

**FORM ADV Uniform Application for Investment Adviser Registration
Part 2A: Investment Adviser Brochure
Item 1: Cover Page**

First Southwest Asset Management, LLC

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This brochure provides information about the qualifications and business practices of First Southwest Asset Management, Inc. If you have any questions about the contents of this brochure, please contact us at the phone number listed above.

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. Please note, where this brochure may use the terms “registered investment adviser” and/or “registered”, registration itself does not imply a certain level of skill or training.

Additional information about the firm and its representatives is also available on the SEC’s website at www.adviserinfo.sec.gov

Item 2: Material Changes

The only material changes to this document were the updated account information, ownership and affiliations information.

Additional information about the firm and its representatives is also available on the SEC's website at www.adviserinfo.sec.gov.

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Item 4: Advisory Business

Established in 1991, First Southwest Asset Management, Inc. (“FSAM”), a SEC registered investment advisor currently provides investment advisory services for \$7.7 billion in public sector client assets. The firm has worked closely with local and state government entities nationwide to deliver expertise across three primary areas:

1. Investment Management Services

FSAM specializes in providing investment advice to local and state government clients. FSAM invests in corporate debt securities, commercial paper, certificates of deposit, municipal securities and U.S Government and agency securities. Investment strategies are cash flow based and adhere to specific maturity limitations, maximum allocation percentages and credit restrictions as stated in individual client’s written investment policies. As a result, securities are generally purchased with the intention of holding until maturity. Client relationships are non-discretionary. Clients may change/amend these limitations as required. Such amendments shall be submitted in writing. All provisions governing FSAM’s authority are documented in the advisory agreements with Clients.

2. Arbitrage Rebate Compliance Services

The Arbitrage Rebate Services (“ARS”) which the firm provides includes the technical calculation of rebates, as well as the required public reporting.

Calculations

Arbitrage rebate rules require issuers to rebate any excess interest earned on tax-exempt bond proceeds in taxable securities. The firm advises issuers on rebate exceptions and alternatives to take advantage of the exceptions. FSAM has developed a proprietary software program which provides comprehensive arbitrage calculations. Additionally, the firm assists clients with preparation for IRS audits and refund requests

Public Funds Investment Reporting Service:

FSAM prepares monthly and/or quarterly reports for local and state governmental entities that comply with the local laws and Governmental Accounting Standards Board requirements. Additionally, the firm also provides monthly collateral valuation reporting, investment policy reviews and performance benchmark reporting.

Assets Under Management: As of 12/31/2014, FSAM manages \$7.7 billion for its thirty seven Investment Management clients.

Item 5: Fees and Compensation

1. Investment Management Services

FSAM offers four types of management fee structures tailored to fit the specific needs of each client to whom FSAM provides services. All four are negotiable on a case by case basis, they are highlighted below:

- Fixed annual fee, billed in monthly or quarterly increments.
- Fixed and/or sliding scale percentage fee based on the amount of assets under management, typically assessed quarterly
- A fee based on actual transactions. The amount of this fee is based on the size and maturity of each investment as well as a contractual basis point fee schedule.
- An hourly charge, which is typically selected for specialized consulting services.

Asset-based fees for public funds are negotiated using the standard fee guideline below:

Assets Under Management

Less than \$10,000,000.	0.25%
\$10,000,000 to \$30,000,000.....	0.17%.
\$30,000,001 and \$50,000,000.....	0.12%
\$50,000,000 to \$100,000,000.....	0.08%
Over \$100,000,000.....	0.06%.

Clients may incur certain administrative and custodial charges imposed by your custodians and/or depository institution. Mutual funds and exchange-traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

2. Arbitrage Rebate Compliance Services

The firm charges a flat fee for this service. The fee is negotiable and is dependent on the amount of services provided and the length of time to deliver the service.

