a liaison between the Plan and service providers, product sponsors or vendors.
- Ongoing monitoring of investment manager(s) or investments in relation to the criteria specified in the Plan's IPS or other written guidelines provided by the client to IAR.
- Preparation of reports describing the performance of Plan investment manager(s) or investments, as well as comparing the performance to benchmarks.
- Ongoing recommendations, for consideration and selection by client, about specific investments to be held by the Plan or, in the case of a participant-directed defined contribution plan, to be made available as investment options under the Plan.
- Training for the members of the Plan Committee with regard to their service on the Committee, including education and consulting with respect to fiduciary responsibilities.
- Assistance in enrolling Plan participants in the Plan, including conducting an agreed upon number of enrollment meetings. As part of such meetings, IARs may provide participants with information about the Plan, which may include information on the benefits of Plan participation, the benefits of increasing Plan contributions, the impact of pre-retirement withdrawals on retirement income, the terms of the Plan and the operation of the Plan.
- Assistance with investment education seminars and meetings for Plan participants. Such meetings may be on a group or individual basis, and may include information about the investment options under the Plan (e.g., investment objectives, risk/return characteristics, and historical performance), investment concepts (e.g., diversification, asset classes, and risk and return), and how to determine investment time horizons and assess risk tolerance. Such meetings do not include specific investment advice about investment options under the Plan as being appropriate for a particular participant.
- Assistance at client's direction in making changes to investment options under the Plan.
- As part of the ongoing investment recommendation service set out above, assistance in identifying investment options in connection with the "broad range" requirement of Section 404(c) of the Employee Retirement Income Security Act of 1974 ("ERISA").
- As part of the ongoing investment recommendation service set out above, assistance in identifying an investment fund product or model portfolio in connection with the definition of a "Qualified Default Investment Alternative" ("QDIA") under ERISA.

- Assistance with the preparation, distribution and evaluation of Request for Proposals, finalist interviews, and conversion support in connection with vendor analysis and service provider support.
- Preparation of comparisons of Plan data (e.g., regarding fees and services and participant enrollment and contributions) to data from the Plan's prior years and/or a benchmark group of similar plans.
- Assistance in identifying the fees and other costs borne by the Plan for, as specified by client, investment management, recordkeeping, participant education, participant communication and/or other services provided with respect to the Plan.

If the Plan makes available publicly traded employer stock ("company stock") as an investment option under the Plan, IARs do not provide investment advice regarding company stock and are not responsible for the decision to offer company stock as an investment option. In addition, if participants in the Plan may invest the assets in their accounts through individual brokerage accounts, a mutual fund window, or other similar arrangement, or may obtain participant loans, IARs do not provide any individualized advice or recommendations to the participants regarding these decisions. Furthermore, IARs do not provide under RPCS individualized investment advice to Plan participants regarding their Plan assets.

Stratos provides advisory services under RPCS as an investment advisor under the Investment Advisers Act of 1940. In addition, if client elects to engage Stratos and IAR to perform ongoing investment monitoring and ongoing investment recommendation services in the client agreement, such services will constitute "investment advice" under Section 3(21)(A)(ii) of ERISA. Therefore, Stratos and IAR will be deemed a "fiduciary" as such term is defined under Section 3(21)(A)(ii) of ERISA in connection with those services. Clients should understand that to the extent Stratos and IAR are engaged to perform services other than ongoing investment monitoring and recommendations, those services are not "investment advice" under ERISA and therefore, Stratos and IAR will not be a "fiduciary" under ERISA with respect to those other services.

From time to time Stratos and/or IAR may make the Plan or Plan participants aware of and may offer services available from Stratos and/or IAR that are separate and apart from the services provided under RPCS. Such other services may be services to the Plan, to a client with respect to client's responsibilities to the Plan and/or to one or more Plan participants. In offering any such services, neither Stratos nor IAR is providing the services under RPCS or acting as a fiduciary under ERISA with respect to such offering of services. If any such separate services are offered to a client, the client will make an independent assessment of such services without reliance on the advice or judgment of Stratos or the IAR.

