

ProEquities, Inc.
(doing business as Investment Advisors)
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Wrap Fee Program Brochure
For Wrap Fee Programs offered through ProEquities,
Inc.

Brochure Date February 26, 2015

This Wrap Fee Program Brochure provides clients with information about the qualifications and business practices of ProEquities, Inc. ("ProEquities"). If you have any questions about the contents of this Brochure, please contact us at 800-288-3035. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any governmental authority.

ProEquities, Inc. is a registered investment adviser. Registration as an Investment Adviser does not imply any level of skill or training. The information in this Brochure provides you with information you can use to determine to hire or retain ProEquities.

Additional information about ProEquities also is available on the SEC's website at
www.adviserinfo.sec.gov.

Item 2 – Material Changes

Specific material changes were made to this Brochure, the last update to which was made on December 2, 2014. These changes are summarized below. You may request a copy of the complete updated Brochure by contacting ProEquities at 800-288-3035 or suzette.foster@proequities.com. Our Brochure is also available on our web site, www.proequities.com, also free of charge.

Item 4 – Private Access Program

Rock Point Advisors is no longer available as a separate account manager in the Private Access Program.

Item 4 – Private Access Program Account Minimum and Minimum Fees

The minimum account balance for Private Access equity strategies was lowered to \$50,000.

The minimum fees for Private Access have been revised as follows:

The minimum advisory fee for equity strategies was lowered to \$625.00

The minimum advisory fee on the JA Forlines Risk Managed Income Portfolio was lowered to \$625.00

Item 6 (Other Advisory Services) and Item 9 (Other Financial Industry Arrangements)

ProEquities' parent company, Protective Life Corporation, was purchased by The Dai-ichi Life Insurance Company, Limited ("Dai-ichi") in February, 2015. As a result, Dai-ichi is an indirect owner of ProEquities.

Currently, our Brochure may be requested by contacting your Investment Advisor Representative, or by contacting ProEquities at 800-288-3035 or via our web site, <http://www.proequities.com/disclosures.aspx>, also free of charge.

Additional information about ProEquities, Inc. is also available via the SEC's web site www.adviserinfo.sec.gov and on FINRA's Public Disclosure site at <http://www.finra.org/Investors/ToolsCalculators/BrokerCheck>. These websites also provide information about any persons affiliated with ProEquities who are registered, or are required to be registered, as investment adviser representatives of ProEquities.

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Item 4 – Services, Fees and Compensation

ProEquities, Inc. (also referred to hereinafter as “ProEquities” or the “Firm”) ProEquities is a registered broker-dealer and registered investment adviser that provides securities, investment advice and other financial services to clients. We are registered as an investment adviser with the Securities and Exchange Commission (“SEC”). We provide investment advice through investment adviser representatives (“IARs”) who are associated with our Firm, most of whom are also registered representatives of our broker-dealer. ProEquities sponsors seven wrap fee programs which are described herein.

Beginning in January, 2014, ProEquities, in conjunction with Envestnet Asset Management, Inc. (“Envestnet”), will offer these wrap fee programs through our privately labeled ProEquities AMPSM platform. Our relationship with Envestnet allows our IARs to provide you with an AMP Account by using tools, resources and technology provided by Envestnet as part of the seven wrap fee programs described herein. These tools, resources and technology include the ability to produce detailed proposals, create investment models, allocate assets, monitor your specifications on an account, aggregate trades, and rebalance an account.

Prior to opening an AMP account, your IAR will typically gather information through a meeting with you to determine, among other things, your investment experience, investment objectives, risk tolerance and general financial condition in order to create an investment profile for you. These investment profiles will allow our IAR to determine and recommend to you the appropriate investment products and services through your AMP account. The specific terms of the AMP account will be set forth in the Terms & Conditions, which you will enter into in order to open your AMP account.

ProEquities is dually registered as a broker-dealer (member FINRA and SIPC) and registered investment adviser. All accounts participating in the AMP platform are held with ProEquities acting as broker-dealer. As a broker-dealer, ProEquities conducts its securities business on a fully disclosed basis with its clearing firm, Pershing, LLC, (“Pershing”). For all wrap fee programs offered through the AMP platform, investment advisory accounts will be held in brokerage accounts with ProEquities, through its clearing arrangement with Pershing. As such, Pershing maintains custody of the client’s funds and securities; collects interest and dividends; and performs the normal and customary execution and custodial services.

Wrap Fee Programs Available through your AMP Account

ProEquities Capital Asset Management (“CAM”) and ProTrade Wrap Fee Programs

The CAM and ProTrade wrap fee programs are designed to assist clients, both individuals and institutions (such as qualified pension and profit sharing plans, trusts, estates, charitable organizations, and corporations). The client’s Investment Adviser Representative (“IAR”) will assist the client in clarifying their investment needs, including but not limited to investment objectives, tolerance for risk, and investment time horizon, and provide professional asset management for a convenient single “wrap” fee. A wrap fee is a charge billed to the client’s advisory account for providing a bundle of services, including but not limited to investment advice, investment research, and brokerage services. The IAR will work with the client in selecting appropriate investments in an effort to assist the client in achieving their investment goals. The client’s IAR will either have discretionary or non-discretionary management over the assets in the client’s CAM or ProTrade AMP account.

With regard to Advisor-Directed Models (Capital Asset Management and Protrade wrap fee programs), Client may elect to withhold discretionary trading authority. In such instance, Advisor, through the client’s appointed Investment Adviser Representative, will consult with Client prior to investing, allocating, and re-allocating assets in client’s accounts and the client must authorize the transaction before the Advisor may execute the transaction in the account. This option will be selected during the proposal process and will be indicated on the Statement of Investment Selection. Designation of accounts as Discretionary or Non-Discretionary applies only to client’s accounts in Advisor-Directed Models in the Capital Asset Management and Protrade wrap fee programs and does not apply to other programs under the platforms.

Investment Selection and Portfolio Management

The investments for a particular client's CAM or ProTrade Account are selected based on, but not limited to, risk adjusted returns and suitability needs. The client's IAR will provide investment management of client's funds either on a non-discretionary or discretionary basis. Discretionary authorization is granted by means of a limited Trading Authorization as detailed in the ProEquities Advisory Management Plus ("AMP Platform") Terms and Conditions ("Terms and Conditions"). The client's IAR diversifies and manages the client's portfolio, which includes, but is not limited to, stocks, bonds, options, mutual funds, exchange traded funds and money market instruments. Investments and allocations are determined based upon the client's pre-defined investment objectives, risk tolerance, time horizon, financial information, and other various suitability factors. The client's IAR will manage the client's accounts on an individual basis. Further restrictions and guidelines imposed by clients may affect the composition and performance of a client's portfolio. For these reasons, performance of each client's portfolio will vary among accounts of ProEquities' diverse field of IARs.

ProEquities Defined Solutions Wrap Fee Program

The Defined Solutions Wrap Fee Program ("Defined Solutions") is a discretionary managed account program used to manage portfolios that are designed to assist clients, both individuals and institutions (such as pension plans, profit sharing plans, trusts, estates, charitable organizations, and corporations), strategically grow their assets through various portfolio strategies. ProEquities (also referred to herein as the "Firm"), serves as the investment manager, and may or may not select sub-advisors for each portfolio in the Program. Where a sub-advisor is not selected, ProEquities will serve as advisor and manager for the account. ProEquities or the sub-advisor constructs the model portfolios and selects the individual securities for each portfolio. ProEquities currently uses the services of Fidelis Capital as sub-advisor to the CorETF Portfolios and F-Squared as sub-advisor to the AlphaSector Portfolios in order to manage the security selection and asset allocation. The ProEquities Select Opportunity Portfoliossm do not utilize the services of a sub-advisor. ProEquities is the manager for these portfolios.

Currently, there are eleven model portfolios that are evaluated, monitored and actively adjusted as needed. These model portfolios are as follows:

CorETF Portfolios

- Income Portfolio – Seeks a high level of income with secondary opportunity for capital appreciation through minimal participation in equity markets.
- Conservative – Seeks to provide current income with opportunity for capital appreciation through modest participation in equity markets.
- Moderate – A diversified portfolio seeking long-term capital growth with a moderate level of current income.
- Growth – Portfolio goal is to provide long-term capital appreciation, with income as a secondary concern.
- Aggressive – Seeks to provide long-term growth of investments through a diversified global equity strategy.
- Enhanced Moderate – Seeks to provide long-term growth of investments with minimum exposure to alternative asset classes, such as real estate and commodities, with income as a secondary consideration.
- Enhanced Growth – Portfolio goal is to provide long-term appreciation of investments with increased exposure to alternative investment classes, such as real estate and commodities.
- Enhanced Aggressive – Seeks to provide long-term growth through a diversified global equity strategy that uses a heightened exposure to alternative asset classes, such as real estate and commodities.

AlphaSector Portfolios

- U.S. AlphaSector Portfolio – The eligible investments are nine exchange traded funds ("ETFs") representing the nine sectors of the S&P 500 Index and an ETF representing 1-3 month Treasuries. The portfolio has the potential to be invested in any combination of the nine sector ETFs including all nine at the same time, a combination of sector ETFs and the Treasury ETF, or can be 100% invested in the Treasury ETF.
*This strategy is offered through two ETF options: 1. Via the AlphaDEX ETFs and 2. Traditional Indexed ETFs
- Global AlphaSector Portfolio – The Global Portfolio is invested 60% in the U.S. AlphaSector Portfolio, and 40% International. The International portion of the Global portfolio consists of five international equity ETFs representing developed international markets, emerging markets and an ETF representing 1-3 month Treasuries. The international portion of the portfolio has the potential to be invested in any combination of

the five international ETFs including all at the same time, a combination of the ETFs and the Treasury ETF, or can be 100% invested in the Treasury ETF.

*This strategy is offered through two ETF options: 1. Via the AlphaDEX ETFs and 2. Traditional Indexed ETFs

- **Allocator AlphaSector Portfolio** – The Allocator AlphaSector Portfolio consists of 60% Global Portfolio (above) 30% fixed income and 10% alternative investments. The fixed income portion of the portfolio eligible investments are various fixed income ETFs and an ETF representing the seven year treasury. The fixed income portion of the portfolio has the potential to be invested in any combination of the seven ETFs and seven year treasury. The alternative portion of the portfolio has the potential to invest in any combination of several alternative ETFs, an ETF representing the S&P 500 Index and an ETF representing 1-3 month Treasuries.

*This strategy is offered through two ETF options: 1. Via the AlphaDEX ETFs and 2. Traditional Indexed ETFs

**AlphaDEX ETFs are designed to track the performance of a group of custom "enhanced" indexes which employ the proprietary, rules-based AlphaDEX fundamental stock selection methodology. The goal of these actively managed indexes is to identify those stocks from within a traditional broad-based index which exhibit the fundamental characteristics that enable them to provide the greatest potential for capital appreciation.*

**Traditional Indexed ETFs are designed to track the performance of equity, fixed-income and alternative indexes as close as possible to their corresponding index.*

ProEquities Select Opportunity Portfoliossm

Based on Modern Portfolio Theory, the ProEquities Select Opportunity Portfoliossm are long-term investments that seek to increase the portfolio's expected return while reducing its risk for a given level of expected return, by investing in different asset classes. The portfolios are:

- **Income:** Primary goal is to reduce risk, preserve capital, and generate a more consistent return stream while balancing the need for minimal level of long-term growth
- **Conservative:** Primary goal is to maintain lower levels of volatility and more consistency in returns, but with a reasonable level of risk thereby increasing the chances of earning higher long-term rates of return
- **Moderate:** Primary goal is to grow investment principal over the long-term through balancing equity and fixed income allocations
- **Growth:** Primary goal is to grow investment principal over the long-term utilizing equities, while maintaining only a modest focus on risk moderation through fixed income exposure
- **Aggressive:** Primary goal is to grow investment principal over the long-term by implementing a globally diversified equity-only strategy
- **Enhanced Moderate:** Primary goal is growth of principal within the context of moderate levels of risk with exposure to alternative asset classes.
- **Enhanced Growth:** Primary goal is long-term growth of investment principal with increased exposure to alternative investment classes and only a minor concern with moderating risk through fixed income.
- **Enhanced Aggressive:** Primary goal is long-term growth of investment principal by implementing a globally diversified equity-only strategy that utilizes a heightened exposure to alternative asset classes.

Model Portfolio Investment Selection and Portfolio Management

The client's IAR will assist the client in clarifying their investment needs, including but not limited to investment objectives, tolerance for risk, and investment time horizon; and will provide professional investment advice to the client for a single wrap fee. The IAR will work with the client in selecting the appropriate Defined Solutions model portfolio in an effort to assist the client in achieving their investment goals. The model portfolio(s) for a particular client's Defined Solutions account(s) are selected based on the client's pre-defined investment objectives, risk tolerance, time horizon, financial information, and other various suitability factors. Selection of the manager(s) and strategy(ies) will be documented in the Statement of Investment Selection. For all Defined Solutions accounts opened after January 21, 2014, Envestnet will facilitate all trade executions based on instructions provided by ProEquities.

For each model portfolio in the Defined Solutions program, the client has the ability to impose reasonable restrictions on the management of the client's account, including the designation of particular securities or types of securities that should not be purchased for the account, or that should be sold if held in the account. However, this does not include the ability to require that particular securities or types of securities be purchased for the account. The client also has the ability to withdraw securities or cash; vote securities, or delegate the authority to vote securities to another person; be provided in a timely manner with a written confirmation or other notification of each securities transaction, and all other documents required by law to be provided to security holder; and proceed directly as a security holder against the issuer of any security in the client's account and not be obligated to join any person involved in the operation of the program, or any other client of the program, as a condition precedent to initiating such proceeding.

Pershing will send clients confirmation of each transaction effected in their Defined Solutions Program account(s) and will send account statements reflecting activity in the client's Defined Solutions Program account at least quarterly. Clients in Defined Solutions Program accounts may opt out of receiving trade-by-trade confirmations by giving written authorization to ProEquities and Pershing. The client's IAR will assist the client in completing the documentation required to opt out of receiving trade-by-trade confirmations. Clients electing not to receive trade-by-trade confirmations may later request confirmations at any time at no additional charge. Clients who have elected to opt out of receiving trade-by-trade confirmations may rescind this authorization at any time by giving written notice to ProEquities and Pershing; client's IAR will assist the client in completing the documentation required to rescind this authorization. Upon receipt of this notice, Pershing will resume sending trade-by-trade confirmations for client's account.

ProEquities Private Access Program

The Private Access Program is a fee-based separately managed account program that offers access to institutional private money managers using various investment vehicles. Each individual account is customized, or separately managed, to each client's needs. In this Program, ProEquities (also referred to hereinafter as the "Firm") offers the investment management services of an exclusive group of asset managers (professional money managers who are responsible for making all portfolio investment decisions in the investment strategies described below), whose management services are designed to assist clients, both individuals and institutions (such as pension plans, profit sharing plans, trusts, estates, charitable organizations, and corporations). Each manager must meet key standards before ProEquities will include that manager in our line-up.

The client's Investment Advisor Representative ("IAR") will assist the client in clarifying their investment needs, including but not limited to investment objectives, tolerance for risk, and investment time horizon, and provide professional advice. The IAR will work with the client in selecting the appropriate asset manager(s) and/or strategy(ies) in an effort to assist the client in achieving their investment goals.