Item 6: Performance-based fees and Side-by-Side Management

FSAM's advisory services do not incorporate performance fees or the offering of any additional investment services; side-by-side management does not apply to those services rendered by the firm. Side-by-side management poses a conflict to the extent that FSAM manages similar portfolios for multiple clients. This conflict is mitigated by separate and individual management of each portfolio. The portfolios are non-discretionary and subject to specific authorities and limitations of individual policies. Investment

Management works with each client to determine the appropriate investment options for available cash in the portfolio. The client gives final approval on all investment choices.

Item 7: Types of Clients

FSAM provides investment advisory services predominately to local and state governmental entities. The firm generally requires a minimum initial account value of \$20 million from governmental clients, but makes exceptions to this general practice in certain instances.

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

Due to the unique nature of our business, FSAM first reviews estimated cash flow needs of the governmental entity. The firm then develops an investment policy and strategy aimed at achieving the goals and objectives of the entity. The main focus in managing public funds is safety of principal while providing adequate liquidity.

The investment process is continually reviewed to assess risk and look for strategies to improve earnings and reduce exposure.

Risk of Loss: Investing in debt securities involves a certain amount of risk of loss that clients should be prepared to bear. There is market risk, valuation risk and risks associated with concentration in particular debt securities. Questions regarding these risks and/or increased costs may be directed to the firm and its representatives.

Item 9: Disciplinary Information

Rule 206(4)-4 of the Investment Advisers Act of 1940 requires investment advisers to provide clients with disclosures as to any legal or disciplinary activities deemed material to the client's evaluation of the adviser. Please note, neither the firm nor its personnel have any disciplinary, regulatory, criminal, civil, or otherwise reportable history to disclose at this time.

Item 10: Other Financial Industry Activities and Affiliations

FSAM is owned by First Southwest Holdings, LLC ("FSH") which in turn is owned by Hilltop Securities Holdings, LLC. FSAM is affiliated with the following entities.

- First Southwest Company ("FSC"), a FINRA registered broker-dealer.
- FSW Advisory Services, Inc. ("FSWA"), a SEC registered investment adviser
- Southwest Securities, Inc., a dually registered BD-RIA

- SWS Financial Services, Inc., a dually registered BD-RIA

FSC and FSWA are both owned by FSH. FSAM maintains affiliations with other First Southwest non-financial services companies which are also owned by FSH. Southwest Securities, Inc. and SWS Financial Services, Inc. are common control affiliates owned by Hilltop Securities Holdings, LLC.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

As required by Rule 204A-1 of the Investment Advisers Act of 1940, FSAM has adopted a Code of Ethics that sets forth the basic policies of ethical conduct for all managers, officers, and employees of the firm. The Code of Ethics describes the firm's fiduciary duties and obligations to clients, and sets forth its practice of supervising the personal securities transactions of those employees who maintain access to client information.

The Code of Ethics also places restrictions on employees and serves to satisfy the firm's ethical responsibilities. In accordance with the Code of Ethics, FSAM collects and maintains records of securities holdings and transactions made by employees. The firm reviews the personal trading practices of its employees to identify and resolve any potential or realized conflicts of interest. A copy of FSAM's Code of Ethics will be provided to any client upon request.

All FSAM personnel are subject to the pre-approval of all Political Contributions. In approving said contributions, the firm monitors for potential conflicts with clients and prospective clients as they relate to pay-to-play rules and other issues related to contributing moneys to issuer officials.

Item 12: Brokerage Practices

FSAM will execute securities transactions for its advisory clients through unaffiliated broker-dealers of its choosing. As pre-arranged with the client, the firm directs delivery of client securities to a FSC account used exclusively for that FSAM client. This process facilitates the delivery of securities to the client's custodian. Neither FSAM nor FSC receives additional compensation as a result of this delivery arrangement. However, for those clients utilizing transaction-based fee arrangements, FSAM will add a fully disclosed fee to the purchase cost of the security prior to delivery to the client's custodian. This amount of this fee is determined by the contractual fee schedule included in the client agreement.