## **ITEM 5 FEES AND COMPENSATION**

Under RPCS, clients pay Stratos a fee ("RPCS Fee") for advisory and/or consulting services. Stratos shares at least 90% of the RPCS Fee with the IAR based on the agreement between Stratos and the IAR. The RPCS Fee may be based on a percentage of the assets held in the Plan (up to 1.00% annually), on an hourly basis (up to \$400 per hour), or on a flat rate basis, as negotiated between the Plan and the IAR. The RPCS Fee will be payable to Stratos in advance or in arrears on the frequency (e.g., quarterly, monthly, etc.) agreed upon among the client, the IAR, and Stratos.

If asset based fees are negotiated, the RPCS Fee payment generally will be based on the value of the Plan assets as of the close of business on the last business day of the period as valued by the custodian of the assets. However, if the RPCS Fee is paid by the Plan or the client through a third party service provider, such fee will be calculated as determined by the provider. If the RPCS Fee is paid prior to the services being provided, the Plan will be entitled to a prorated refund of any prepaid fees for services not received upon termination of the client agreement among the client, Stratos and the IAR.

Clients incur fees and charges imposed by third parties other than Stratos and IAR in connection with RPCS services. These third party fees can include fund or annuity subaccount management fees, 12b-1 fees and administrative servicing fees, plan recordkeeping and other service provider fees. Further information regarding charges and fees assessed by a fund or annuity are available in the appropriate prospectus.

If a client engages Stratos and IAR to provide ongoing investment recommendations to the Plan regarding the investment options (e.g., mutual funds, collective investment funds) to be made available to Plan participants, clients should understand that there generally will be two layers of fees with respect to such assets. The Plan will pay an advisory fee to the fund manager and other expenses as a shareholder of the fund. The client also will pay Stratos and IAR the RPCS Fee for the investment recommendation

services. Therefore, clients could generally avoid the second layer of fees by not using the advisory services of Stratos and IAR and by making their own decisions regarding the investment.

If a Plan makes available a variable annuity as an investment option, there are mortality, expense and administrative charges, fees for additional riders on the contract and charges for excessive transfers within a calendar year imposed by the variable annuity sponsor. If a Plan makes available a pooled guaranteed investment contract (GIC) fund, there are investment management and administrative fees associated with the pooled GIC fund.

Clients should understand that the RPCS Fee client negotiates with IAR may be higher than the fees charged by other investment advisors or consultants for similar services. This is the case, in particular, if the fee is at or near the maximum fees set out above. The IAR is responsible for determining the fee to charge each client based on factors such as total amount of assets involved in the relationship, the complexity of the services, and the number and range of supplementary advisory and client-related services to be provided. Clients should consider the level and complexity of the consulting and/or advisory services to be provided when negotiating the fee with IAR.

Clients pay the RPCS Fee by check made payable to Stratos Wealth Partners, Ltd. In the alternative, clients also may instruct a Plan's service provider or custodian to calculate and debit the fee from the Plan's account at the custodian and pay such fee to Stratos.

## **ITEM 6 PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

This Item is not applicable. Stratos and its IARs do not accept performance-based fees for RPCS services.

## **ITEM 7 TYPES OF CLIENTS**

Stratos' RPCS services are available to clients that are trustees or other fiduciaries to Plans, including 401(k), 457(b), 403(b) and 401(a) plans. Plans include participant directed defined contribution plans and defined benefit plans. Plans may or may not be subject to ERISA. Stratos does not require a minimum asset amount for retirement plan consulting services.

## **ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

If clients elect to engage an IAR to provide ongoing investment recommendations for a Plan, IARs may conduct analysis of mutual funds, exchange-traded funds ("ETFs"), collective investment trusts, annuity subaccounts and other securities using a technical/quantitative and/or fundamental/qualitative approach. The sources of information that an IAR may use to provide advice to Plans include the following: research conducted by the IAR, research materials prepared by Stratos or third parties, statistical and/or analytical industry databases, financial newspapers and magazines, and vendor or company press releases.

LPL Financial (LPL)'s Research Department makes recommendations regarding asset allocation, mutual funds, variable annuity subaccounts and ETFs. IARs may or may not follow these recommendations in providing investment advice under RPCS. LPL Research also constructs asset allocation model portfolios for various investment objectives and provides recommendations on the funds to populate those models. In addition, Stratos/LPL makes available to IARs providing investment recommendations in RPCS an investment analysis scorecard. The scorecard system is intended to identify suitable investments using a consistent process and monitor the investments on a periodic basis. The system takes into account historical data and uses a 12 point scoring system based on quantitative factors (e.g., style drift, performance, risk and risk-adjusted returns) and qualitative factors (e.g., operating expenses, manager tenure).