ProEquities currently offers the asset management services of the following managers and strategies:

- JAForldines Global – Tactical Moderate and Moderately Conservative Strategies – Both portfolios combine a tactical and strategic top-down macroeconomic approach to asset allocation with global orientation. The portfolios invest primarily in Exchange Traded Funds ("ETFs") across three asset classes - equities, fixed income and commodities – by taking a long-term secular view with tactical positioning during the shorter term business and credit cycles.
- JAForldines Risk Managed Income Portfolio – The portfolio is designed to seek consistent levels of current income and preservation of principal. The portfolio holds bond funds of short and intermediate duration, usually in a mix of government bonds and investment grade corporate issues. The goal of the portfolio is to reduce exposure to cyclical movements in bond prices. The Risk Managed Income Portfolio is structured for investors interested in a portfolio that focuses on global currency trends and seeks high current income. The strategy is to utilize long-term macroeconomic and geopolitical variables in analyzing the effect on developed and developing countries' currency. The use of foreign currency ETFs as well as Treasury and Sovereign developed country bond ETFs characterizes the majority of holdings of this portfolio. The portfolio will employ the following asset allocation bands during the life of the portfolio: Equities 0-15%; Fixed Income – 0-100%; Currencies – 0-30%; and Alternatives 0-40%.
- Martin Investment Management – Best Ideas Strategy – The portfolio seeks long-term growth by selecting high-quality equities with above average growth rates and favorable price/earnings ratios.
- The Moorings Group – Core Intermediate Fixed Income Strategy – The portfolio's goal is to provide total returns consistent with the preservation of capital through the investment in high grade taxable bonds, including Municipal, U.S. Treasury, U.S. Agency and Corporate.

- The Moorings Group – Intermediate Municipal Strategy – The goal of the strategy is to provide “after-tax total returns” consistent with the preservation of capital through the investment in high grade tax-exempt municipal bonds with maturities of less than 15 years. Portfolios will be managed to have similar overall interest rate risk as the S&P Investortools Intermediate Municipal Index.
- Aurum – Conservative Income Strategy - The objective is to provide capital protection and income using a global multi-asset class strategy with high allocations to fixed income, moderate allocations to alternative investments, and low if any exposure to equities.
- Aurum Conservative Balanced - Objective is to provide capital protection and income along with growth using a global multi-asset class strategy with high allocations to fixed income and moderate allocations to equities and alternative investments.
- Aurum Moderate Balanced Strategy - Objective is to provide growth and capital protection using a global multi-asset class strategy with moderate allocations to equities, fixed income, and alternative investments.
- Aurum Aggressive Balanced - Objective is to provide growth using a global multi-asset class strategy with high allocations to equities and moderate allocations to fixed income and alternative investments.
- Aurum Aggressive Allocation Strategy - Objective is to maximize long-term capital appreciation using U.S. and International equities with small allocations to fixed income and alternative strategies.

Model Portfolio Investment Selection and Portfolio Management

The client’s IAR will assist the client in clarifying their investment needs, including but not limited to investment objectives, tolerance for risk, and investment time horizon; and will provide professional advice to the client for a single wrap fee. The IAR will work with the client in selecting the appropriate Private Access asset manager(s) and strategy(ies) in an effort to assist the client in achieving their investment goals. Asset managers and the strategies offered by those managers for a particular client’s Private Access Program account are selected based on, but not limited to, selected risk adjusted returns and suitability needs. Selection of the manager(s) and strategy(ies) will be documented in the Statement of Investment Selection.

For accounts opened on or after January 21, 2014, ProEquities has entered into a services arrangement with Envestnet, which operates an overlay technology platform on which Private Access accounts will be operated. (Private Access accounts will continue to be held in brokerage accounts with ProEquities, through its clearing arrangement with Pershing described above.) Envestnet will have trading discretion over all Private Access accounts opened on or after January 21, 2014, which will be granted via the Terms and Conditions required to open the Private Access account. The client’s selected manager(s) will provide their model portfolios to Envestnet, and Envestnet will be responsible for placing trade execution orders with the applicable executing broker for the Private Access accounts to reflect the holdings prescribed for the model portfolios, both at account opening and for periodic account rebalancing. Envestnet will not have access to clients’ funds or securities, other than to place the transactions necessary to reflect the model portfolios. Envestnet will not have discretionary authority over any Private Access accounts opened prior to January 21, 2014.

Asset managers available through the Private Access Program will offer various model portfolios under this program. The model portfolios will include investments in, but not limited to, stocks, bonds, ETFs and mutual funds. Once the client’s account reaches the minimum investment amount stated for each manager, that manager will begin providing services to that client. For each model portfolio in the Private Access program, the client has the ability to impose reasonable restrictions on the management of the client’s account, including the designation of particular securities or types of securities that should not be purchased for the account, or that should be sold if held in the account. However, this does not include the ability to require that particular securities or types of securities be purchased for the account. The client also has the ability to withdraw securities or cash; vote securities, or delegate the authority to vote securities to another person; be provided in a timely manner with a written confirmation or other notification of each securities transaction, and all other documents required by law to be provided to security holder; and proceed directly as a security holder against the issuer of any security in the client’s account and not be obligated to join any person involved in the operation of the program, or any other client of the program, as a condition precedent to initiating such proceeding.

Pershing will send clients confirmation of each transaction effected in their Private Access Program account(s) and will send account statements reflecting activity in the client’s Private Access Program account at least quarterly. Clients in Private Access Program accounts may opt out of receiving trade-by-trade confirmations by giving written authorization to ProEquities and Pershing. The client’s IAR will assist the client in completing the documentation required to opt out of

receiving trade-by-trade confirmations. Clients electing not to receive trade-by-trade confirmations may later request confirmations at any time at no additional charge. Clients who have elected to opt out of receiving trade-by-trade confirmations may rescind this authorization at any time by giving written notice to ProEquities and Pershing; client's IAR will assist the client in completing the documentation required to rescind this authorization. Upon receipt of this notice, Pershing will resume sending trade-by-trade confirmations for client's account.

Advisors Choice SMA and Strategists Program

The Advisors Choice SMA and Strategist Program is a fee-based managed account program that offers access to institutional private money managers and third party managers using various investment vehicles. In these Programs, ProEquities offers the investment management services of an exclusive group of asset managers (professional money managers who are responsible for making all portfolio investment decisions in the investment strategies described below), whose management services are designed to assist clients, both individuals and institutions (such as pension plans, profit sharing plans, trusts, estates, charitable organizations, and corporations). Each manager must meet key standards before ProEquities will include that manager in our line-up, which may change from time to time as new managers are selected for inclusion or removed based on not meeting standards.

The client's IAR will assist the client in clarifying their investment needs, including but not limited to investment objectives, tolerance for risk, and investment time horizon, and provide professional advice. The IAR will work with the client in selecting the appropriate asset manager(s) and/or strategy(ies) in an effort to assist the client in achieving their investment goals.

Model Portfolio Investment Selection and Portfolio Management

The client's IAR will assist the client in clarifying their investment needs, including but not limited to investment objectives, tolerance for risk, and investment time horizon; and will provide professional advice to the client for a single wrap fee. The IAR will work with the client in selecting the appropriate Advisors Choice SMA and Advisors Choice Strategist asset manager(s) and strategy(ies) in an effort to assist the client in achieving their investment goals. Asset managers and the strategies offered by those managers for a particular client's account are selected based on, but not limited to, selected risk adjusted returns and suitability needs. Selection of the manager(s) and strategy(ies) will be documented in the Statement of Investment Selection.

The asset manager(s), through the client's Advisors Choice Programs account, will provide investment management of each client's funds on a discretionary basis, through written authorization granted by limited Trading Authorization as detailed in the Statement of Investment Selection and the client's Terms and Conditions.

For portfolios offered through ProEquities Advisors Choice program, Envestnet will have trading discretion over the client's account, which will be granted via the Terms & Conditions and Statement of Investment Selection required to open the ProEquities AMPSM account. The client's selected manager(s) will provide their model portfolios to Envestnet, and Envestnet will be responsible for placing trade execution orders with the applicable executing broker for the Advisors Choice accounts to reflect the holdings prescribed for the model portfolios, both at account opening and for periodic account rebalancing. Envestnet will not have access to clients' funds or securities, other than to place the transactions necessary to reflect the model portfolios.

Asset managers available through the Advisors Choice SMA and Strategist will offer various model portfolios under this program. The model portfolios will include investments in, but not limited to, stocks, bonds, ETFs and mutual funds. Once the client's account reaches the minimum investment amount stated for each manager, that manager will begin providing services to that client. For each model portfolio in the Advisors Choice SMA and Strategists program, the client has the ability to impose reasonable restrictions on the management of the client's account, including the designation of particular securities or types of securities that should not be purchased for the account, or that should be sold if held in the account. However, this does not include the ability to require that particular securities or types of securities be purchased for the account. The client also has the ability to withdraw securities or cash; vote securities, or delegate the authority to vote securities to another person; be provided in a timely manner with a written confirmation or other notification of each securities transaction, and all other documents required by law to be provided to security holder; and proceed directly as a security holder against the issuer of any security in the client's account and not be obligated to join any person involved in the operation of the program, or any other client of the program, as a condition precedent to initiating such proceeding.

Pershing will send clients confirmation of each transaction effected in their Advisors Choice SMA and Advisors Choice Strategists account(s) and will send account statements reflecting activity in the client's Advisors Choice SMA and Advisors Choice Strategists Program account at least quarterly. Clients in Advisors Choice SMA and Advisors Choice Strategists Programs accounts may opt out of receiving trade-by-trade confirmations by giving written authorization to ProEquities and Pershing. The client's IAR will assist the client in completing the documentation required to opt out of receiving trade-by-trade confirmations. Clients electing not to receive trade-by-trade confirmations may later request confirmations at any time at no additional charge. Clients who have elected to opt out of receiving trade-by-trade confirmations may rescind this authorization at any time by giving written notice to ProEquities and Pershing; client's IAR will assist the client in completing the documentation required to rescind this authorization. Upon receipt of this notice, Pershing will resume sending trade-by-trade confirmations for client's account.

ProEquities Unified Management Account

A Unified Managed Account (UMA) is a fee-based managed account that offers access to institutional private money managers, mutual funds, ETF's, stocks, bonds, and third party managers using various investment vehicles in one consolidated account. These managers include those available in the ProEquities Advisors Choice, Private Access, and Defined Solutions platforms, whose management services are designed to assist both individuals and institutions (such as pension plans, profit sharing plans, trusts, estates, charitable organizations, and corporations) to achieve their investment goals.

The client's IAR will assist the client in clarifying their investment needs, including but not limited to investment objectives, tolerance for risk, and investment time horizon, and provide professional advice. The IAR will work with the client in selecting the appropriate asset manager(s) and/or strategy(ies) in an effort to assist the client in achieving their investment goals.

Model Portfolio Investment Selection and Portfolio Management

The client's IAR will assist the client in clarifying their investment needs, including but not limited to investment objectives, tolerance for risk, and investment time horizon; and will provide professional advice to the client for a single wrap fee. The IAR will work with the client in selecting the appropriate Advisors, Strategists and/or individual securities in an effort to assist the client in achieving their investment goals. Asset managers and the strategies offered by those managers for a particular client's account are selected based on, but not limited to, selected risk adjusted returns and suitability needs. Selection of the manager(s), strategists and individual securities or model portfolios will be documented in the Statement of Investment Selection.

The asset manager(s), through the client's ProEquities Unified Managed Account, will provide investment management of each client's funds on a discretionary basis, through written authorization granted by limited Trading Authorization as detailed in the Statement of Investment Selection and the client's Terms and Conditions.

Asset managers available through the ProEquities Unified Managed Account will offer various model portfolios under this program. The model portfolios will include investments in, but not limited to, stocks, bonds, ETFs and mutual funds. Once the client's account reaches the minimum investment amount stated for each manager, that manager will begin providing services to that client. For each model portfolio in the ProEquities Unified Managed Account Program, the client has the ability to impose reasonable restrictions on the management of the client's account, including the designation of particular securities or types of securities that should not be purchased for the account, or that should be sold if held in the account. However, this does not include the ability to require that particular securities or types of securities be purchased for the account. The client also has the ability to withdraw securities or cash; vote securities, or delegate the authority to vote securities to another person; be provided in a timely manner with a written confirmation or other notification of each securities transaction, and all other documents required by law to be provided to security holder; and proceed directly as a security holder against the issuer of any security in the client's account and not be obligated to join any person involved in the operation of the program, or any other client of the program, as a condition precedent to initiating such proceeding.

Pershing will send clients confirmation of each transaction effected in their ProEquities Unified Managed Account and will send account statements reflecting activity in the client's ProEquities Unified Managed Account at least quarterly. Clients in ProEquities Unified Managed Account may opt out of receiving trade-by-trade confirmations by giving written

authorization to ProEquities and Pershing. The client's IAR will assist the client in completing the documentation required to opt out of receiving trade-by-trade confirmations. Clients electing not to receive trade-by-trade confirmations may later request confirmations at any time at no additional charge. Clients who have elected to opt out of receiving trade-by-trade confirmations may rescind this authorization at any time by giving written notice to ProEquities and Pershing; client's IAR will assist the client in completing the documentation required to rescind this authorization. Upon receipt of this notice, Pershing will resume sending trade-by-trade confirmations for client's account.

Performance Evaluation and Monitoring Services

ProEquities will furnish quarterly performance measurement reports to its clients participating in the wrap fee programs offered through the ProEquities AMPSM platform. These reports are intended to inform clients as to how their investments have performed during the selected period. The client will also receive account statements from Pershing at least quarterly, detailing all of the activity in the client's account, including the amount of advisory fees charged during the billing period.

Information contained in the performance report is believed to be accurate, however, the accuracy and completeness of the information is not guaranteed; and is not intended to replace the account statements clients receive from Pershing. The statements clients receive from Pershing should be considered the official record for all pertinent account information. The performance report is provided in a different format from that of the Pershing account statement and may vary in content and scope. Clients should carefully compare the asset information contained in the performance report to the asset information provided in the Pershing account statement. Any discrepancies noted should be reported immediately to the client's IAR or ProEquities' home office at 800-288-3035. Clients should also notify ProEquities promptly if they do not receive the account statements from Pershing on at least a quarterly basis. Calculations and data provided on the performance reports should not be relied upon for tax purposes, but rather clients should instead use the original transaction confirmations and 1099's provided by Pershing.

Representatives of Independent Registered Investment Advisers

Registered securities representatives ("representatives") of ProEquities may also be IARs of an unaffiliated registered investment adviser ("RIA"). These representatives may also offer the wrap fee programs sponsored by ProEquities, including those offered through ProEquities AMPSM platform. Investment advice or advisory services provided by the representative in such event is not provided through ProEquities, but rather is provided through the unaffiliated RIA. The representative's association with an unaffiliated RIA, as well as the advisory services offered through that RIA, will be disclosed through a separate disclosure statement and investment advisory services agreement provided by the representative.

Advisory Fees

The fee schedules associated with each of the wrap fee programs offered through the ProEquities AMPSM platform is described below:

Capital Asset Management and ProTrade Fee Schedule

ProEquities offers the following fee schedule, which is intended to be used as a basis for determining the fees to be charged to a particular client's account. This fee schedule may be discounted at the IAR's discretion. The general fee schedule for the CAM and ProTrade and Wrap Fee Programs offered through ProEquities is as follows:

| Assets Under Management | Annual Fee |
|--------------------------------|-------------------|
| \$ 0.01 - \$99,999.99 | 2.00% |
| \$100,000 - \$249,999.99 | 2.00% |
| \$250,000 - \$499,999.99 | 1.75% |
| \$500,000 - \$749,999.99 | 1.50% |
| \$750,000 - \$999,999.99 | 1.25% |
| \$1,000,000 - \$1,499,999.99 | 1.00% |
| \$1,500,000 - \$1,999,999.99 | 1.00% |
| Over \$2,000,000 | 1.00% |

Other fee schedules may also be used, based on geographic location or other arrangement made by ProEquities and the IAR. The fees to be paid by the client will be disclosed in the SIS. These fees may be assessed on a blended or tiered basis. (For example, blended billing for an account with \$600,000 in assets would be calculated by charging 2.00% on the first \$249,999, 1.75% on the next \$250,000 and 1.50% on the remaining \$100,001. Using a tiered billing approach, the entire \$600,000 would be billed at 1.50%).