As an investment adviser, FSAM has a fiduciary duty to seek best execution for client transactions. Best execution is a collective consideration of factors concerning the trade in question. Such factors include:

- the security being traded,
- the price of the trade,
- the speed of the execution,
- apparent conditions in the market,
- and the specific needs of the client.

FSAM will endeavor to select brokers or dealers that provide the best services at the most advantageous price. All trades are conducted on a competitive basis, with independent, non-affiliated brokers or dealers. At no time will trades be executed through the FSC Capital Markets Group.

FSAM will combine or aggregate orders (i.e. block trading) in order to obtain a better average price and allocate shares equitably among several client accounts. When this technique is used, shares will be distributed pro-rata to the accounts participating in the block trade (or through some other appropriate method depending on the circumstances). FSAM established a trade allocation policy that explains how these transactions are conducted.

Due to the nature of investing in debt securities, no soft dollar arrangements exist.

Item 13: Review of Accounts

Portfolio Managers perform regular oversight of client portfolios. The firm understands the unique objectives and constraints of investing public sector funds. Market conditions, account changes and other similar events will trigger more frequent reviews.

Clients receive monthly statements and confirmations from First Southwest Company. FSAM may provide monthly or quarterly investment reporting as arranged with the client. Clients are encouraged to contact the firm immediately with any changes to their financial situation as such changes may impact the status of their investment account(s).

Item 14: Client Referrals and Other Compensation

FSAM does not compensate others for client referrals or receive any compensation other than that earned from its advisory services.

As Administrator to the two local government investment pools, FSAM does receive a portion of JP Morgan's advisory fee for services rendered.

Item 15: Custody

FSAM, does not maintain or accept custody of client funds or securities. Clients will receive account statements from their respective custodians. Clients should carefully review their statements. When clients receive account information from FSAM, clients are urged to compare their custodian's account information with the information received from FSAM and contact FSAM or their custodian with any questions or discrepancies.

Item 16: Investment Discretion

FSAM maintains non-discretionary authority over managed assets. The firm recommends types of securities and the amount to be purchased or sold. All final investment decisions must be approved by the Client. FSAM will seek competitive bids in an effort to receive the best price and execution.

Item 17: Voting Client Securities

As a general policy FSAM does not vote proxies on behalf of clients. The investments available under the appropriate state's public funds investment laws typically do not lead to proxy votes. Clients may obtain a copy of FSAM's complete proxy voting policies and procedures upon request by contacting the CCO at the phone number on page 1 of this brochure.

Item 18: Financial Information

Under Rule 206(4)-4 of the Investment Advisers Act of 1940, investment advisers are required to disclose certain financial information about their business practices that might serve as material to a client's decision in choosing an investment adviser.

As of the date of this filing, FSAM does not require the pre-payment of any fees or maintain any financial hardships or other conditions that might impair its ability to meet its contractual obligations to clients.

**FORM ADV Uniform Application for Investment Adviser Registration
Part 2B: Brochure Supplements
Investment Adviser Representatives and/or Supervised Persons: Supplemental information
Item 1: Cover Page**

***Hill Feinberg, Chairman
David Medanich, President
David Commons, CFO
Blake Morris, CCO
Scott McIntyre, CFA, SVP/Portfolio Manager
T. Gregory Warner, CTP, SVP/Portfolio Manager
Dan Grant, Portfolio Analyst***

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This brochure provides information about the qualifications and business practices on the following individual as a representative of First Southwest Asset Management, Inc. This information is provided as a supplement to the Form ADV Part 2A which has been provided for your review. Should you have any questions about this supplement, or if you have not received the Form ADV Part 2A please contact the firm immediately.

The information in this brochure supplement has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Please note, where this brochure supplement may use the terms "registered investment adviser" and/or "registered", registration itself does not imply a certain level of skill or training.

