



ITEM 1. COVER PAGE  
Pareto New York LLC  
200 Park Avenue  
New York 10166

This brochure provides information about the qualifications and business practices of Pareto New York LLC. If you have any questions about the contents of this brochure, please contact us at (212) 527-1800. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Pareto New York LLC is registered with the SEC as an investment adviser. Registration of an investment adviser does not imply any level of skill or training.

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

## FORM ADV PART 2A

(AS OF MARCH 31, 2015)

## ITEM 2. SUMMARY OF MATERIAL CHANGES

This brochure has been amended to reflect the following changes to Pareto New York LLC's business since the last Form ADV Part 2 was filed in March 2014:

Item 4 and Item 10 have been updated to further describe the relationship between Insight Group and Pareto New York LLC including Cutwater Asset Management.

Item 9 has been updated with information on the current status of disciplinary information regarding BNY Mellon.

Item 10 has been updated to include information on affiliated banking institutions.

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#### ITEM 4. ADVISORY BUSINESS

Pareto New York LLC ('PNY', 'us' or 'we') was established in 1991 and is a wholly owned subsidiary of The Bank of New York Mellon Corporation ('BNY Mellon'). PNY, a registered investment adviser, markets Pareto Investment Management Limited ("Insight Pareto")'s strategies and provides client servicing for Insight Pareto's North American clients. PNY does not recommend any investment or provide advice in the course of marketing Insight Pareto strategies. PNY is not independent of Insight Pareto and PNY's interests are generally aligned with those of Insight Pareto.

PNY provides advice to clients only in the course of providing services to clients of Insight Pareto and uses information provided by Insight Pareto for this purpose. PNY does not provide guidance or advice which is independent of Insight Pareto.

Whilst PNY may provide investment advice to Insight Pareto's clients, it does not manage investments and does not have any assets under management.

In addition, PNY provides research and market analysis services to Insight Pareto and other entities in the Insight Group of Companies under a contract for services agreement.

Insight Pareto is a limited liability company organized under English law. Insight Pareto is a subsidiary of Insight Investment Management Limited ('IIML'), a wholly owned subsidiary of BNY Mellon. The group of companies owned or operated by IIML is referred to as Insight or the Insight Group.

It is anticipated that during 2015 PNY will perform the same functions for Cutwater Asset Management Corporation and Cutwater Investor Services Corporation. These entities are newly affiliated and are owned by BNYM Mellon and operated by the Insight Group. Please see Item 10 for more detail on the Insight Group arrangements.

#### ITEM 5. FEES AND COMPENSATION

Insight Pareto has entered into an agreement with PNY and remunerates PNY by way of reimbursement of the costs and expenses of PNY's operations, including the salaries of employees, plus an additional percentage of those costs and expenses and/or other amount for the benefit of PNY. With the exception of some existing sales commission arrangements that are in a run off period, Insight Pareto does not remunerate any officer or employee of PNY by way of commission for the introduction of clients.

PNY does not charge fees to persons to whom it markets Insight Pareto's services or to whom it provides client support services.

Clients of Insight Pareto will be subject to fees payable to Insight Pareto as the contracting entity. Fees and charges for products and strategies offered by Insight Pareto are detailed in the ADV for Insight Pareto.

In addition to fees payable to Insight Pareto under the terms of the advisory agreement, in the course of the relationship, clients also may incur other fees, costs and expenses such as custody fees, brokerage fees and, if invested in pooled investment vehicles, the underlying management fees and costs and expenses of the pooled investment vehicle attributable to the client's holding.

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

PNY does not charge performance based fees. Insight Pareto may charge performance based fees. For a discussion of performance fees and side-by-side management related to Insight Pareto's clients; please see Insight Pareto's Form ADV Part 2 which is available at <http://www.adviserinfo.sec.gov>.

#### ITEM 7. TYPES OF CLIENTS

PNY's client is Insight Pareto which offers and provides advisory services to institutions including corporate pension and profit sharing plans, Taft-Hartley plans, Voluntary Employee Beneficiary Associations ('VEBAs'), public plans, trusts, estates, charitable institutions, foundations, endowments, municipalities, U.S. and 'offshore' (non-U.S.) private investment funds, other non-U.S. regulated funds, sovereign funds, separate accounts, and other U.S. and international institutions. Insight Pareto may also act as sub-adviser to registered investment companies, UCITS funds, private funds, and other commingled vehicles.

PNY provides marketing and client servicing activities to these types of clients in North America. Clients contract directly with Insight Pareto as investment manager.

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

### i) Methods of Analysis and Investment Strategies

PNY markets Insight Pareto's strategies and provides client servicing, including investment advice, to Insight Pareto's North American clients. PNY provides investment advice only in the context of providing services to clients of Insight Pareto and uses information provided by Insight Pareto for this purpose.

For a full description of the methods of analysis and investment strategies offered by Insight Pareto, please see Insight Pareto's Form ADV Part 2 which can be found at <http://www.adviserinfo.sec.gov>.