It is important to note that although Stratos/LPL makes available research materials to IARs, an IAR may take into consideration these materials to a limited extent or not at all. Clients are encouraged to speak to their IAR directly to discuss the IAR's particular approach and strategy for providing consulting services to the Plan. It is important to note that no methodology or investment strategy is guaranteed to be successful or profitable.

The trustees or other fiduciaries of a Plan may choose to select a number of different types of securities to make available to Plan participants, including mutual funds, collective investment funds, GICs, ETFs, annuity subaccounts or other securities. Each different type of security carries with it risks that are inherent in that specific type of security. Mutual funds, collective investment funds, ETFs and subaccounts may also invest in varying types of securities which carry these risks. Investing in securities involves the risk of loss that clients should be prepared to bear.

## ITEM 9 DISCIPLINARY INFORMATION

As an investment advisor regulated by the SEC, Stratos has nothing to report in this section.

## ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Most Stratos IARs are also Registered Representatives of LPL Financial LLC ("LPL"), a registered Broker/Dealer, member FINRA and SIPC. Clients may maintain multiple accounts with a representative, some of which are subject to an investment advisory relationship through Stratos, while other accounts of the same client may operate under a brokerage relationship through LPL. When acting in an investment advisory capacity the advisor is acting under a fiduciary duty to the client where the standard of care when recommending securities to clients is higher than in the case of a brokerage relationship, where the standard is suitability of the recommended security. Clients are under no obligation to purchase or sell securities through IARs. However, if a client chooses to implement the recommendations, commissions may be earned by IARs in addition to any fees paid for advisory services. Commissions may be higher or lower at LPL than at other broker/dealers. IARs may have a conflict of interest in having clients purchase securities and/or insurance related products through LPL in that the higher their production with LPL the greater potential for obtaining a higher pay-out on commissions earned. Further, IARs may be restricted to only offering those products and services that have been reviewed and approved for offering to the public through LPL. They spend approximately 20% of their time offering securities products on a commission basis. However, the amount of time spent by each IAR will vary. Some IARs may spend significantly more or less time offering commissionable products and services through LPL.

LPL makes available to Stratos other products and services that benefit Stratos but may not benefit its clients' accounts. Some of these other products and services assist Stratos in managing and administering clients' accounts. These include software and other technology that provide access to client account data, such as trade confirmation 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 Stratos' fees from its clients' accounts; and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of Stratos' accounts, including those accounts not maintained at LPL. LPL may also make available to Stratos other services intended to help Stratos manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, LPL may make available, arrange and/or pay for these types of services rendered to Stratos by independent third parties. LPL 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 Stratos.

IARs who are LPL Registered Representatives may receive trail commissions (i.e. 12b-1 fees) for a period of time. Load and no-load mutual funds may pay annual distribution charges, sometimes referred to as 12b-1 fees. 12b-1 fees come from fund assets, therefore, indirectly from client assets. 12b-1 fees may be initially paid to LPL and a portion passed to the IAR in their capacity as a Registered Representative. The receipt of such fees could represent an incentive for IARs to recommend funds with 12b-1 fees over funds that have no fees or lower fees. As a result, there is a potential conflict of interest. However, 12b-1 fees paid on mutual funds purchased in a Stratos Wealth Partners managed account will not be passed to IARs and will be retained by LPL.

Stratos Wealth Partners, Ltd. advisors offer insurance products and services for which commissions will be paid. IARs and other related persons of Stratos may be licensed with various insurance companies. Stratos, its IARs and related persons have a conflict of interest to recommend clients purchase insurance products since commissions may be earned in addition to fees for advisory services. Clients are not obligated to purchase insurance products through Stratos or its IARs. IARs spend approximately 5% of their time offering insurance products. However, the amount of time spent by each IAR will vary. Some IARs may spend significantly more or less time offering insurance products and services. The principal business of Stratos is not to offer insurance products and services. Less than 10% of Stratos' resources are dedicated to insurance business.

Certain IARs may be certified public accountants (CPAs) and offer accounting services through their accounting practice. Stratos does not endorse or recommend the services of the IARs in their capacity as CPAs. Further, none of the services offered by Stratos are to be considered legal or accounting services. Clients are under no obligation to participate in accounting services offered by IARs who may be CPAs.