Although the advisory fees are standard fees, they may be negotiable and may vary according to a variety of factors, such as size and type of account, and complexity of the client's objectives or financial situation.

The Wrap Fee for the CAM and ProTrade programs is paid to ProEquities as sponsor of the program in which the client is invested. A portion of the Advisor fee is paid to the client's selected IAR based on a pre-established payout rate between ProEquities and the IAR (or representative of an unaffiliated Registered Investment Adviser where applicable); and the remainder is retained by ProEquities and is used to cover trading costs, custodian fees and other expenses. Any remaining amount after costs is revenue to ProEquities. Where applicable, a portion of the advisor fee may be paid to independent investment advisors as part of their agreement with ProEquities to offer this program to their clients; and the remainder is retained by ProEquities as revenue.

The minimum investment amount required for the CAM and ProTrade wrap fee programs offered through ProEquities is \$25,000.

Defined Solutions Fee Schedule

Accounts in the Defined Solutions program are charged a single "wrap" fee, which includes a Management fee and an Advisor fee, both of which are determined based on assets under management. The management fee is paid to ProEquities, a portion of which is paid to the sub-advisor, where services of a sub-advisor are utilized to pay for management of the portfolio. This amount varies by the sub-advisor, where applicable, and is based on a pre-determined rate as agreed upon between ProEquities and the sub-advisor. The remaining amount of the management fee is retained by ProEquities and is used to cover trading costs, custodian fees and other expenses. Any remaining amount after costs is revenue to ProEquities. If the services of a sub-advisor are not utilized, all remaining proceeds after expenses will be revenue to the Firm.

The Advisor fee is paid to ProEquities as sponsor of the Defined Solutions wrap fee program and covers the financial advice offered by ProEquities, through the client's selected IAR. The Advisor fee schedule below is intended to be used for determining the fees to be charged to a particular client's account, but may be discounted by the client's IAR. A portion of the Advisor fee is paid to the client's selected IAR based on a pre-established payout rate between ProEquities and the IAR (or representative of an unaffiliated Registered Investment Adviser where applicable); and the remainder is retained by ProEquities as revenue. Where applicable, a portion of the Advisor fee may be paid to independent investment advisors as part of their agreement with ProEquities to offer this program to their clients; and the remainder is retained by ProEquities as revenue.

The general advisory and management fee schedules for the Defined Solutions program offered through ProEquities are as follows:

Defined Solutions Fee Schedules by Portfolio

CorETF Portfolio Fee Schedule

| Assets Under Management | Advisor Fee | Management Fee |
|--------------------------------|--------------------|-----------------------|
| \$ 0.01 - \$99,999.99* | 2.00% | 0.45% |
| \$100,000 - \$249,999.99 | 2.00% | 0.45% |
| \$250,000 - \$499,999.99 | 2.00% | 0.40% |
| \$500,000 - \$999,999.99 | 2.00% | 0.35% |
| \$1,000,000 - \$2,499,999.99 | 2.00% | 0.30% |
| \$2,500,000 and over | 2.00% | 0.25% |

AlphaSector Portfolios Fee Schedule – Advisory Fee Scheduled not laid out in AMP IA Guide

| Assets Under Management | Advisor Fee | Management Fee |
|--------------------------|-------------|----------------|
| \$ 0.01 - \$99,999.99* | 2.00% | 1.00% |
| \$100,000 - \$249,999.99 | 2.00% | 1.00% |
| \$250,000 - \$499,999.99 | 2.00% | 0.95% |
| \$500,000 - \$749,999.99 | 2.00% | 0.90% |
| \$750,000 - \$999,999.99 | 2.00% | 0.90% |
| \$1,000,000 and over | 2.00% | 0.80% |

ProEquities Select Opportunity Portfoliossm Fee Schedule – Advisory Fee Schedule not laid out in AMP Guide

| Assets Under Management | Advisor Fee | Management Fee |
|--------------------------|-------------|----------------|
| \$ 0.01 - \$99,999.99* | 2.00% | 0.35% |
| \$100,000 - \$499,999.99 | 2.00% | 0.35% |
| \$500,000 - \$999,999.99 | 2.00% | 0.30% |
| \$1,000,000 and over | 2.00% | 0.25% |

The minimum investments for the Defined Solutions programs are:

- CorETF Portfolios - \$50,000
- AlphaSector Portfolios - \$50,000
- ProEquities Select Opportunity Portfoliossm - \$25,000

The minimum investment amount required for the CorETF and AlphaSector wrap fee programs offered through ProEquities is \$50,000. The minimum investment amount required for the Select Opportunity wrap fee programs offered through ProEquities is \$25,000.

Private Access Fee Schedule

Accounts in the Private Access Program are charged a single “wrap” fee, which includes a Management fee and an Advisor fee, both of which are determined based on assets under management. The Management fee is paid to ProEquities through account billing. A portion of this management fee is paid to the selected asset manager(s) for their management of the client’s portfolio. The remaining amount of the Management fee is used to cover trading costs, custodian fees, and other costs. Any remaining amount after costs is revenue to ProEquities. The Management fee will be calculated on a blended basis only.

The Advisor fee is paid to ProEquities as sponsor of the Private Access wrap fee program and is intended to cover the financial advice offered by ProEquities, through the client’s selected IAR. The fee schedule below is intended to be used for determining the fees to be charged to a particular client’s account, but may be discounted. A portion of the Advisor fee is paid to the client’s selected IAR based on a pre-established payout rate between ProEquities and the IAR (or representative of an unaffiliated Registered Investment Adviser where applicable); and the remainder is retained by ProEquities as revenue. Where applicable, a portion of the Advisor fee may be paid to independent investment advisors as part of their agreement with ProEquities to offer this program to their clients; and the remainder is retained by ProEquities as revenue.

The general advisory & management fee schedules for the Private Access Program offered through ProEquities are as follows and apply to accounts opened on or after January 21, 2014. Accounts opened prior to this date are subject to the fee schedules in effect at the time the account was opened and as stated on the client’s Investment Advisory Services Agreement entered into at the time of opening the account.

Equity Management Strategies

| Assets Under Management | Advisor Fee | Management Fee |
|-----------------------------|-------------|----------------|
| \$0.01 – \$99,999.99* | 2.00% | 1.00% |
| \$100,000.00 – \$249,999.99 | 2.00% | 1.00% |
| \$250,000.00 – \$499,999.99 | 2.00% | 0.95% |

| | | |
|---------------------------------|-------|-------|
| \$500,000.00 – \$999,999.99 | 1.80% | 0.90% |
| \$1,000,000.00 – \$2,499,999.99 | 1.65% | 0.80% |
| \$2,500,000.00 – \$4,999,999.99 | 1.50% | 0.75% |
| \$5,000,000.00 – \$9,999,999.99 | 1.50% | 0.65% |
| \$10,000,000.00 – and over | 1.50% | 0.55% |

Fixed Income Management Strategies

| Assets Under Management | Advisor Fee | Management Fee |
|---------------------------------|--------------------|-----------------------|
| \$0.01 – \$499,999.99* | 1.00% | 0.45% |
| \$500,000.00 – \$999,999.99 | 1.00% | 0.42% |
| \$1,000,000.00 – \$2,999,999.99 | 1.00% | 0.40% |
| \$3,000,000.00 – \$4,999,999.99 | 1.00% | 0.37% |
| \$5,000,000.00 – and over | 1.00% | 0.30% |

*The minimum initial investment in the Private Access wrap fee program is \$50,000.00 for equity strategies and \$150,000 for fixed income strategies. In those circumstances where an account falls below the minimum account balance, a minimum annual management fee of \$625.00 will be charged on equity management strategies, with the exception of Martin Investment Management Best Ideas Strategy, Aurum model portfolios and JAForldines Risk Managed Income Portfolio as detailed below. A minimum annual management fee of \$675.00 will be charged on any fixed income strategy below such minimum.

Select asset managers, as detailed below, operate on a modified minimum investment amount and/or fee arrangement on the Private Access platform. At this time, this modification is limited to Martin Investment Management Best Ideas Strategy, Aurum model portfolios and JAForldines Risk Managed Income Portfolio. The JAForldines Risk Managed Income Portfolio will follow the minimum investment of \$50,000.00 and equity management fee schedule outlined above; however, the minimum annual management fee applicable to this portfolio is \$625.00. The minimum initial investment requirement for Martin Investment Management Best Ideas Strategy is \$50,000.00, and the corresponding advisor and management fee schedules are outlined below. In those circumstances where an account is opened below or falls below the minimum account balance, a minimum annual management fee of \$625.00 for Martin Investment Management Best Ideas Strategy will be assessed.

Martin Investment Management

| Assets Under Management | Advisor Fee | Management Fee |
|---------------------------------|--------------------|-----------------------|
| \$0.01 – \$99,999.99 | 1.50% | 1.25% |
| \$100,000.00 – \$249,999.99 | 2.00% | 1.00% |
| \$250,000.00 – \$499,999.99 | 2.00% | 0.95% |
| \$500,000.00 – \$999,999.99 | 1.80% | 0.90% |
| \$1,000,000.00 – \$2,499,999.99 | 1.65% | 0.80% |
| \$2,500,000.00 – \$4,999,999.99 | 1.50% | 0.75% |
| \$5,000,000.00 – \$9,999,999.99 | 1.50% | 0.65% |
| \$10,000,000.00 – and over | 1.50% | 0.55% |

The minimum initial investment in the Aurum model portfolios is \$100,000, and will follow the corresponding advisor and management fee schedule outlined below. In those circumstances where an Aurum model portfolios account is opened or falls below the stated minimum balance, a minimum annual management fee of \$650.00 will be assessed to the account.

Aurum Wealth Management Group

| Assets Under Management | Advisor Fee | Management Fee |
|---------------------------------|--------------------|-----------------------|
| \$0.01 – \$99,999.99* | 2.00% | 0.65% |
| \$100,000.00 – \$249,999.99 | 2.00% | 0.65% |
| \$250,000.00 – \$499,999.99 | 2.00% | 0.65% |
| \$500,000.00 – \$999,999.99 | 1.80% | 0.60% |
| \$1,000,000.00 – \$2,499,999.99 | 1.65% | 0.55% |
| \$2,500,000.00 – \$4,999,999.99 | 1.50% | 0.55% |

| | | |
|---------------------------------|-------|-------|
| \$5,000,000.00 - \$9,999,999.99 | 1.50% | 0.50% |
| \$10,000,000.00 – and over | 1.50% | 0.50% |

Advisors Choice

Accounts in the Advisors Choice SMA and Strategists Program are charged a single “wrap” fee, which includes an Advisor Fee, Platform Fee and Manager Fee, all of which are determined based on assets under management. The Platform fee is paid to ProEquities through account billing, a portion of which is used to cover trading costs, custodian fees, and other costs. Any remaining amount after costs is revenue to ProEquities. The Management fee will be calculated on a blended basis only.

The Advisor fee is paid to ProEquities as sponsor of the Advisors Choice SMA Strategists wrap fee programs and is intended to cover the financial advice offered by ProEquities, through the client’s selected IAR. The fee schedule below is intended to be used for determining the fees to be charged to a particular client’s account, but may be discounted. A portion of the Advisor fee is paid to the client’s selected IAR based on a pre-established payout rate between ProEquities and the IAR (or representative of an unaffiliated Registered Investment Adviser where applicable); and the remainder is retained by ProEquities as revenue. Where applicable, a portion of the Advisor fee may be paid to independent investment advisors as part of their agreement with ProEquities to offer this program to their clients; and the remainder is retained by ProEquities as revenue. The Manager Fee is paid to ProEquities through account billing, then paid through to the client’s selected Sub-Manager in the Advisors Choice program.

The general advisory & platform fee schedules for the Advisors Choice SMA and Strategists Program, is as follows:

Advisors Choice SMA Managers Fee Schedule

| Assets Under Management | Advisor Fee | Platform Fee | Manager Fee |
|---------------------------------|--------------------|---------------------|--------------------|
| \$0.01 – \$99,999.99* | 2.00% | 0.39% | up to 1% |
| \$100,000.00 – \$249,999.99 | 2.00% | 0.39% | up to 1% |
| \$250,000.00 – \$499,999.99 | 2.00% | 0.39% | up to 1% |
| \$500,000.00 – \$999,999.99 | 2.00% | 0.39% | up to 1% |
| \$1,000,000.00 – \$2,499,999.99 | 2.00% | 0.39% | up to 1% |
| \$2,500,000.00 - \$4,999,999.99 | 2.00% | 0.39% | up to 1% |
| \$5,000,000.00 - \$9,999,999.99 | 2.00% | 0.39% | up to 1% |
| \$10,000,000.00 – and over | 2.00% | 0.39% | up to 1% |

Advisors Choice Strategists Fee Schedule

| Assets Under Management | Advisor Fee | Platform Fee | Manager Fee |
|---------------------------------|--------------------|---------------------|--------------------|
| \$0.01 – \$99,999.99* | 2.00% | 0.25% | up to 1% |
| \$100,000.00 – \$249,999.99 | 2.00% | 0.25% | up to 1% |
| \$250,000.00 – \$499,999.99 | 2.00% | 0.25% | up to 1% |
| \$500,000.00 – \$999,999.99 | 2.00% | 0.25% | up to 1% |
| \$1,000,000.00 – \$2,499,999.99 | 2.00% | 0.25% | up to 1% |
| \$2,500,000.00 - \$4,999,999.99 | 2.00% | 0.25% | up to 1% |
| \$5,000,000.00 - \$9,999,999.99 | 2.00% | 0.25% | up to 1% |
| \$10,000,000.00 – and over | 2.00% | 0.25% | up to 1% |

*The minimum initial investment in the Advisors Choice SMA and Advisors Choice Strategists wrap fee program ranges from \$25,000 to \$250,000 per manager.

The Manager Fee will vary based on the manager(s) selected, and will be at a maximum of 1%. The selected manager’s(s’) fee and combined total fee will be stated in the Client’s Statement of Investment Selection.

ProEquities Unified Managed Account

Accounts in the Unified Managed Account are charged a single “wrap” fee, which includes an Advisor Fee, Platform Fee and Manager Fee, all of which are determined based on assets under management. The Platform fee is paid to ProEquities through account billing, a portion of which is used to cover trading costs, custodian fees, and other costs. Any remaining amount after costs is revenue to ProEquities. The Management fee will be calculated on a blended basis only.

The Advisor fee is paid to ProEquities as sponsor of the Unified Managed Account wrap fee program and is intended to cover the financial advice offered by ProEquities, through the client’s selected IAR. The fee schedule below is intended to be used for determining the fees to be charged to a particular client’s account, but may be discounted. A portion of the Advisor fee is paid to the client’s selected IAR based on a pre-established payout rate between ProEquities and the IAR (or representative of an unaffiliated Registered Investment Adviser where applicable); and the remainder is retained by ProEquities as revenue. The remaining amount of the Management fee is used to cover trading costs, custodian fees, and other costs. Any remaining amount after costs is revenue to ProEquities. Where applicable, a portion of the Advisor fee may be paid to independent investment advisors as part of their agreement with ProEquities to offer this program to their clients; and the remainder is retained by ProEquities as revenue. The Manager Fee is paid to ProEquities through account billing, then paid through to the client’s selected Sub-Managers in the Unified Managed Account program.