Additional information about the firm and this representative is also available on the SEC's website at www.adviserinfo.sec.gov

Item 2: Educational Background and Business Experience

Name: Hill Feinberg, Chairman of the Board of Directors; CEO

Year Born: 1947

Education: University of Georgia, 1969

Licenses: Series 7, 24, 53, 65 and 79

Business Experience:

- 1991 to Present First Southwest Asset Management, Inc., CEO and Director,
- 1991 to Present First Southwest Company, Chief Executive Officer,
- 2008 to Present FSW Advisory Services, Inc. Chairman,
- 2008 to Present Plains Capital Corporation, Director,
- 1978-1991 Bear Stearns & Co., Senior Managing Director.

Item 3: Disciplinary Information

Mr. Feinberg does not have any legal, civil, criminal, regulatory, or disciplinary history to report at this time.

Item 4 and 5: Other Business Activity and Additional Compensation

Mr. Feinberg does not engage in any other business activity other than highlighted in Item 2 nor receives any additional compensation at this time.

Item 6: Supervision

Blake Morris serves as Chief Compliance Officer for FSAM. As Chief Compliance Officer, Mr. Morris administers a compliance program which includes supervisory procedures. Mr. Morris can be reached at the offices of FSAM listed on the cover page of this brochure.

Item 2: Educational Background and Business Experience

Name: David Medanich, President

Year Born: 1956

Education: Texas Christian University, BBA in Finance

Licenses: Series 24, 53, 7, 63 and 79

Business Experience:

- 2007 to Present First Southwest Asset Management, Inc., President,
- 2008 to Present Plains Capital Bank, Advisory Director,
- 1981 to Present First Southwest Company, Registered Representative.

Item 3: Disciplinary Information

Mr. Medanich does not have any legal, civil, criminal, regulatory, or disciplinary history to report at this time.

Item 4 and 5: Other Business Activity and Additional Compensation

Mr. Medanich does not engage in any other business activity other than highlighted in Item 2 nor receives any additional compensation at this time.

Item 6: Supervision

Blake Morris serves as Chief Compliance Officer for FSAM. As Chief Compliance Officer, Mr. Morris administers a compliance program which includes supervisory procedures. Mr. Morris can be reached at the offices of FSAM listed on the cover page of this brochure.

Item 2: Educational Background and Business Experience

Name: David A. Commons, Chief Financial Officer

Year Born: 1953

Education: Southern Methodist University, BBA Economics
Northwestern University, MBA

Licenses: Series 24, 27, 7, 63 and 99

Business Experience:

- 2006 to Present First Southwest Asset Management, Inc., CFO,
- 2002 to Present First Southwest Company, CFO,
- 2008 to Present FSW Advisory Services, Inc., CFO,
- 1992 to 2001 Southwest Financial Services Company, CFO.

Item 3: Disciplinary Information

Mr. Commons does not have any legal, civil, criminal, regulatory, or disciplinary history to report at this time.

Item 4 and 5: Other Business Activity and Additional Compensation

Mr. Commons does not engage in any other business activity other than highlighted in Item 2 nor receives any additional compensation at this time.

Item 6: Supervision

Blake Morris serves as Chief Compliance Officer for FSAM. As Chief Compliance Officer, Mr. Morris administers a compliance program which includes supervisory procedures. Mr. Morris can be reached at the offices of FSAM listed on the cover page of this brochure.

Item 2: Educational Background and Business Experience

Name: Blake Morris, Chief Compliance Officer

Year Born: 1979

Education: Southern Methodist University, BBA Finance
University of Texas at Dallas, MBA Finance

Licenses: Series 7, 14, 24, 53, 66, 79 and 99

Business Experience:

- 2013 to Present, First Southwest Asset Management, Inc.; First Southwest Company; FSW Advisory Services, Inc. Chief Compliance Officer/AML Officer,
- 2008 to 2013 First Southwest Company, Compliance Officer,
- 2004 to 2008, The Ayco Company LP, Compliance Manager.