Stratos may enter into arrangements with individuals ("Solicitor") whereby the Solicitor will refer clients to Stratos which clients may be a candidate for the investment advisory services offered by Stratos. In return, Stratos will agree to compensate the Solicitor for the referral. Compensation to the Solicitor is dependent on the client entering into an advisory agreement with Stratos

for advisory services. Compensation to Solicitor will be an agreed upon percentage of Stratos' advisory fee. Stratos referral program is in compliance with the federal regulations as set out in 17 CFR Section 275.206(4)-3. The solicitation/referral fee is paid pursuant to a written agreement retained by both the investment adviser and the solicitor. The Solicitor will be required to provide the client with a copy of Stratos' Form ADV Part 2A and a Solicitor Disclosure brochure prior to or at the time of entering into any investment advisory contract with Stratos. Solicitor is not permitted to offer clients any investment advice on behalf of Stratos. Clients' advisory fee will not be increased as a result of compensation being shared with Solicitor.

As stated above, IARs are generally independent contractors. As such, the IARs have a direct incentive in the advisory fees being charged since a portion of the advisory fee collected by Stratos will be paid to the IAR for compensation for advisory services. Further, clients are advised that the amount paid by Stratos to the IAR will be based on the production of the IAR. Therefore, the higher sales the IAR produces the more compensation the IAR will receive. Consequently, since production is a basis for determining the IAR's payout, and since a portion of the advisory fees will be retained by Stratos, there is a conflict of interest for the IAR to potentially charge a higher fee.

Stratos may offer clients the option to utilize the management services of one or multiple third party managers. Stratos will assist clients with evaluating their financial situation and present to the clients one or more third party managers and assist the client with selecting a third party manager's service. Additionally, on an ongoing basis Stratos will be available to answer questions clients may have regarding their managed account and act as the communication conduit between the client and the manager. Stratos will periodically meet with the client to evaluate the client's account and third party manager. Stratos offers clients access to various third party managers including, but not limited to Brinker Capital, BTS Asset Management, Curian Capital, GFWM, Manning Napier, SEI, Skybridge, and Symmetry Partners.

In addition, if the investment program recommended to a client is a wrap fee program the client will also receive Part 2A Appendix 1 of the Form ADV or equivalent wrap fee brochure provided by the sponsor of the program. Stratos will provide to each client all appropriate disclosure statements, including disclosure of solicitation fees to Stratos and its advisory associates.

Clients will be charged an advisory fee by the third party manager (selected by the client).

Clients are advised that fees for such programs may be higher or lower than if the client directly obtained the services of the third party manager, or if the client obtained advisory services separately. Clients should read the third party manager's disclosure brochure for additional disclosure of its managed program.

For accounts that utilize a third party manager, client will establish a third party manager custody account at a qualified custodian. Stratos will not directly conduct any securities transactions on behalf of the client or participate directly in the selection of the securities to be purchased or sold for the client. Investment decisions are made by the third party manager in accordance with the agreement between client and manager.

Clients may pay transaction fees, account maintenance fees and other fees and expenses associated with maintaining the account.

Fees will be charged by and collected by the third party manager and the third party manager will allocate Stratos' portion of the fee. Therefore, clients must refer to the third party manager's disclosure brochure for payment terms and conditions.

### ***Potential Conflicts of Interest***

Transactions in LPL advisory program accounts are generally effected through LPL as the executing broker-dealer. Stratos receives compensation from LPL as a result of a client's participation in an LPL program. Depending on, among other things, the size of the account, changes in its value over time, the ability to negotiate fees or commissions, and the number of transactions, the amount of this compensation may be more or less than what the Stratos would receive if the client participated in other programs, whether through LPL or another sponsor, or whether the client paid separately for investment advice, brokerage and other services.

As discussed below, Stratos has in place a Code of Ethics that provides for Stratos and its Advisor Representatives to exercise its fiduciary duty to clients to act in the best interest of the client and always place the client's interests first and foremost. Stratos takes seriously its compliance and regulatory obligations and requires all staff to comply with such rules and regulations as well as Stratos' policies and procedures.