The general advisory & platform fee schedules for the ProEquities Unified Managed Account Program, is as follows:

Unified Managed Account (UMA) Fee Schedule

| Assets Under Management | Advisor Fee | Platform Fee | Manager Fee |
|---------------------------------|--------------------|---------------------|--------------------|
| \$0.01 – \$99,999.99* | 2.00% | 0.44% | Up to 1% |
| \$100,000.00 – \$249,999.99 | 2.00% | 0.44% | Up to 1% |
| \$250,000.00 – \$499,999.99 | 2.00% | 0.44% | Up to 1% |
| \$500,000.00 – \$999,999.99 | 2.00% | 0.44% | Up to 1% |
| \$1,000,000.00 – \$2,499,999.99 | 2.00% | 0.44% | Up to 1% |
| \$2,500,000.00 - \$4,999,999.99 | 2.00% | 0.44% | Up to 1% |
| \$5,000,000.00 - \$9,999,999.99 | 2.00% | 0.44% | Up to 1% |
| \$10,000,000.00 – and over | 2.00% | 0.44% | Up to 1% |

The minimum initial investment in a Unified Managed Account is \$150,000.

Although the advisor fees are standard fees, they may be negotiable and may vary according to a variety of factors, such as size and type of account, and complexity of the client’s objectives or financial situation. The Management and/or Platform Fees stated above are not negotiable. The wrap fee is only assessed on the billable assets held in the Wrap Fee Account. The fees will be calculated as follows:

CAM, ProTrade, Defined Solutions, Private Access, Advisors Choice SMA and Strategists, and ProEquities Unified Managed Account Fee Calculation

The fee will be based on the account value, using trade date valuation, on the last day of each calendar quarter. The fee is payable quarterly, in advance, at the beginning of the next quarterly billing period. All billable assets in the account will be included in calculating the value of the account to determine the amount of the fee. In any partial billing cycle, the fee will be pro-rated, based on the number of days in which assets were placed for management during that cycle. However, if an account is opened during a calendar quarter, the fee will be calculated and debited for the remaining period in the calendar quarter plus the next calendar quarter after the quarter ends.

For contributions or withdrawals of \$1,000 or more to an existing account during the quarter, the fee for that quarter will be recalculated and pro-rated, based on the number of days remaining in that billing period. The additional fee or fee credit due to an account as a result of mid-quarter contributions or withdrawals will be billed or credited to the account the following month. If the client terminates their account for any reason during any billing period, the client’s account will be refunded the pre-paid advisory fees on a pro-rata basis from the date of termination to the end of the billing period, with the refund being credited to the account the

following month. Additionally, if the client transfers their account to another firm, the client may pay an outgoing account transfer fee, which may consist of ProEquities' clearing firm costs as well as additional charges that ProEquities assesses for processing outgoing transfer requests.

Under the wrap fee programs offered through ProEquities AMPSM platform, the client will pay a single fee, based on the amount of assets under management, for investment advice. This fee also covers most transaction related charges associated with executing transactions for the client except for incidental charges including but not limited to the following: annual check writing and debit card fees on Corestone accounts, wire fees, check stop payment fees, returned check fees, ACH return fees, security transfer and redemption fees, reorganization processing fees, trade confirmation fees, outgoing account transfer fees, margin extension fees, margin debit interest, IRA annual maintenance fees, IRA termination fees, amounts charged to produce year-end statements and account reports, paper surcharge fees, foreign security transaction fees, initial document review and ongoing annual service fees for special products, including but not limited to limited partnerships, mail courier fees, bank charges and/or transactions charges related to processing. These charges are assessed against the customer's account and may consist of both charges that ProEquities pays to third parties such as clearing firm charges as well as additional charges for ProEquities' processing and transaction services. A schedule of these charges may be obtained by contacting either the client's IAR or ProEquities' home office at 800-288-3035.

Comparison of Cost of Service

The services associated with the wrap fee programs offered through ProEquities AMPSM platform may cost clients more or less than purchasing such services separately, depending on the frequency of trading in the client's accounts, commissions charged at ProEquities or other broker-dealers for similar products, fees charged for like services by other broker-dealers and other factors. The investment advisory fee is based on the level of assets in the client's account; and is independent of the level of trading activity. By agreeing to pay a fee based on investment advisory services provided rather than transactions, the client should understand that the fee may be higher than the cost of a commission-based alternative account or arrangement during periods of lower trading activity.

Other Costs

Customers enrolled in the CAM program may be assessed transaction charges, known as "ticket charges." These ticket charges are assessed against the customer's account and may consist of both charges that ProEquities pays to third parties such as clearing charges as well as additional charges for ProEquities' transaction services. Ticket charges may be waived for certain customers, in the sole discretion of the IAR. You may obtain a schedule of ticket charges by contacting your IAR or ProEquities' home office at 800-288-3035. Clients enrolled in the ProTrade, Defined Solutions, Private Access, Advisors Choice and ProEquities Unified Managed Account wrap fee programs are not assessed ticket charges.

Certain mutual fund families impose short-term trading charges when shares of mutual funds are purchased and sold within a short period of time. These fees typically range from 1%-2% of the original amount invested and are not waived for investment advisory accounts.

Clients with mutual funds or exchange traded funds in their portfolios are effectively paying ProEquities and the fund advisor for the management of the client's assets because funds pay advisory fees to the fund manager and distribution and service fees to broker-dealers, including ProEquities; and such fees are therefore indirectly charged to all holders of these fund shares. Clients who place mutual funds or exchange traded funds under ProEquities' management are therefore subject to both ProEquities' direct advisory fee and the indirect management fee of the fund advisor. Mutual funds and exchange traded funds are subject to additional advisory and other fees and expenses, as set forth in the prospectuses for those funds, which are ultimately borne by the client. To the extent that the client will hold fund shares for an extended period of time, these internal fund expenses should be added to the investment advisory fee when evaluating the costs of a wrap fee program offered through the ProEquities AMPSM platform.

Certain mutual fund families impose short-term trading charges when shares of mutual funds are purchased and sold within a short period of time. These fees typically range from 1%-2% of the original amount invested and are not waived for investment advisory accounts.

Clients may transfer existing assets into the CAM or ProTrade wrap fee programs, which may include mutual fund or other security holdings which were sold by the client's IAR in a prior brokerage account. If so, the IAR may have earned a selling commission before moving assets into a fee-based advisory account. While ProEquities has certain policies related to this practice, the client understands that, where these assets are transferred into the wrap fee program, the client is paying an advisory fee on these assets. Certain mutual fund share classes (such as Class B and Class C) have higher fund expenses than other share classes, and as such these expenses will affect the overall return or performance of the individual holding and the client's account overall.

Selection of Broker-dealer

ProEquities is a dually-registered broker-dealer and registered investment advisor. As such, all accounts participating in the wrap fee programs through ProEquities AMPSM platform are held with the affiliated broker-dealer. ProEquities operates on a fully-disclosed basis with Pershing, whereby all accounts are custodied with Pershing. The use of our affiliated broker-dealer, rather than a non-affiliated broker-dealer allows ProEquities to offer these wrap fee programs at as low a cost as possible, given the Firm's supervisory and best execution obligations.

Recommendation of Wrap Fee Programs offered through ProEquities AMPSM platform

As disclosed in the "Advisory and Management Fees" section above, the client's IAR receives compensation as a result of the client's participation in the wrap fee programs offered via ProEquities AMPSM platform. The amount of compensation the client's IAR receives may be more than what the IAR would receive if the client participated in another wrap fee program offered by ProEquities, or if the client paid separately for investment advice, brokerage and other services. The client's IAR, therefore, may have a financial incentive to recommend one or more of these programs over other programs or services offered or provided by ProEquities.

Item 5 – Account Requirements and Types of Clients

The minimum investment amounts for each wrap fee program offered through ProEquities AMPSM platform vary by program and are described above.

These wrap fee programs are designed to assist clients, both individuals and institutions (such as qualified pension plans and profit sharing plans, trusts, estates, charitable organizations, and corporations). ProEquities, through its IARs, routinely provides investment advisory services to individuals, high net worth individuals, corporate pension and profit-sharing plans, Taft-Hartley plans, charitable institutions, foundations, endowments, municipalities, corporations and other U.S. and international institutions.

Item 6 – Portfolio Manager Selection and Evaluation

Selection of Investment Adviser Representatives

All Investment Adviser Representatives of ProEquities (or of an unaffiliated registered investment adviser, where authorized by ProEquities) who are registered through ProEquities' dually registered broker-dealer, may offer the wrap fee programs described herein to their customers. As an independent broker-dealer and investment adviser, ProEquities serves a diverse field force. Our selection process focuses on producers with a mindset to grow their existing business and who value the Firm as a business partner. ProEquities believes this culture provides independent producers with a structured business model that leverages the experience of our Firm while allowing enough flexibility to customize certain components important to their individual needs.

ProEquities' selection process includes an extensive background review of each prospective representative so that we may obtain a full understanding of their history and their objectives for business growth. The Firm will closely scrutinize any prospective representative who may have a history of customer complaints; financial difficulties; termination from prior employers; or criminal charges/convictions.

Selection of the client's specific IAR is at the discretion of the customer. The customer may choose to terminate their participation in one or more of the wrap fee programs described herein or appoint another IAR to service their account. In the event that the client's IAR terminates their registrations with ProEquities, the customer's participation in the ProEquities AMPSM account automatically terminates as of the date of the IAR's termination with ProEquities. The customer will be notified of this occurrence. In certain circumstances, ProEquities may reassign the customer's account to another IAR who has agreed to manage the client's account. In these circumstances, the client will be notified of this change of IAR, and will be provided the opportunity to decline the assignment of the new IAR.

A representative sample of all accounts may be reviewed on a periodic basis by the ProEquities Compliance Department, and/or designated Office of Supervisory Jurisdiction ("OSJ") branch managers. The Firm uses a series of surveillance, exception and trading reports that are designed to facilitate this review. This review will be based on the customer's investment objectives, risk tolerance and financial and personal profile. There are three levels of accounts that may be reviewed: (1) advice rendered under financial planning or financial advice agreement; (2) investments in ProEquities-sponsored wrap-fee programs; and (3) investments in third party money manager arrangements. Supervisory review of these accounts will include general account activity and other triggering factors such as (1) fees charged; (2) account performance and performance reports; (3) customer complaints; (4) products used; (5) securities concentration; and (6) other triggering factors as determined by the reviewing principal. In addition, ProEquities' IARs are expected to provide continual advice to clients, routinely review client portfolios and are responsible for communicating with clients at least annually.

Specific information regarding the client's selected IAR is provided in the IAR's Form ADV Part 2B, which is provided at the time the client's AMP account is opened.

Selection of Defined Solutions Managers and Sub-Advisors

The CorETF Portfolios are currently sub-advised by Fidelis Capital and the AlphaSector Portfolios are sub-advised by F-Squared Investments. ProEquities determines the selection of the portfolio sub-advisor based on various criteria such as historical performance and knowledge of products currently offered. Selection of a sub-advisor is not mandatory. Where a sub-advisor is not selected or is removed, ProEquities will serve as manager and make all investment decisions. ProEquities provides continuous oversight and monitoring of Defined Solutions accounts and performs a periodic due diligence review of the portfolios.

For the portfolios to which ProEquities serves as the manager, ProEquities will review the background, investment experience and expertise of the manager. The portfolio analyst in the ProEquities Select Opportunity PortfoliosSM will typically be an employee of ProEquities. Specific information regarding the manager of the ProEquities Select Opportunity PortfoliosSM is included in Appendix A to this brochure.

Selection of Private Access Money Managers

ProEquities employs a detailed due diligence process prior to approving asset managers for the Private Access program. Factors influencing selection of an asset manager include, but are not limited to, historical performance; accessibility; ability to customize, knowledge of products currently offered, and knowledge of general economic and market factors and other criteria. ProEquities will offer the investment management services of numerous professional asset managers.

Selection of Advisors Choice SMA and Strategists

ProEquities employs a detailed due diligence process prior to approving asset managers for the Advisors Choice SMA and Strategists programs. Factors influencing selection of an asset manager include, but are not limited to, historical performance; accessibility; ability to customize, knowledge of products currently offered, and knowledge of general economic and market factors and other criteria. ProEquities will offer the investment management services of numerous professional asset managers.

Other Advisory Services Offered by ProEquities and its IARs

ProEquities is an independent investment advisory Firm with IARs located geographically throughout the United States; and has been registered as an adviser with the SEC since 1998. ProEquities is a wholly-owned subsidiary of Protective Life Corporation. Protective Life Corporation was purchased by The Dai-Ichi Life Insurance Company, Limited ("Dai-Ichi") in February, 2015; therefore Dai-Ichi is an indirect owner of ProEquities.

As of 12/31/2013, ProEquities provided investment advisory services to approximately \$2,070,243,787 in assets under management. Through the Firm's IARs, ProEquities provides investment advisory services to its clients as follows:

Investment Management Services

ProEquities' IARs offer investment management services through the selection of a ProEquities-sponsored wrap fee program or the use of non-affiliated money managers. These services include, but are not limited to, providing ongoing investment advice; implementation of a portfolio plan which may include trading and rebalancing of funds necessary to meet the client's objectives and risk/return tolerance; as well as ongoing review of a client's portfolio plan to ensure this plan remains consistent with the client's financial and personal objectives and risk/return tolerance. The IAR will review with each client their investment objectives and risk/return tolerance and may recommend investment in a ProEquities-sponsored wrap-fee program or third party money manager program, where appropriate. The advisory services offered are tailored to the individual needs of each client. Clients may impose restrictions on investments in certain securities or types of securities; however, such restrictions may impact the performance of the account.

- *ProEquities-Sponsored Wrap Fee Programs.* Please reference Item 4 above for information regarding the wrap fee programs sponsored by ProEquities. Clients should contact their IAR or the ProEquities home office for information regarding other wrap fee programs or advisory services offered by ProEquities.
- *Third Party Money Manager Arrangements.* ProEquities has entered into agreements with various non-affiliated investment advisors (third party money managers) to offer asset allocation and asset management services to ProEquities' advisory clients. When investment with a third party money manager is recommended, the IAR will assist the client in selecting a suitable third party manager to implement and continually manage the client's investment plan. The IAR will assist the client in selecting the appropriate investment portfolio; setting restrictions or limitations on the management of the account; and will review the account activity transacted by the third party manager in the client's account with the client on a regular basis. ProEquities periodically reviews the current and historical performance record of each third party manager. These services are discussed more thoroughly in ProEquities' Form ADV Part 2A, a copy of which can be obtained from the client's IAR.

ProEquities currently has agreements to offer the services of the following third party money managers:

| | |
|---|-----------------------------|
| Asset Mark | ICON Advisers |
| Brinker Capital | Lockwood |
| BTS | Loring Ward |
| Clarke, Lanzen & Skalla (CLS Investments) | Manning & Napier |
| Curian Capital | Morningstar |
| Fairlane Investments | Portfolio Strategies |
| First Affirmative Financial Network | Rochdale |
| First Mercantile Trust | SEI Investments |
| Flexible Plan Benefits | Strategic Equity Management |
| FTJ FundChoice | Vestor Capital |
| Hamilton-Bates | Wealth Management Corp. |
| Hanlon | |

ProEquities may add new managers or terminate agreements with money managers without prior notice.