Item 3: Disciplinary Information

Mr. Morris does not have any legal, civil, criminal, regulatory, or disciplinary history to report at this time.

Item 4 and 5: Other Business Activity and Additional Compensation

Mr. Morris does not engage in any other business activity other than highlighted in Item 2 nor receives any additional compensation at this time.

Item 6: Supervision

Blake Morris serves as Chief Compliance Officer for FSAM. As Chief Compliance Officer, Mr. Morris administers a compliance program which includes supervisory procedures. Mr. Morris can be reached at the offices of FSAM listed on the cover page of this brochure.

Item 2: Educational Background and Business Experience

Name: Scott McIntyre, CFA, SVP / Sr. Portfolio Manager

Year Born: 1962

Education: Southwest Texas State University, BS in Business Management

Licenses: Series 7, 24, 63 and 65

Business Experience:

- 1998 to Present, First Southwest Asset Management, Inc., Sr. Portfolio Manager,
- 1998 to Present, First Southwest Company, Registered Representative,
- 1994-1998, Patterson & Associates, VP / Sr. Portfolio Manager,
- 1989-1994, Texas State Treasury, Senior Investment Officer.

Item 3: Disciplinary Information

Mr. McIntyre does not have any legal, civil, criminal, regulatory, or disciplinary history to report at this time.

Item 4 and 5: Other Business Activity and Additional Compensation

Mr. McIntyre does not engage in any other business other than highlighted in Item 2 nor receives any additional compensation at this time.

Item 6: Supervision

Blake Morris serves as Chief Compliance Officer for FSAM. As Chief Compliance Officer, Mr. Morris administers a compliance program which includes supervisory procedures. Mr. Morris can be reached at the offices of FSAM listed on the cover page of this brochure.

Item 2: Educational Background and Business Experience

Name: T. Gregory Warner, CTP, SVP / Portfolio Manager

Year Born: 1966

Education: University of Texas at Austin, BBA in Finance

Licenses: Series 7, 63 and 65

Business Experience:

- 1998 to Present First Southwest Asset Management, Inc., Portfolio Manager,
- 1998 to Present First Southwest Company, Registered Representative,
- 1997-1998 Guaranty Federal Bank, Treasury Analyst,
- 1991-1997 Norwest Bank of Texas (Franklin Federal Bancorp)
Assistant Vice President and Treasury Officer.

Item 3: Disciplinary Information

Mr. Warner does not have any legal, civil, criminal, regulatory, or disciplinary history to report at this time.

Item 4 and 5: Other Business Activity and Additional Compensation

Mr. Warner does not engage in any other business activity other than highlighted in Item 2 nor receives any additional compensation at this time.

Item 6: Supervision

Blake Morris serves as Chief Compliance Officer for FSAM. As Chief Compliance Officer, Mr. Morris administers a compliance program which includes supervisory procedures. Mr. Morris can be reached at the offices of FSAM listed on the cover page of this brochure.

Item 2: Educational Background and Business Experience

Name: Dan Grant, Portfolio Analyst

Year Born: 1967

Education: Bentley College, BS Finance

Licenses: Series 4, 7, 55 and 63, 66

Business Experience:

- 2011 to Present First Southwest Asset Management, Inc., Portfolio Analyst,
- 2011 to Present First Southwest Company, Inc., Registered Representative,
- 1994 to 2011 Fidelity Investments, Vice President.

Item 3: Disciplinary Information

Mr. Grant does not have any legal, civil, criminal, regulatory, or disciplinary history to report at this time.

Item 4 and 5: Other Business Activity and Additional Compensation

Mr. Grant does not engage in any other business activity other than highlighted in Item 2 nor receives any additional compensation at this time.

Item 6: Supervision

Blake Morris serves as Chief Compliance Officer for FSAM. As Chief Compliance Officer, Mr. Morris administers a compliance program which includes supervisory procedures. Mr. Morris can be reached at the offices of FSAM listed on the cover page of this brochure.