## **ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Code of Ethics and Personal Trading**

Stratos has adopted a code of ethics that includes guidelines regarding personal securities transactions of its employees and IARs. The code of ethics permits Stratos employees and IARs to invest for their own personal accounts in the same securities that Stratos and IARs purchase for clients in program accounts. This presents a conflict of interest because trading by an employee or IAR in a personal securities account in the same security on or about the same time as trading by a client can disadvantage the client. Stratos addresses this conflict of interest by requiring in its code of ethics that Stratos employees and IARs report certain personal securities transactions and holdings to Stratos. Stratos has procedures to review personal trading accounts for front-running. Employees and IARs are required to obtain pre-approval for investments in private placements and initial public offerings. A copy of the code of ethics is available to clients or prospective clients upon request and is available on Stratos' website [www.STRATOSWEALTHPARTNERS.com](http://www.STRATOSWEALTHPARTNERS.com).

### **Participation or Interest in Client Transactions**

As part of the RPCS services selected by the client, for example, vendor analysis services, an IAR may provide recommendations as to investment products or services. To the extent that IAR recommends that client invest in products and services that will result in compensation being paid to Stratos and the IAR, this presents a conflict of interest. The compensation to IAR and Stratos may be more or less depending on the product or service that the IAR recommends. Therefore, the IAR has a financial incentive to recommend that a recommendation be implemented using a certain product or service over another product or service. The client is under no obligation to purchase securities or services through Stratos and the IAR.

If the client decides to implement the RPCS services through a Stratos advisory program or service, the IAR will provide client at the time of engagement with a Brochure, client agreement and other account paperwork that contain specific information about fees and compensation that the IAR and Stratos will receive in connection with that program. The Brochures are also available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

If the client desires instead to engage IAR to provide brokerage services, the IAR would be acting as a registered representative of LPL Financial (LPL), LPL and IAR will receive brokerage-related compensation for those services, such as commissions and/or trail fees. LPL provides information regarding such brokerage compensation at the time of a brokerage transaction and also on its website at [www.LPL.com](http://www.LPL.com). When considering whether to implement a recommendation through IAR and LPL, clients should discuss with the IAR how LPL and IAR will be compensated.

It is important to note that clients are under no obligation to implement a recommendation through Stratos. Clients should understand that the investment products, securities and services that an IAR may recommend as part of an RPCS service are available to be purchased through broker-dealers, investment advisors or other investment firms not affiliated with Stratos.

Client should understand that Stratos and IAR may perform advisory services for various other clients, and that Stratos and IAR may give advice or take actions for those other clients that differ from the advice given to the client. The timing or nature of any action taken for a client may also be different.

## **ITEM 12 BROKERAGE PRACTICES**

In connection with RPCS services, an IAR may recommend to a client that a Plan use a certain retirement plan platform or service provider (such as a record-keeper or administrator), however clients are free to select any broker or custodian they wish and are so informed.



## **ITEM 13 REVIEW OF ACCOUNTS**

To the extent services offered to the Plan include performance monitoring; IAR will review performance of investment manager(s) or investments selected by the Plan on a quarterly basis. If elected by the Plan, IAR will provide reports evaluating the performance of Plan investment manager(s) or investments, as applicable.

## **ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION**

### **Other Compensation**

Stratos receives referral bonuses from LPL which are based on the trailing 12 month commission production history of newly hired representatives, as well as a percentage portion of the commissions and bonuses the representatives generate at LPL. Newly hired representatives may receive from LPL forgivable loans, upfront cash and various forms of start-up expense coverage based on their trailing 12 month commission production history for electing to join LPL and Stratos. This may provide an incentive for the representative to change firms in order to obtain these forms of compensation.

The IAR, Stratos and Stratos employees may receive additional compensation from advisory product sponsors. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings, client workshops or events, or marketing or advertising initiatives. Product sponsors may also pay for, or reimburse Stratos for the costs associated with education or training events that may be attended by Stratos employees and IARs and for Stratos-sponsored conferences and events. In particular, Stratos may receive marketing and educational support payments from retirement plan product sponsors to assist training and educating financial advisors, including RPCS. Such support payments are not tied to the sales of any products or client assets in the products. IARs do not receive any portion of these payments. For a current and complete list of the retirement plan product sponsors that pay such marketing and educational support payments, please ask your IAR.