- *Advice on other accounts.* On a limited basis, a client and their IAR may enter into an investment advisory agreement whereby the IAR will manage a portfolio of assets designated by the client and not held in a brokerage account with ProEquities' affiliated broker-dealer. Such arrangements are approved on a case-by-case basis and

require the pre-approval of a principal in ProEquities' Investment Advisory department. In such arrangements, the IAR will not be permitted to effect transactions in the client's account.

Financial Planning Services

ProEquities' IARs may offer financial planning services to clients which may include, but are not limited to, a detailed review of the client's current financial position and written evaluation and analysis derived from a client questionnaire. Such plans may include a comprehensive plan for the client, or address only limited areas such as income and resource allocation, estate planning, divorce planning, retirement planning, education planning or other such specific financial areas.

The financial planning fee does not include payment for implementation of the recommendations or advice contained in the plan. The client is at liberty at all times to follow or disregard, in whole or in part, any recommendations or advice contained in the plan. The client and ProEquities (through its IARs) may enter into arrangements separate from this financial planning agreement in order to implement all or certain portions of the recommendations or advice contained in the plan, which may be subject to additional compensation. A client may terminate a financial planning contract, without penalty, by written notice to the client's IAR within 5 business days from the date of the client's acceptance of the financial planning agreement; and fees paid to the date of termination but not yet earned will be refunded within 10 business days of ProEquities' receipt of the notice of the termination of the agreement. Once work has begun on the financial plan, however, any refunds will be prorated, commensurate with the amount of work performed on the plan.

Financial Advisory Services

ProEquities, through its IARs, offers financial advisory services to clients which may include, but are not limited to, a review of the client's current asset allocation; review of client-specified accounts not currently held with ProEquities or its affiliated broker-dealer; advice regarding particular securities; selection of other advisors; and advice regarding the securities markets in general. On occasion, ProEquities' IARs may provide services that utilize charts, graphs, formulas or other devices to assist clients in evaluating securities in order to make more informed investment decisions.

ProEquities' IARs may also provide preliminary advice as to the need for estate planning and other planning strategies that may call for legal, accounting or other expert advice. In these cases, ProEquities' IAR will direct the client to the appropriate professional of the client's choice.

The client and ProEquities (through its IARs) may enter into arrangements separate from the financial advice agreement in order to implement advice provided, which may be subject to additional compensation. A client may terminate a financial advice agreement, without penalty, by written notice to the client's IAR within 5 business days of the client's acceptance of the financial advice agreement; and any fees paid in advance but not earned will be refunded within 10 business days of ProEquities' receipt of the notice of termination. Once financial advice has been rendered, however, any refunds will be prorated, commensurate with the amount of work performed in providing the advice.

Pension Consulting Services

ProEquities provides investment advisory services to pension plans through the selection of plan providers or platforms; advice regarding investment options for retirement plans; plan participant education and enrollment services; and advice to plan participants regarding their investment allocations to plan investment options. Specific services provided to each plan or participant are detailed in the plan or participant's investment advisory agreement.

Market Timing Services

By recommending certain of our third party money managers, ProEquities may recommend that a client participate in a market timing services offered by those managers. ProEquities does not independently offer a market timing service.

Performance-Based Fees and Side-by-Side Management

ProEquities does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Methods of Analysis, Investment Strategies and Risk of Loss

ProEquities' IARs may use charting; analysis of investment fundamentals; technical analysis; and cyclical analysis in the management of or advice regarding client assets. Each IAR may utilize a different investment methodology in the

management of client assets. As with any investment, investment in the wrap fee programs offered through ProEquities involves risk, including the possible loss of principal. There is no guarantee that investing in securities through these programs, or any other security or investment strategy, will be profitable for a client's account. Investments in securities, including those in these wrap fee programs, are not deposits of a bank, savings and loan or credit union; are not issued by, guaranteed by, or obligations of a bank, savings and loan, or credit union; and are not insured or guaranteed by the FDIC, SIPC, NCUSIF or any other agency.

Voting Client Securities

Neither ProEquities nor its IARs vote proxies on clients' behalf or provide advice about how to vote proxies for securities held in the wrap fee accounts offered through ProEquities' AMP platform. Nor will ProEquities or its IARs advise the client or act for the client in any legal proceedings, including bankruptcies involving securities held or previously held in these accounts or the issuers of those securities.

ProEquities' clearing broker-dealer, Pershing, utilizes the services of a third-party vendor, Broadridge, for proxy processing. On record date, Broadridge will send Pershing a list of the applicable securities for which a proxy must be provided to the beneficial owner. Pershing, in turn, will provide Broadridge a list of the names and addresses of customers holding that security. Broadridge then mails hard copies of proxy notices to these customers along with instructions for voting the proxies electronically.

Item 7 – Client Information Provided to Portfolio Managers

ProEquities, through its IARs, gathers information (such as financial information, investment objectives, and risk tolerance) regarding clients to aid in providing appropriate and suitable investment advice regarding securities purchased in the CAM or ProTrade programs and for selection of the appropriate managers and/or portfolios available through the Defined Solutions, Private Access, Advisors Choice and/or ProEquities Unified Managed Account programs.

ProEquities will not share information with unaffiliated third parties or with those parties not required to service the client's account. Please consult ProEquities' privacy policy at www.ProEquities.com for further details about client privacy and information sharing.

Item 8 – Client Contact with Portfolio Manager

The portfolio manager of each client's CAM or ProTrade account is their selected IAR. As such, clients will have consistent access to their IAR.

The sub-advisers to the Defined Solutions, Advisors Choice and ProEquities Unified Managed Account are not available for consultation with clients. Clients should direct any questions regarding their account or participation in these wrap fee programs to their IAR.

Clients will have limited access to their selected money manager in the Private Access Program, through their selected IAR. Clients should direct any questions regarding their account or participation in the Private Access Program to their IAR.

Item 9 – Additional Information

Disciplinary Information

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of ProEquities or the integrity of ProEquities' management. ProEquities reports the following disclosure events:

- An administrative proceeding was filed against ProEquities by NASD (now known as FINRA) in 2002. The NASD alleged that ProEquities engaged in the securities business when the Firm's net capital was below the required minimum and failed to notify the NASD of such. Without admitting or denying the findings, ProEquities entered an Acceptance, Waiver and Consent whereby the Firm was censured and fined \$7,500. This was a technical violation

of the SEC and NASD Net Capital rules whereby the Firm's banking account funds were swept into an overnight repurchase, as is done with most corporate banking accounts. Corrective actions have been taken to prevent future similar technical violations.

- On March, 18, 2004, ProEquities entered into a Stipulation and Consent Agreement with the Office of Financial Regulation of the State of Florida. From 1998-2001, ProEquities violated section 517.161(a)(h), Florida Statutes, Rule 3E-600.013(1)(p)1, Florida Administrative Code, and NASD Conduct Rule 3010(a)(1) by failing to maintain a system to supervise the activities of an associated person on a registration agreement to ensure that this representative was properly supervised. Also, from 1998-2001, an associated person of ProEquities violated section 517.161(1)(h), Florida Statutes, Rule 3E-600.013(2) by engaging in a prohibited business practice, failing to comply with a registration agreement executed on March 25, 1998 and demonstrating unworthiness to transact the business of a dealer, investment advisor or associated person. As a result of these findings and ProEquities' agreeing to the Stipulation and Consent, the Firm was fined \$5,000 and agreed to cease and desist from all present and future violations of Chapter 517, Florida Statutes, and Chapter 3E, Florida Administrative Code, and the NASD Conduct Rules.
- On March 23, 2009, ProEquities entered a Letter of Acceptance, Waiver and Consent with FINRA. FINRA alleged that, during a breakpoint self-assessment conducted in 2004, ProEquities failed to timely conduct account reviews requested by customers and failed to timely provide refunds to customers to whom a refund was due, in violation of NASD Conduct Rule 2110. Without admitting or denying the allegations, ProEquities consented to the findings by FINRA and was fined \$25,000.
- On August 30, 2010, ProEquities entered a Stipulation with the New York Department of Insurance. The New York Department of Insurance alleged that the Firm violated its rules by failing to report on the Firm's March, 2009 Corporate license renewal that ProEquities was involved in an administrative proceeding that was commenced by the then NASD prior to 3/18/2009 (see above 3/23/09 action). The Firm did not believe that this matter was reportable at the time of the March, 2009 corporate license renewal as it had not yet been finalized by the NASD/FINRA until May, 2009, as FINRA had indicated that the Firm's Acceptance, Waiver and Consent might not be accepted. This was not an intentional failure to report, but rather the Firm did not believe the matter was reportable at the time of the renewal. The Firm was fined \$750.
- On October 26, 2010, ProEquities entered a Consent Agreement with the Indiana Securities Division, after the Division alleged that ProEquities violated Indiana Code by failing to timely respond to a customer complaint. The complaint in dispute was received by the Firm in January, 2009 and was submitted to the Firm's employee who was then responsible for reviewing and providing a response to such complaint. This employee was terminated through a reduction in force, and the Firm learned after termination that this employee had not responded to a number of complaints. In review of the complaint in dispute, the representative informed the Firm that the customer had withdrawn the complaint and therefore no response was necessary. Over a year later, this customer filed a complaint with Indiana; the Firm provided a timely response and made settlement with the customer to correct an error that prompted the original complaint. Although ProEquities believed that this was an extraordinary circumstance of an employee's failure to adequately perform their job function, and not an indication of systemic issues with ProEquities' procedures, the state determined that this was nonetheless a violation of the Indiana Code. Without admitting or denying the state's allegations, but rather to avoid the expense and inherent uncertainty of a formal hearing, ProEquities entered into a Consent Agreement and was fined \$9,000.
- In a multi-state review of an administrative services agreement with an unaffiliated firm, the Maine Office of Securities alleged that ProEquities violated 32 M.R.S., Section 16604, in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in Maine. In an effort to avoid protracted and expensive proceedings in numerous states, including Maine, ProEquities agreed to resolve the investigations through Consent Order dated March 31, 2012, wherein ProEquities agreed to a total payment of \$435,000 allocated according to a schedule provided by the multi-state investigation group, with \$8207.50 payable to the state of Maine. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities and/or provision of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of investment advice to retail customers were made by representatives of

ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.

- In a multi-state review of an administrative services agreement with an unaffiliated firm, the Wisconsin Division of Securities alleged that ProEquities violated Wisconsin Uniform Securities Law Chapter 551, in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in Wisconsin. In an effort to avoid protracted and expensive proceedings in numerous states, including Wisconsin, ProEquities agreed to resolve the investigations through Consent Order dated July 11, 2012, wherein the Firm agreed to a total payment of \$435,000 among multiple states where the representatives were located during the timeframe 4/30/2010 to 12/2/2011, allocated according to a schedule provided by the multi-state investigation group, with \$8,207.55 being payable to the state of Wisconsin. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities and/or provision of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of investment advice to retail customers were made by representatives of ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.
- In a multi-state review of an administrative services agreement with an unaffiliated firm, the California Department of Corporations alleged that ProEquities violated Corporations Code sections 25210 and 25230, in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in California. In an effort to avoid protracted and expensive proceedings in numerous states, including California, ProEquities agreed to resolve the investigations through Consent Order dated July 11, 2012, wherein the Firm agreed to a total payment of \$435,000 among multiple states where the representatives were located during the timeframe 4/30/2010 to 12/2/2011, allocated according to a schedule provided by the multi-state investigation group, with \$8,207.55 being payable to the state of California. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities and/or provision of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of investment advice to retail customers were made by representatives of ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.
- In a multi-state review of an administrative services agreement with an unaffiliated firm, the Utah Division of Securities alleged that ProEquities violated Section 61-1-3 of the Utah Uniform Securities Act, in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in Utah. In an effort to avoid protracted and expensive proceedings in numerous states, including Utah, ProEquities agreed to resolve the investigations through Consent Order dated July 11, 2012, wherein the Firm agreed to a total payment of \$435,000 among multiple states where the representatives were located during the timeframe 4/30/2010 to 12/2/2011, allocated according to a schedule provided by the multi-state investigation group, with \$8,207.55 being payable to the state of Utah. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities and/or provision of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of investment advice to retail customers were made by representatives of ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.
- In a multi-state review of an administrative services agreement with an unaffiliated firm, the Alabama Securities Commission alleged that ProEquities violated Title 8, Chapter 6, Section 2, Code of Alabama 1975, the Alabama Securities Act, in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in Alabama. In an effort to avoid protracted and expensive proceedings in numerous states, including Alabama, ProEquities agreed to resolve the investigations through Consent Order dated July 11, 2012, wherein the Firm agreed to a total payment of \$435,000 among multiple states where the representatives were located during the timeframe 4/30/2010 to 12/2/2011, allocated according to a schedule provided by the multi-state investigation group, with \$8,207.55 being payable to the state of Alabama. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities and/or provision of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of investment advice

to retail customers were made by representatives of ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.

- In a multi-state review of an administrative services agreement with an unaffiliated firm, the Securities Commissioner of South Carolina alleged that ProEquities violated Sections 35-1-401, 35-1-402, and 35-1-403, in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in South Carolina. In an effort to avoid protracted and expensive proceedings in numerous states, including South Carolina, ProEquities agreed to resolve the investigations through Consent Order dated July 11, 2012, wherein the Firm agreed to a total payment of \$435,000 among multiple states where the representatives were located during the timeframe 4/30/2010 to 12/2/2011, allocated according to a schedule provided by the multi-state investigation group, with \$8,207.55 being payable to the state of South Carolina. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities and/or provision of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of investment advice to retail customers were made by representatives of ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.
- In a multi-state review of an administrative services agreement with an unaffiliated firm, the South Dakota Division of Securities alleged that ProEquities violated SDCL 47-31B-401, 47-31B-402, 47-31B-403 and 47-31B-404, in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in South Dakota. In an effort to avoid protracted and expensive proceedings in numerous states, including South Dakota, ProEquities agreed to resolve the investigations through Consent Order dated July 11, 2012, wherein the Firm agreed to a total payment of \$435,000 among multiple states where the representatives were located during the timeframe 4/30/2010 to 12/2/2011, allocated according to a schedule provided by the multi-state investigation group, with \$8,207.55 being payable to the state of South Dakota. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities and/or provision of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of investment advice to retail customers were made by representatives of ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.
- In a multi-state review of an administrative services agreement with an unaffiliated firm, the Nevada Securities Division alleged that ProEquities violated Nevada's Uniform Securities Act, NRS 90.211 et. seq., specifically Nevada revised statutes 90.310 and 90.330, in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in Nevada. In an effort to avoid protracted and expensive proceedings in numerous states, including Nevada, ProEquities agreed to resolve the investigations through Consent Order dated July 11, 2012, wherein the Firm agreed to a total payment of \$435,000 among multiple states where the representatives were located during the timeframe 4/30/2010 to 12/2/2011, allocated according to a schedule provided by the multi-state investigation group, with \$8,207.55 being payable to the state of Nevada. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities and/or provision of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of investment advice to retail customers were made by representatives of ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.
- In a multi-state review of an administrative services agreement with an unaffiliated firm, Rhode Island alleged that ProEquities violated The Rhode Island Uniform Securities Act 7-11-101 et. seq. of the Rhode Island general laws of 1989 as amended, in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in Rhode Island. In an effort to avoid protracted and expensive proceedings in numerous states, including Rhode Island, ProEquities agreed to resolve the investigations through Consent Order dated July 11, 2012, wherein the Firm agreed to a total payment of \$435,000 among multiple states where the representatives were located during the timeframe 4/30/2010 to 12/2/2011, allocated according to a schedule provided by the multi-state investigation group, with \$8,207.55 being payable to the state of Rhode Island. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities and/or provision of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of

investment advice to retail customers were made by representatives of ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.

- In a multi-state review of an administrative services agreement with an unaffiliated firm, the Oregon Division of Finance alleged that ProEquities violated ORS 59.165, in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in Oregon. In an effort to avoid protracted and expensive proceedings in numerous states, including Oregon, ProEquities agreed to resolve the investigations through Consent Order dated August 6, 2012, wherein the Firm agreed to a total payment of \$435,000 among multiple states where the representatives were located during the timeframe 4/30/2010 to 12/2/2011, allocated according to a schedule provided by the multi-state investigation group, with \$8,207.55 being payable to the state of Oregon. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities and/or provision of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of investment advice to retail customers were made by representatives of ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.
- In a multi-state review of an administrative services agreement with an unaffiliated firm, the Texas State Securities Board alleged that ProEquities violated Sections 23, 23-1, 23.A and 28 of the Texas Securities Act, in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in Texas. In an effort to avoid protracted and expensive proceedings in numerous states, including Texas, ProEquities agreed to resolve the investigations through Consent Order dated August 6, 2012, wherein the Firm agreed to a total payment of \$435,000 among multiple states where the representatives were located during the timeframe 4/30/2010 to 12/2/2011, allocated according to a schedule provided by the multi-state investigation group, with \$8,207.55 being payable to the state of Texas. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities and/or provision of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of investment advice to retail customers were made by representatives of ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.
- In a multi-state review of an administrative services agreement with an unaffiliated firm, the Colorado Division of Securities alleged that ProEquities violated Sections 11-51-401(a)(1.5)(2) and (2.5), C.R.S., in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in Colorado. In an effort to avoid protracted and expensive proceedings in numerous states, including Colorado, ProEquities agreed to resolve the investigations through Consent Order dated August 6, 2012, wherein the Firm agreed to a total payment of \$435,000 among multiple states where the representatives were located during the timeframe 4/30/2010 to 12/2/2011, allocated according to a schedule provided by the multi-state investigation group, with \$8,207.55 being payable to the state of Colorado. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities and/or provision of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of investment advice to retail customers were made by representatives of ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.
- In a multi-state review of an administrative services agreement with an unaffiliated firm, the Minnesota Department of Commerce alleged that ProEquities violated Minn. Stat. et seq 80A.56 through et seq 80A.58, in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in Minnesota. In an effort to avoid protracted and expensive proceedings in numerous states, including Minnesota, ProEquities agreed to resolve the investigations through Consent Order dated July 11, 2012, wherein the Firm agreed to a total payment of \$435,000 among multiple states where the representatives were located during the timeframe 4/30/2010 to 12/2/2011, allocated according to a schedule provided by the multi-state investigation group, with \$8,207.55 being payable to Minnesota. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities and/or provision of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of investment advice to retail customers were made by

representatives of ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.

- In a multi-state review of an administrative services agreement with an unaffiliated firm, the New Jersey Bureau of Securities alleged that ProEquities violated N.J.S.A. 49:3-47 et seq (“Securities Law”), specifically N.J.S.A. 49:3-56(A), in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in New Jersey. In an effort to avoid protracted and expensive proceedings in numerous states, including New Jersey, ProEquities agreed to resolve the investigations through Consent Order dated September 17, 2012, wherein the Firm agreed to a total payment of \$435,000 among multiple states where the representatives were located during the timeframe 4/30/2010 to 12/2/2011, allocated according to a schedule provided by the multi-state investigation group, with \$8,207.55 being payable to New Jersey. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities and/or provision of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of investment advice to retail customers were made by representatives of ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.
- In a multi-state review of an administrative services agreement with an unaffiliated firm, the Missouri Secretary of State alleged that ProEquities violated Sections 409.4-401, 409.4-402, and 409.4-403, RSMO (CUM. SUPP. 2011), in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in Missouri. In an effort to avoid protracted and expensive proceedings in numerous states, including Missouri, ProEquities agreed to resolve the investigations through Consent Order dated September 18, 2012, wherein the Firm agreed to a total payment of \$435,000 among multiple states where the representatives were located during the timeframe 4/30/2010 to 12/2/2011, allocated according to a schedule provided by the multi-state investigation group, with \$8,207.55 being payable to Missouri. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities and/or provision of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of investment advice to retail customers were made by representatives of ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.
- In a multi-state review of an administrative services agreement with an unaffiliated firm, the State of Nebraska Department of Banking and Finance alleged that ProEquities violated The Securities Act of Nebraska, Neb. Rev. Stat. 8-1101 through 8-1123 (Reissue 2007; Cum. Supp. 2010; Supp. 2011) (“The Act”), in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in Nebraska. In an effort to avoid protracted and expensive proceedings in numerous states, including Nebraska, ProEquities agreed to resolve the investigations through Consent Order dated September 17, 2012, wherein the Firm agreed to a total payment of \$435,000 among multiple states where the representatives were located during the timeframe 4/30/2010 to 12/2/2011, allocated according to a schedule provided by the multi-state investigation group, with \$8,207.55 being payable to Nebraska. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities and/or provision of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of investment advice to retail customers were made by representatives of ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.
- In a multi-state review of an administrative services agreement with an unaffiliated firm, the Securities Commissioner of Maryland alleged that ProEquities violated Sections 11-401 and 11-402 of the Maryland Securities Act, Title 11, Corps. & Ass’ns, MD. Code Ann (2007 Repl.Vol. & Supp. 2012) (“Act” or “Securities Act”), in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in Maryland. In an effort to avoid protracted and expensive proceedings in numerous states, including Maryland, ProEquities agreed to resolve the investigations through Consent Order dated September 17, 2012, wherein the Firm agreed to a total payment of \$435,000 among multiple states where the representatives were located during the timeframe 4/30/2010 to 12/2/2011, allocated according to a schedule provided by the multi-state investigation group, with \$8,207.55 being payable to Maryland. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities

and/or provision of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of investment advice to retail customers were made by representatives of ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.

- In a multi-state review of an administrative services agreement with an unaffiliated firm, the Department of Finance of the State of Idaho alleged that ProEquities violated Idaho Code Sections 30-14-401 through 404, in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in Idaho. In an effort to avoid protracted and expensive proceedings in numerous states, including Idaho, ProEquities agreed to resolve the investigations through Consent Order dated September 17, 2012, wherein the Firm agreed to a total payment of \$435,000 among multiple states where the representatives were located during the timeframe 4/30/2010 to 12/2/2011, allocated according to a schedule provided by the multi-state investigation group, with \$8,207.55 being payable to Idaho. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities and/or provision of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of investment advice to retail customers were made by representatives of ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.
- In a multi-state review of an administrative services agreement with an unaffiliated firm, the Office of the Mississippi Secretary of State Securities and Charities Division alleged that ProEquities violated Miss. Code Ann. Sections 75-71-401 through 75-71-404, in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in Mississippi. In an effort to avoid protracted and expensive proceedings in numerous states, including Mississippi, ProEquities agreed to resolve the investigations through Consent Order dated September 17, 2012, wherein the Firm agreed to a total payment of \$435,000 among multiple states where the representatives were located during the timeframe 4/30/2010 to 12/2/2011, allocated according to a schedule provided by the multi-state investigation group, with \$8,207.55 being payable to Mississippi. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities and/or provision of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of investment advice to retail customers were made by representatives of ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.
- In a multi-state review of an administrative services agreement with an unaffiliated firm, the State of Washington Department of Financial Institutions Securities Division alleged that ProEquities violated RCW 21.20.040, in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in Washington. In an effort to avoid protracted and expensive proceedings in numerous states, including Washington, ProEquities agreed to resolve the investigations through Consent Order dated September 17, 2012, wherein the Firm agreed to a total payment of \$435,000 among multiple states where the representatives were located during the timeframe 4/30/2010 to 12/2/2011, allocated according to a schedule provided by the multi-state investigation group, with \$8,207.55 being payable to Washington. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities and/or provision of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of investment advice to retail customers were made by representatives of ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.
- In a multi-state review of an administrative services agreement with an unaffiliated firm, the Commissioner of Commerce and Insurance for the State of Tennessee, at Nashville, alleged that ProEquities violated Tenn. Code Ann. 48-2-109, in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in Tennessee. In an effort to avoid protracted and expensive proceedings in numerous states, including Tennessee, ProEquities agreed to resolve the investigations through Consent Order dated October 16, 2012, wherein the Firm agreed to a total payment of \$435,000 among multiple states where the representatives were located during the timeframe 4/30/2010 to 12/2/2011, allocated according to a schedule provided by the multi-state investigation group, with \$8,207.55 being payable to Tennessee. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities and/or provision

of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of investment advice to retail customers were made by representatives of ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.

- In a multi-state review of an administrative services agreement with an unaffiliated firm, the State of North Dakota Securities Department alleged that ProEquities violated N.D.C.C. 10-04-10, in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in North Dakota. In an effort to avoid protracted and expensive proceedings in numerous states, including North Dakota, ProEquities agreed to resolve the investigations through Consent Order dated October 16, 2012, wherein the Firm agreed to a total payment of \$435,000 among multiple states where the representatives were located during the timeframe 4/30/2010 to 12/2/2011, allocated according to a schedule provided by the multi-state investigation group, with \$8,207.55 being payable to North Dakota. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities and/or provision of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of investment advice to retail customers were made by representatives of ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.
- In a multi-state review of an administrative services agreement with an unaffiliated firm, the Pennsylvania Department of Banking and Securities alleged that ProEquities violated certain provisions of the Pennsylvania Securities Act of 1972 (1972 Act) in connection with the offer and sale of securities in the Commonwealth of Pennsylvania, in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in Pennsylvania. In an effort to avoid protracted and expensive proceedings in numerous states, including Pennsylvania, ProEquities agreed to resolve the investigations through Consent Order dated October 16, 2012, wherein the Firm agreed to a total payment of \$435,000 among multiple states where the representatives were located during the timeframe 4/30/2010 to 12/2/2011, allocated according to a schedule provided by the multi-state investigation group, with \$8,207.55 being payable to Pennsylvania. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities and/or provision of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of investment advice to retail customers were made by representatives of ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.
- In a multi-state review of an administrative services agreement with an unaffiliated firm, the Office of the Secretary of State Commissioner of Securities State of Georgia alleged that ProEquities violated Article 4 of the Georgia Uniform Securities Act of 2008 ("2008 Act"), and its predecessor, section 10-5-3 of the Georgia Securities Act of 1973 ("1973 Act"), in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in Georgia. In an effort to avoid protracted and expensive proceedings in numerous states, including Georgia, ProEquities agreed to resolve the investigations through Consent Order dated October 16, 2012, wherein the Firm agreed to a total payment of \$435,000 among multiple states where the representatives were located during the timeframe 4/30/2010 to 12/2/2011, allocated according to a schedule provided by the multi-state investigation group, with \$8,207.55 being payable to Georgia. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities and/or provision of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of investment advice to retail customers were made by representatives of ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.
- In a multi-state review of an administrative services agreement with an unaffiliated firm, the Commonwealth of Massachusetts Office of the Secretary of the Commonwealth Securities Division alleged that ProEquities violated Mass. Gen. Laws Ch. 110A, 201, in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in Massachusetts. In an effort to avoid protracted and expensive proceedings in numerous states, including Massachusetts, ProEquities agreed to resolve the investigations through Consent Order dated October 16, 2012, wherein the Firm agreed to a total payment of \$435,000 among multiple states where the representatives were located during the timeframe 4/30/2010 to

12/2/2011, allocated according to a schedule provided by the multi-state investigation group, with \$8,207.55 being payable to Massachusetts. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities and/or provision of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of investment advice to retail customers were made by representatives of ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.

- In a multi-state review of an administrative services agreement with an unaffiliated firm, the New Hampshire Bureau of Securities Regulation alleged that ProEquities violated RSA 421-B:6 and 421-B:26, in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in New Hampshire. In an effort to avoid protracted and expensive proceedings in numerous states, including New Hampshire, ProEquities agreed to resolve the investigations through Consent Order dated October 25, 2012, wherein the Firm agreed to a total payment of \$435,000 among multiple states where the representatives were located during the timeframe 4/30/2010 to 12/2/2011, allocated according to a schedule provided by the multi-state investigation group, with \$8,207.55 being payable to New Hampshire. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities and/or provision of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of investment advice to retail customers were made by representatives of ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.
- In a multi-state review of an administrative services agreement with an unaffiliated firm, the District of Columbia Department of Insurance, Securities and Banking, alleged that ProEquities violated D.C. Official Code 31-5602.01(A) and 31-5602.02(A), in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in the District of Columbia. In an effort to avoid protracted and expensive proceedings in numerous states, including the District of Columbia, ProEquities agreed to resolve the investigations through Consent Order dated November 12, 2012, wherein the Firm agreed to a total payment of \$435,000 among multiple states where the representatives were located during the timeframe 4/30/2010 to 12/2/2011, allocated according to a schedule provided by the multi-state investigation group, with \$8,207.55 being payable to the District of Columbia. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities and/or provision of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of investment advice to retail customers were made by representatives of ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.
- In a multi-state review of an administrative services agreement with an unaffiliated firm, the State of Indiana Office of the Secretary of State Securities Division alleged that ProEquities violated Ind. Code 23-19-4-1, Ind. Code 23-19-4-2, Ind. Code 23-19-4-3 and Ind. Code 23-19-4-4, in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in Indiana. In an effort to avoid protracted and expensive proceedings in numerous states, including Indiana, ProEquities agreed to resolve the investigations through Consent Order dated November 12, 2012, wherein the Firm agreed to a total payment of \$435,000 among multiple states where the representatives were located during the timeframe 4/30/2010 to 12/2/2011, allocated according to a schedule provided by the multi-state investigation group, with \$8,207.55 being payable to Indiana. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities and/or provision of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of investment advice to retail customers were made by representatives of ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.
- In a multi-state review of an administrative services agreement with an unaffiliated firm, the Securities Commissioner for the state of Delaware alleged that ProEquities violated 6 Del. C. 73-301(A) and 6 Del. C. 73-301(C), in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in Delaware. In an effort to avoid protracted and expensive proceedings in numerous states, including Delaware, ProEquities agreed to resolve the investigations through Consent Order dated November 12, 2012, wherein the Firm agreed to a total payment of \$435,000 among multiple states where

the representatives were located during the timeframe 4/30/2010 to 12/2/2011, allocated according to a schedule provided by the multi-state investigation group, with \$8,207.55 being payable to Delaware. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities and/or provision of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of investment advice to retail customers were made by representatives of ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.