The IAR recommending the RPCS program services to the client receives compensation as a result of the client's participation in the program. This compensation includes a portion of the RPCS Fee and also may include other compensation, such as awards or other things of value offered by LPL, such as free or reduced-cost marketing materials, payments in connection with the transition of the advisor's association from another broker-dealer or investment advisor firm to LPL/Stratos, or attendance at LPL conferences and events. Stratos may pay its IARs in different ways, for example, the ability to purchase shares of Stratos' stock at a discount and reimbursement of fees that IARs pay to Stratos for items such as administrative services. Stratos pays IARs this compensation based on the IAR's overall business production and/or on the amount of assets serviced in Stratos advisory relationships. The amount of this compensation may be more or less than what the IAR would receive if the client participated in other Stratos programs or in services or programs of other investment advisors or consultants. Therefore, the IAR may have a financial incentive to recommend RPCS services over other programs and services.

To the extent permitted by applicable law, including ERISA, Stratos has entered into referral agreements with independent third party investment advisers, pursuant to which Stratos and IARs receive referral fees from the third party investment advisers in return for referral of certain clients. Stratos refers clients to such firms as Brinker Capital, BTS Asset Management, Curian Capital, GFWM, Manning Napier, SEI, Skybridge, and Symmetry Partners. Because Stratos is engaged by and paid by the third party investment advisor for the referral, any recommendation regarding a third party investment advisor as part of a referral presents a conflict of interest. Stratos addresses this conflict by providing the client with a disclosure statement explaining the role of Stratos and IAR and the referral fee received by Stratos and IAR.

In addition, Stratos may enter into other agreements with the third party investment advisers to whom Stratos refers certain clients, pursuant to which Stratos may provide (i) marketing services on behalf of the third party investment advisers to Stratos representatives; or (ii) data technology services to integrate third party investment adviser account data on Stratos' technology systems. To the extent permitted by applicable law, including ERISA, Stratos receives fees for these services and such fees are typically based on the amount of assets referred by Stratos to the third party investment adviser. The IAR does not share in these fees.

In some cases, the third party investment advisers pay additional marketing payments to Stratos, its employees and/or IARs to cover fees to attend conferences or reimbursement of expenses for workshops, seminars presented to IARs clients or advertising, marketing or practice management.

## **Client Referrals**

Stratos compensates other persons for client referrals. Stratos enters into an agreement with such referral agents and pays them a portion of the RPCS Fee. The referral agent discloses to the client at the time of the solicitation the arrangement and the compensation to be received by the referral agent.

Stratos and its IARs may offer advisory services on the premises of unaffiliated financial institutions, like banks or credit unions. Stratos has entered into agreements with the financial institutions pursuant to which Stratos shares compensation, including a portion of the RPCS, with the financial institution for the use of the financial institution's facilities and for client referrals. In such case, Stratos may share such portion with the financial institution pursuant to the agreement between Stratos and the financial institution, and a portion to the IAR.

## **ITEM 15 CUSTODY**

Stratos and IAR will not serve as a custodian for Plan assets in connection with the consulting services offered through RPCS. The Plan is responsible for selecting the custodian and investment sponsor for Plan assets. In order to service the Plan through RPCS, the IAR and Stratos may be listed as the contact for the Plan account held at an investment sponsor. The trustees or other fiduciaries for the Plan will complete account paperwork with the outside custodian that will provide the name and address of the custodian. The custodian for Plan assets is responsible for providing the Plan with periodic confirmations and statements. Stratos recommends that Plan sponsors review the statements and reports received directly from the custodian or investment sponsor.

For RPCS services, Stratos may receive prepayment of fees for 6 or more months in advance.

## **ITEM 16 INVESTMENT DISCRETION**

Under RPCS, Stratos and the IAR provides advisory and consulting services primarily on a non-discretionary basis, so that the client makes the decisions regarding the purchase and sale of securities and the regarding the investment options to be made available in the Plan. If advisory and consulting services are provided on a discretionary basis, clients will provide that authorization in writing to Stratos and IAR. Stratos and IAR do not exercise authority over the administration of the Plan. RPCS services do not include advice regarding the interpretation of the Plan documents, the determination of participant eligibility, benefits, or vesting, and the approval of distributions to be made by the Plan.

## **ITEM 17 VOTING CLIENT SECURITIES**

Stratos does not accept authority to vote client securities in connection with RPCS services.

## **ITEM 18 FINANCIAL INFORMATION**

Stratos is not required to include a balance sheet for its most recent financial fiscal year.