- In a multi-state review of an administrative services agreement with an unaffiliated firm, the Arkansas Securities Commissioner alleged that ProEquities violated Ark. Code Ann. 23-42-301 of the Arkansas Securities Act, Codified at Ark. Code Ann. 23-42-101 through 23-42-509 ("Act"), in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in Arkansas. In an effort to avoid protracted and expensive proceedings in numerous states, including Arkansas, ProEquities agreed to resolve the investigations through Consent Order dated November 12, 2012, wherein the Firm agreed to a total payment of \$435,000 among multiple states where the representatives were located during the timeframe 4/30/2010 to 12/2/2011, allocated according to a schedule provided by the multi-state investigation group, with \$8,207.55 being payable to Arkansas. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities and/or provision of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of investment advice to retail customers were made by representatives of ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.
- In a multi-state review of an administrative services agreement with an unaffiliated firm, the Iowa Insurance Division alleged that ProEquities violated Iowa Code Sections 502-401(1), 402(1), 403(1) and 401(1)(2011), in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in Iowa. In an effort to avoid protracted and expensive proceedings in numerous states, including Iowa, ProEquities agreed to resolve the investigations through Consent Order dated November 12, 2012, wherein the Firm agreed to a total payment of \$435,000 among multiple states where the representatives were located during the timeframe 4/30/2010 to 12/2/2011, allocated according to a schedule provided by the multi-state investigation group, with \$8,207.55 being payable to Iowa. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities and/or provision of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of investment advice to retail customers were made by representatives of ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.
- In a multi-state review of an administrative services agreement with an unaffiliated firm, the Commonwealth of Virginia State Corporation Commission at Richmond alleged that ProEquities violated 13.1-504 A, B and C of the Virginia Securities Act ("Act"), 13.1-501 et seq Code of Virginia, in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in Virginia. In an effort to avoid protracted and expensive proceedings in numerous states, including Virginia, ProEquities agreed to resolve the investigations through Consent Order dated November 12, 2012, wherein the Firm agreed to a total payment of \$435,000 among multiple states where the representatives were located during the timeframe 4/30/2010 to 12/2/2011, allocated according to a schedule provided by the multi-state investigation group, with \$8,207.55 being payable to Virginia. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities and/or provision of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of investment advice to retail customers were made by representatives of ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.
- In a multi-state review of an administrative services agreement with an unaffiliated firm, the Commissioner of Securities and Insurance Montana State Auditor of Montana alleged that ProEquities violated Mont. Code Ann. 30-10-201, in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in Montana. In an effort to avoid protracted and expensive proceedings in numerous states, including Montana, ProEquities agreed to resolve the investigations through Consent Order dated October 31, 2012, wherein the Firm agreed to a total payment of \$435,000 among multiple states where the

representatives were located during the timeframe 4/30/2010 to 12/2/2011, allocated according to a schedule provided by the multi-state investigation group, with \$8,207.55 being payable to Montana. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities and/or provision of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of investment advice to retail customers were made by representatives of ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.

- In a multi-state review of an administrative services agreement with an unaffiliated firm, the Alaska Department of Commerce, Community and Economic Development, Division of Banking and Securities alleged that ProEquities violated Alaska Statutes ("AS") 45.50.030, in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in Alaska. In an effort to avoid protracted and expensive proceedings in numerous states, including Alaska, ProEquities agreed to resolve the investigations through Consent Order dated December 4, 2012, wherein the Firm agreed to a total payment of \$435,000 among multiple states where the representatives were located during the timeframe 4/30/2010 to 12/2/2011, allocated according to a schedule provided by the multi-state investigation group, with \$8,207.55 being payable to Alaska. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities and/or provision of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of investment advice to retail customers were made by representatives of ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.
- In a multi-state review of an administrative services agreement with an unaffiliated firm, the Commonwealth of Kentucky Public Protection Cabinet, Department of Financial Institutions alleged that ProEquities violated KRS 292.330, in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in Kentucky. In an effort to avoid protracted and expensive proceedings in numerous states, including Kentucky, ProEquities agreed to resolve the investigations through Consent Order dated December 4, 2012, wherein the Firm agreed to a total payment of \$435,000 among multiple states where the representatives were located during the timeframe 4/30/2010 to 12/2/2011, allocated according to a schedule provided by the multi-state investigation group, with \$8,207.55 being payable to Kentucky. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities and/or provision of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of investment advice to retail customers were made by representatives of ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.
- In a multi-state review of an administrative services agreement with an unaffiliated firm, the Ohio Division of Securities alleged that ProEquities violated Ohio revised Code ("ORC") 1707.14, 1707.414, 1707.16 and 1707.161, in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in Ohio. In an effort to avoid protracted and expensive proceedings in numerous states, including Ohio, ProEquities agreed to resolve the investigations through Consent Order dated December 4, 2012, wherein the Firm agreed to a total payment of \$435,000 among multiple states where the representatives were located during the timeframe 4/30/2010 to 12/2/2011, allocated according to a schedule provided by the multi-state investigation group, with \$8,207.55 being payable to Ohio. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities and/or provision of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of investment advice to retail customers were made by representatives of ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.
- In a multi-state review of an administrative services agreement with an unaffiliated firm, the Securities Commissioner of the State of Kansas alleged that ProEquities violated K.S.A. 17-12A401, K.S.A. 17-12A402, K.S.A. 17-12A403, and K.S.A. 17-12A404, in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in Kansas. In an effort to avoid protracted and expensive proceedings in numerous states, including Kansas, ProEquities agreed to resolve the investigations through Consent Order dated January 7, 2013, wherein the Firm agreed to a total payment of \$435,000 among multiple

states where the representatives were located during the timeframe 4/30/2010 to 12/2/2011, allocated according to a schedule provided by the multi-state investigation group, with \$8,207.55 being payable to Kansas. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities and/or provision of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of investment advice to retail customers were made by representatives of ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.

- In a multi-state review of an administrative services agreement with an unaffiliated firm, the Government of the U.S. Virgin Islands alleged that ProEquities violated Chapter 23, 9 VIC, Sections 631, 632, 633 and 634, in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in the U.S. Virgin Islands. In an effort to avoid protracted and expensive proceedings in numerous states, including the U.S. Virgin Islands, ProEquities agreed to resolve the investigations through Consent Order dated January 7, 2013, wherein the Firm agreed to a total payment of \$435,000 among multiple states where the representatives were located during the timeframe 4/30/2010 to 12/2/2011, allocated according to a schedule provided by the multi-state investigation group, with \$8,207.55 being payable to the U.S. Virgin Islands. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities and/or provision of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of investment advice to retail customers were made by representatives of ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.
- In a multi-state review of an administrative services agreement with an unaffiliated firm, the State of New Mexico Regulation and Licensing Department Securities Division alleged that ProEquities violated Sections 58-13B-3 and 58-13B-5 of the New Mexico Securities Act of 1986 (1986, as amended through 2004) and Sections 58-13C-401 through 404 of the New Mexico Uniform Securities Act, NMSA 1978058-13C-101 to 58-13C-701 (2009) ("The Act"), in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in New Mexico. In an effort to avoid protracted and expensive proceedings in numerous states, including New Mexico, ProEquities agreed to resolve the investigations through Consent Order dated January 22, 2013, wherein the Firm agreed to a total payment of \$435,000 among multiple states where the representatives were located during the timeframe 4/30/2010 to 12/2/2011, allocated according to a schedule provided by the multi-state investigation group, with \$8,207.55 being payable to New Mexico. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities and/or provision of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of investment advice to retail customers were made by representatives of ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.
- In a multi-state review of an administrative services agreement with an unaffiliated firm, the State of Florida Office of Financial Regulation alleged that ProEquities violated Section 517.12, Florida Statutes, in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in Florida. In an effort to avoid protracted and expensive proceedings in numerous states, including Florida, ProEquities agreed to resolve the investigations through Consent Order dated January 22, 2013, wherein the Firm agreed to a total payment of \$435,000 among multiple states where the representatives were located during the timeframe 4/30/2010 to 12/2/2011, allocated according to a schedule provided by the multi-state investigation group, with \$8,207.55 being payable to Florida. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities and/or provision of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of investment advice to retail customers were made by representatives of ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.
- In a multi-state review of an administrative services agreement with an unaffiliated firm, the Vermont Department of Financial Regulation alleged that ProEquities violated Vermont Uniform Securities Act (2002), codified in pertinent part at V.S.A. 5401-04 et seq, in that ProEquities paid commissions to another registered broker-dealer while that broker-dealer was not registered as a broker-dealer in Vermont. In an effort to avoid protracted and

expensive proceedings in numerous states, including Vermont, ProEquities agreed to resolve the investigations through Consent Order dated February 28, 2013, wherein the Firm agreed to a total payment of \$435,000 among multiple states where the representatives were located during the timeframe 4/30/2010 to 12/2/2011, allocated according to a schedule provided by the multi-state investigation group, with \$8,207.55 being payable to Vermont. The payments to the unaffiliated broker-dealer represented a portion of the compensation from the sale of securities and/or provision of investment advice by ProEquities representatives, and were payment for administrative services. That agreement has since been terminated. The sale of securities and/or provision of investment advice to retail customers were made by representatives of ProEquities, who were properly registered at all times with ProEquities in the states in which the clients were located.

- On March 27, 2013, ProEquities entered a Consent Agreement with the Indiana Securities Division, after the Division alleged that ProEquities violated Indiana Code by failing to engage for a required branch audit and file the audit report by the established deadline. Despite notice of the required audit, the firms' Indianapolis branch office personnel failed to complete the required audit and submit the audit report as required. The Firm's home office was not notified of the audit requirement, and was not aware that the branch office had failed to comply with the audit requirement until notice by the Indiana Securities Division. The Firm has since established procedures whereby the home office personnel will contact the Division annually to determine which, if any, of its branches have been selected for review.

Other Financial Industry Arrangements

ProEquities is also registered as a broker-dealer with the SEC and FINRA; and as a municipal securities dealer and municipal financial advisor with the Municipal Securities Rulemaking Board (MSRB). ProEquities' management personnel, as well as each of our IARs, are also registered representatives of ProEquities' broker-dealer.

ProEquities is a wholly-owned subsidiary of Protective Life Corporation. Protective Life Corporation is wholly-owned by Dai-ichi Life Insurance Company, Limited ("Dai-ichi"); therefore Dai-ichi is an indirect owner of ProEquities. Other subsidiaries of Protective Life Corporation which are registered as either broker-dealers or registered investment advisers include:

- Investment Distributors, Inc. is a registered broker-dealer that wholesales Protective Life Insurance Company's variable insurance products. As such, Investment Distributors solely distributes products and does not open or maintain customers' accounts or hold customer funds or securities. Although under common ownership, the relationship to Investment Distributors, Inc. does not present a conflict of interest to ProEquities, its IARs or our clients.
- First Variable Capital Services, Inc. serves as the broker-dealer for the First Variable Life policies. Although under common ownership, the relationship to First Variable Life does not present a conflict of interest to ProEquities, its IARs or our clients.
- Protective Investment Advisors is a registered investment adviser with the SEC. Although under common ownership, the relationship to Protective Investment Advisors does not present a conflict of interest to ProEquities, its IARs or our clients.

ProEquities has networking agreements with several banks or other financial institutions, whereby our IARs market investments, insurance and annuities in these financial institutions. ProEquities is solely responsible for the suitability of sales made to customers; therefore the contractual relationship with these financial institutions which allows ProEquities to offer financial products in these institutions does not present a conflict of interest to ProEquities, its IARs or our clients.

ProEquities' affiliated broker-dealer is a fully disclosed/introducing broker to Pershing. As such, all client trades are cleared through Pershing and all client accounts are held with Pershing. All accounts in ProEquities sponsored wrap-fee programs are held at Pershing. Consult the wrap-fee brochures for more information related to ProEquities sponsored wrap fee programs.

ProEquities' clearing firm, Pershing, offers a no-transaction fee mutual fund program, FundVest, which allows trading in a number of mutual fund families with no transaction or ticket charges. The mutual fund companies pay a fee to Pershing to be included in this program; however, neither ProEquities nor its IARs will receive a portion of this fee. Trades placed in

mutual funds participating in the FundVest program will not be assessed transaction or ticket charges (as discussed in Item 4 above). Other costs, including but not limited to, short-term trading fees, may still apply to these transactions.

Code of Ethics

ProEquities gives full disclosure to its clients as to its position as a broker-dealer. ProEquities will not allow any of its personnel to participate in the selection of investments for clients until the needs of the client have been determined. ProEquities' advisory personnel will be restricted in accordance with the Firm's internal guidelines and procedures.

ProEquities has adopted a Code of Ethics for all supervised persons of the Firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at ProEquities must acknowledge the terms of the Code of Ethics annually, or as amended. ProEquities' Code of Ethics requires that its employees and IARs conduct themselves in a manner such that the interests of our clients take precedence over all others and effect securities transactions in such a way as to avoid any conflict between the interest of any customer and the interests of the IAR.

ProEquities anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which ProEquities has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which ProEquities, its affiliates and/or clients, directly or indirectly, have a position or interest. ProEquities employees and persons associated with ProEquities are required to follow ProEquities Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of ProEquities and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for ProEquities' clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of ProEquities will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code of Ethics certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of ProEquities clients. In addition, the Code of Ethics restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between ProEquities and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with ProEquities' obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. ProEquities will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

ProEquities or its IARs may buy or sell for itself investment products which are recommended to clients. Records will be maintained of all securities bought or sold by ProEquities and its IARs. These records will be reviewed by a compliance principal to ensure no conflicts exist with client executions.

A copy of ProEquities' Code of Ethics may be obtained from the client's IAR or by contacting ProEquities at 800-288-3035.

Review of Accounts

A representative sample of all accounts may be reviewed on a periodic basis by the ProEquities Compliance Department, and/or designated OSJ branch managers. The Firm uses a series of surveillance, exception and trading reports that are designed to facilitate this review. This review will be based on the customer's investment objectives, risk tolerance and financial and personal profile. There are three levels of accounts that may be reviewed: (1) advice rendered under financial planning or financial advice agreement; (2) investments in ProEquities-sponsored wrap-fee programs; and (3) investments in third party money manager arrangements. Supervisory review of these accounts will include general account activity and other triggering factors such as (1) fees charged; (2) account performance and performance reports;

(3) customer complaints; (4) products used; (5) securities concentration; and (6) other triggering factors as determined by the reviewing principal. In addition, ProEquities' IARs provide ongoing advice to clients, routinely review client portfolios and are responsible for communicating with clients at least annually.

With regard to investments in ProEquities-sponsored wrap-fee programs or third party money manager programs, the clients are provided account statements directly from the account custodian, as well as periodic performance reports. Clients are urged to compare the information provided on performance closely to the information presented on the account statements provided by the account custodian. Where discrepancies are noted, the client should defer to the custodian's account statements.

Client Referrals and Other Compensation

Clients with mutual funds and/or exchange traded funds in their portfolios are effectively paying ProEquities and the fund advisor for the management of the client's assets because these funds pay advisory fees, distribution and service fees to the fund manager and such fees are therefore indirectly charged to all holders of fund shares. Clients who place mutual funds and/or exchange traded funds under ProEquities' management are therefore subject to both ProEquities' direct advisory fee and the indirect management fee of the fund advisor. Mutual funds and exchange traded funds are subject to additional advisory and other fees and expenses, as set forth in the prospectuses for those funds, which are ultimately borne by the client. To the extent that the client will hold fund shares for an extended period of time, these internal fund expenses should be added to the investment advisory fee when evaluating the costs of a wrap fee account held with ProEquities.

Certain fund families impose short-term trading charges when shares of mutual funds are purchased and sold within a short period of time. These fees typically range from 1%-2% of the original amount invested and are not waived for investment advisory accounts.

Clients may transfer existing assets into the CAM or ProTrade, wrap fee programs, which may include mutual fund or other security holdings which were sold by the client's IAR in a prior brokerage account. If so, the IAR may have earned a selling commission before moving assets into a fee-based advisory account. While ProEquities has certain policies related to this practice, the client understands that, where these assets are transferred into the wrap fee program, the client is paying an advisory fee on these assets. Certain mutual fund share classes (such as Class B and Class C) have higher fund expenses than other share classes, and as such these expenses will affect the overall return or performance of the individual holding and the client's account overall.

Compensation related to Investment Management Services

For the investment management services that ProEquities provides, it may receive compensation and other payments in the form of:

- *advisory fees* from our customers based on the amount of assets under management by our Firm (or by third-party money managers) or upon the financial planning and/or advice services provided by our investment adviser representatives.
- *cash payments* from product sponsors as reimbursement *for training and educational expenses* incurred by our investment adviser representatives when attending educational meetings or conferences that are held by ProEquities or by the product sponsor.
- *cash payments* from product sponsors through the Firm to its registered representatives as *reimbursement for product marketing efforts or attendance at due diligence meetings* (in accordance with FINRA rules).

ProEquities and its registered representatives sell a variety of securities, including mutual funds, options, money market instruments, variable products (variable annuities and variable life insurance), stocks, bonds, Section 529 college savings plans, and alternative investments (such as real estate investment trusts, oil and gas partnerships, Section 1031 exchange programs and similar programs). In the normal course of providing financial planning and asset management services to customers, ProEquities and its investment advisory representatives may recommend the purchase or sale of securities. ProEquities may execute transactions in these securities and receive compensation and other payments in the form of:

- *commissions* from product sponsors based on transactions effected.

- *recurring distribution fees* from product sponsors based on assets held in an investment, commonly referred to as trail commissions or 12b-1 fees.
- *cash payments* from product sponsors to ProEquities *for research and due diligence* associated with securities offered for sale by the Firm.
- *cash payments in the form of rebates and incentives from ProEquities' clearing firm, Pershing*, to ProEquities for distribution assistance (including client asset levels maintained in certain money market sweep funds), and participation credits (monthly margin debit interest, free credit interest rebates and account inactivity fee rebates) on certain client account balances. ProEquities may also from time to time receive special incentives from Pershing for its participation in temporary marketing programs. Examples of prior programs include incentives to increase the number of incoming account transfers and retirement account openings. Because ProEquities receives rebates and incentives from Pershing as described above, ProEquities has a financial interest in recommending that you allocate a portion of your assets to certain money market sweep funds. ProEquities may also participate in temporary marketing programs for which it receives rebates and incentives from Pershing, and therefore may have a financial interest in recommending to you products or services included within the temporary marketing program. You should understand that you may choose to allocate your assets to money market sweep funds that do not produce a cash incentive for ProEquities and you may choose not to participate in any temporary marketing program.
- *other cash payments* from our "product partners" to ProEquities, as discussed in more detail below.

Product Sponsors. The product sponsor of a mutual fund, variable contract or alternative investment generally funds all or some portion of the commissions and distribution fees for the investment through fees and expense charges that are associated with that investment. These fees and expense charges are described in the prospectus, private placement memorandum, or other disclosure documents for that investment. Fees based on assets under management and for financial planning services are disclosed in the client's investment advisory and financial planning agreements with ProEquities.

Product Partners. ProEquities has also entered into marketing arrangements with a number of mutual fund, variable contract and alternative investment product sponsors and third-party money managers. These "product partners" are sometimes invited to attend or participate in educational meetings and conferences for ProEquities registered representatives and investment adviser representatives, and may be featured more prominently on the ProEquities website or other communications than other product sponsors. As a result, these product partners may have greater access to our registered representatives than other product sponsors.

As of the date of this brochure, the Firm's product partners include:

| | |
|------------------------------|-------------------------------|
| Allianz | Lincoln Financial Services |
| American Funds | Loring Ward |
| Atlas Energy | MetLife |
| CNL Investment Co. | Nationwide |
| Curian Capital | Noble Royalties |
| Cypress Energy | Pacific Life |
| First Trust Portfolios | Penn Mutual |
| Franklin Square | Principal Financial Group |
| AssetMark | |
| Hamilton-Bates | Protective Life |
| Hines Real Estate Securities | Prudential |
| ING | Resource Real Estate |
| Inland Real Estate | Ridgewood Energy |
| Jackson National | Stadion Funds |
| John Hancock | Strategic Storage Trust, Inc. |
| Lightstone | Transamerica |
| | Walton International |
| | Waveland Energy |
| | WP Carey |

Note: ProEquities may add or eliminate product partners from time-to-time without prior notice.

Product partner marketing arrangements include provisions for cash payments to ProEquities. The cash payments may be based on a fixed amount per year, on a percentage of the amount that ProEquities customers have invested with the product partner, or both.

ProEquities registered representatives and IARs do not receive additional compensation for selling securities offered by a particular product sponsor, whether it is a product partner or not. Furthermore, they are not required to achieve a sales quota with respect to investments or services offered by any product sponsor. ProEquities also has a policy against accepting reimbursement through brokerage transactions directed to the Firm by product sponsors.

The Firm believes that, in general, the product partners offer investment and advisory products and services of a high quality. However, ProEquities does not guarantee that these products and services will perform better than others that may be available, and encourages its registered representatives, IARs and customers to consider any product sponsor or third-party money manager whose products and services might be suitable for the customer.

Registered representatives and IARs of the Firm who are associated with Everence may be eligible for incentives provided through Everence (such as eligibility for deferred compensation and health benefit programs and matching certain charitable contributions made by the representative) based on their sales of Praxis mutual funds and other products (such as insurance) that are offered by Everence or its affiliates.

Reduced Program Fees

An IAR may receive additional economic benefit as a result of business with ProEquities in the form of reduced charges for the platforms and services we make available to the Advisor for use with their clients. These reduced charges may be based upon the aggregate amount of assets of the IAR's clients that utilize certain platforms and services offered by ProEquities as well as other factors in our discretion. An IAR may therefore have a financial incentive to recommend the wrap fee programs offered through ProEquities' AMP platform over other platforms or services we provide.

Compensation related to Financial Planning Services

Fees for financial advice services are negotiated with the client's IAR and are generated from either: (1) a negotiated flat dollar amount, which is typically charged at the time a client signs a financial planning agreement; or (2) an hourly rate, which will be negotiated based on the expected number of hours spent in consultation with the client and preparing the plan. In accordance with ProEquities' established fee schedule, financial planning fees will generally not exceed \$10,000 for flat-fee arrangements; or \$500 per hour. The minimum fee for a financial plan is \$100.00.

Due to the complexity of some financial plans, however, a higher fee may be negotiated. In such instances, the IAR will submit the financial plan or a summary of the proposed planning work to be performed for review by a principal in ProEquities' Compliance department. The Compliance principal will notify the IAR of whether the plan or proposed work substantiates the higher fee. The specific manner in which financial planning fees are charged for each client is established in that client's financial planning agreement.

The financial planning fee does not include payment for implementation of the recommendations or advice contained in the plan. The client is at liberty at all times to follow or disregard, in whole or in part, any recommendations or advice contained in the plan. The client and ProEquities (through its IARs) may enter into arrangements separate from the financial planning agreement in order to implement all or certain portions of the recommendations or advice contained in the plan, which may be subject to additional compensation. The IAR may sell securities or insurance products in order to implement all or a portion of the plan; or the IAR may enter into an investment management agreement with the client to manage all or a portion of the client's assets, in accordance with the client's objectives.

A client may terminate a financial planning contract, without penalty, by written notice to the client's IAR within 5 business days from the date of the client's acceptance of the financial planning agreement; and fees paid to the date of termination but not yet earned will be refunded within 10 business days of ProEquities' receipt of the notice of the termination of the

agreement. Once work has begun on the financial plan, however, any refunds will be prorated, commensurate with the amount of work performed on the plan.

All or a portion of the financial planning fee may be waived if the plan, or a portion thereof, is implemented with the client's IAR. This is negotiated between the client and their IAR at the time the client signs the financial planning agreement.

Compensation related to Financial Advice Services

Fees for financial advice services are negotiated with the client's IAR and are generated from either: (1) a negotiated flat dollar amount, which is typically charged at the time the client enters into a financial advice agreement; (2) an hourly rate, which will be negotiated based on the expected number of hours spent in consultation with the client, plus reimbursement for out-of-pocket expenses incurred for the service; (3) an annual fee, which is negotiated based on the estimated time to be spent in consultation with the client throughout the year; or (4) an asset-based fee related to advice provided to the client regarding assets specified by the client which are not held in a brokerage account with ProEquities' affiliated broker-dealer or which is not otherwise managed by the client's IAR.

In accordance with ProEquities' established fee schedule, financial advice fees will generally not exceed \$10,000 for flat-fee arrangements; \$500 per hour; \$5,000 per year, where charged annually; or \$2.00% of the asset balance where advice is provided on assets not held in a brokerage account with ProEquities' affiliated broker-dealer or otherwise managed by the client's IAR. Due to the complexity of some client situations, however, a higher fee may be negotiated. In such instances, the IAR will submit a summary of the proposed work to be performed for review by a principal in ProEquities' Compliance department. The Compliance principal will notify the IAR of whether the particular client situation and/or proposed work substantiate the higher fee. The specific manner in which financial advice fees are charged for each client is established in that client's financial planning agreement.

The financial advice fee does not include payment for implementation of the recommendations or advice contained provided. The client is at liberty at all times to follow or disregard, in whole or in part, any recommendations or advice provided by the client's IAR. The client and ProEquities (through its IARs) may enter into arrangements separate from the financial advice agreement in order to implement all or certain portions of the recommendations or advice, which may be subject to additional compensation. The IAR may sell securities or insurance products in order to implement all or a portion of the advice provided; or the IAR may enter into an investment management agreement with the client to manage all or a portion of the client's assets, in accordance with the client's objectives.

A client may terminate a financial advice contract, without penalty, by written notice to the client's IAR within 5 business days from the date of the client's acceptance of the financial advice agreement; and fees paid to the date of termination but not yet earned will be refunded within 10 business days of ProEquities' receipt of the notice of the termination of the agreement. Once work has begun or advice has been provided, however, any refunds will be prorated, commensurate with the amount of work performed and/or advice provided.

All or a portion of the financial advice fee may be waived if the advice, or a portion thereof, is implemented with the client's IAR. This is negotiated between the client and their IAR at the time the client signs the financial advice agreement.

Use of Solicitors

From time to time, investment advisory business is referred to ProEquities' IARs through solicitors. Compensation may be paid to the solicitor either by a flat fee arrangement or a percentage of the total management fee charged to the client. Under such arrangements, the client will receive a Solicitor Disclosure Document which details the payment of these fees.

Financial Information

ProEquities has neither a financial commitment that would impair its ability to meet its contractual and fiduciary commitments to its clients, nor has the Firm been the subject of a bankruptcy proceeding.

Custody

ProEquities maintains custody of certain client funds and securities in instances where checks are made payable to ProEquities for deposit to the client's brokerage account with Pershing and in those instances where the Firm accepts a physical security certificate for deposit to their Pershing brokerage account. Additionally, pursuant to the trading authority granted under certain wrap fee accounts, and as stated in the client's Terms and Conditions, ProEquities may have discretionary trading authority over a client's account. Clients should receive at least quarterly statements from the clearing broker-dealer, Pershing. ProEquities urges you to carefully review the Pershing statements and compare the information presented therein to the account performance reports that we may provide to you. These performance reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

ProEquities, Inc. Advisor Brochure Supplement for ProEquities Select Opportunity Portfolios

(Part 2B of Form ADV)

This brochure provides information about the qualifications and business practices of CHRISTOPHER R PHILLIPS, who serves as portfolio manager to the ProEquities Select Opportunity Portfoliossm. If you have any questions about the contents of this brochure, please contact us at (205) 268-7040 and/or chris.phillips@proequities.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

CHRISTOPHER R PHILLIPS
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Additional information about CHRISTOPHER R PHILLIPS also is available on the SEC's website at www.adviserinfo.sec.gov.

Brochure Supplement (Part 2B of Form ADV)

Item 2 Educational Background and Business Experience

I was born in 1973.

FORMAL EDUCATION

I have the following educational background:

Institution Name: Vanderbilt University

Date Attended: 09/1991 to 09/1994

Degree Obtained: None

Major: N/A

Institution Name: University of Alabama, Birmingham

Date Attended: 09/1995 to 05/1997

Degree Obtained: Bachelor of Science

Major: Finance

Institution Name: University of Alabama

Date Attended: 12/2001 to 05/2003

Degree Obtained: Bachelor of Science

Major: Business Administration

RECENT WORK EXPERIENCE

I have the following business background:

Employment Dates: 01/2002 to 2/2006
Business Name: HIGHLAND ASSOCIATES, INC. Investment
Related: Yes
City: BIRMINGHAM State:
AL
Position Held: FINANCIAL ANALYST

Employment Dates: 10/2007 to 6/2009
Business Name: CITIGROUP GLOBAL MARKETS INC. Investment
Related: Yes
City: BIRMINGHAM State:
AL

Position Held: FAA (PRE-HARTFORD)

Employment Dates: 6/2009 to 6/2010
Business Name: MORGAN STANLEY SMITH BARNEY Investment
Related: Yes
City: BIRMINGHAM State:
AL
Position Held: MASS TRANSFER

Employment Dates: 8/2010 to 4/2011
Business Name: AMERIPRISE FINANCIAL SERVICES INC Investment
Related: Yes
City: BIRMINGHAM State:
AL
Position Held: ASSOCIATE FINANCIAL ADVISOR

Employment Dates: 05/2011 to Present
Business Name: PROEQUITIES, INC Investment
Related: Yes
City: BIRMINGHAM State:
AL
Position Held: REGISTERED REP

SECURITIES AND INSURANCE LICENSES

I currently hold the following securities license(s): 7; 66.

I am registered with ProEquities, Inc., a broker-dealer. My Series 7 license allows me to assist you with any general securities investment (stocks, bonds, mutual funds, variable annuities, 529 plans and other investment of this kind).

I hold a Series 66 License which indicates that I am familiar with state regulations as well as qualifying me as an Investment Advisor Representative, "IAR". I can engage in the business of advising others regarding the advisability of investing in securities. I can receive management fees in lieu of commissions. RIAs receive fees, whereas stockbrokers receive commissions.

PROFESSIONAL DESIGNATIONS

I hold the following professional designations:

Designation Name: CFA - Chartered Financial Analyst

Accredited Sponsor: CFA Institute

Date Earned:

CFA - Chartered Financial Analyst

Issued by the CFA Institute, The CFA Program reflects a broad Candidate Body of Knowledge developed and continuously updated by active practitioners in countries around the world to ensure that charterholders possess knowledge grounded in the real world of today's global investment industry.

Item 3 Disciplinary Information

I have not been involved in any legal or disciplinary proceeding material to a client's determination of my integrity or my financial advice.

Item 4 Other Business Activities

I am engaged in the following investment-related OBA in addition to serving acting as an investment adviser representative. I recognize that these activities may raise conflicts of interests. I have described how I address them and any compensation I receive from these activities:

I am a Registered Representative of ProEquities, Inc., which is a registered broker-dealer and a member of FINRA and SIPC. My other affiliation creates limited potential material conflicts of interest for advisory clients because my commissions are customary and competitive for the marketplace. However, brokerage services may be available elsewhere at a lower cost. At no time is any client obligated to purchase securities through ProEquities, Inc. I receive no additional economic benefits that could create a material conflict of interest that I have not included below.

NON-INVESTMENT-RELATED OBAs

I am not involved in non-investment-related OBAs that provide a substantial source of my income or involve a substantial amount of my time.

Item 5 Additional Compensation

No one provides me any additional economic benefit for providing advisory services.

Item 6 Supervision

I supervise the quality of the advice given to my clients. I have access to your custodial account statements and your quarterly performance reports, which I review.

I am supervised by ProEquities, Inc. at several levels. Annually, I attest that I understand the policies and procedures related to my offering of advisory services and must complete various Continuing Education requirements. To monitor the advice I give, a Supervising Principal reviews all account opening paperwork before an account is opened, and a surveillance program monitors the investment management of my existing accounts for any red flags.

My supervisor is:

Taylor Lovell

(205) 268-5109