### ii) Risk Analysis

Investing in securities involves risk of loss that the investor should be prepared to bear. Neither Insight Pareto, nor PNY, guarantee or represent that any chosen investment program will be successful. Insight Pareto's past results are not indicative of future performance. PNY cannot assure that the investments made on behalf of clients will be profitable, and in fact substantial losses could be incurred. Investments with Insight Pareto are not a bank deposit and are not insured or guaranteed by the FDIC or any other government agency.

For a full description of the material risks associated with the investment strategies offered by Insight Pareto and that PNY may advise on, please see Insight Pareto's Form ADV Part 2 which can be found at <http://www.adviserinfo.sec.gov>.

## ITEM 9. DISCIPLINARY INFORMATION

BNY Mellon, including its affiliates, is a large financial services group and from time to time will be subject to legal proceedings. There are no current proceedings that are material to PNY's business.

The New York State Attorney General's Offices, the U.S. Attorney's Office for the Southern District of New York and certain other plaintiffs have filed civil complaints against The Bank of New York Mellon (the "Bank") and/or BNY Mellon. BNY Mellon is the parent company of the Bank and PNY. These actions allege that the Bank and/or BNY Mellon improperly charged and reported prices for standing instruction foreign exchange ("FX") transactions executed in connection with custody services provided by the Bank. PNY was not a defendant to any of these actions.

On March 19, 2015, BNY Mellon announced that it has resolved substantially all of the foreign exchange ("FX")-related actions currently pending against BNY Mellon, resulting in a total of \$714 million in settlement payments.

## ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

As a part of the BNY Mellon group, PNY is affiliated with a number of entities that are subsidiaries of BNY Mellon. PNY has relationships with the following affiliates which are material to its advisory business:

### INSIGHT PARETO:

PNY markets Insight Pareto's strategies and provides client servicing to Insight Pareto's North American clients.

PNY does not recommend any investment or provide advice in the course of marketing Insight Pareto strategies. PNY is not independent of Insight Pareto and PNY's interests are generally aligned with those of Insight Pareto.

PNY provides investment advice only in the course of providing services to clients of Insight Pareto and uses information provided by Insight Pareto for this purpose. PNY does not provide guidance or advice which is independent of Insight Pareto.

The relationship between PNY and Insight Pareto may result in one or more conflicts of interest. For example, because PNY is compensated by Insight Pareto PNY may have an incentive to promote Insight Pareto products and services.

**IIML (AND OTHER MEMBERS OF THE INSIGHT GROUP):**

Insight Pareto, along with PNY, are part of the Insight Group which comprises those companies wholly owned and operated by IIML, which in turn is a wholly owned subsidiary of BNY Mellon. Services offered in North America are offered by Insight Pareto under the Insight Pareto brand.

PNY provides research and market analysis services to Insight Pareto and other entities in the Insight Group of companies under a contract for services agreement. It is anticipated that during 2015 PNY will perform the same functions for Cutwater Asset Management Corporation and Cutwater Investor Services Corporation. These entities are newly affiliated and are owned by BNYM Mellon and operated by the Insight Group.

**THE BNY MELLON GROUP:**

The BNY Mellon Group is a global financial services group providing a comprehensive array of financial services (including asset management, wealth management, asset servicing, clearing and execution services, issuer services and treasury services) through a world-wide client focused team that enables institutions and individuals to manage and service their financial assets. BNY Mellon Asset Management is the umbrella designation for BNY Mellon's affiliated investment management firms and global distribution companies and is responsible, through various subsidiaries, for US and non-US retail, intermediary and institutional distribution of investment management and related services.

Insight Pareto or PNY may enter into transactions with unaffiliated counterparties or third party service providers who then use affiliates of Insight Pareto or PNY to execute such transactions. These services may include, for example, clearance of trades, purchases or sales of ADRs, or other transactions not contemplated by us. Although one of our affiliates may receive compensation for engaging in these transactions, the decision to use or not use an affiliate of ours is made by the unaffiliated counterparty or third party service provider. Further, we will likely be unaware that the affiliate is being used to enter into such transaction.

BNY Mellon and/or its other affiliates may gather data from us about our investment activities, including information about holdings within client portfolios, which is required for regulatory filings to be made by us or BNY Mellon or other affiliates (e.g., reporting beneficial ownership of equity securities) or for other compliance, legal or risk management purposes, pursuant to policies and procedures of the Firm, BNY Mellon or other affiliates. This data is deemed confidential and procedures are followed to ensure that any information is utilized solely for the purposes intended.

**BNY MELLON'S STATUS AS A BANK HOLDING COMPANY**

BNY Mellon and its direct and indirect subsidiaries, including PNY, are subject to certain U.S. banking laws, including the Bank Holding Company Act of 1956, as amended (the "BHCA"), and to regulation and supervision by the Board of Governors of the Federal Reserve System (the "Federal Reserve"). The BHCA (and other applicable banking laws, and their interpretation and administration by the appropriate regulatory agencies, including but not limited to the Federal Reserve) may restrict the transactions and relationships among BNY Mellon, its affiliates (including us) and our clients, and may restrict our investments, transactions and operations. For example, the BHCA regulations applicable to BNY Mellon and us may, among other things, restrict our ability to make certain investments or the size of certain investments, impose a maximum holding period on some or all of our investments, and restrict our ability to participate in the management and operations of the companies in which we invest. In addition, certain BHCA regulations may require aggregation of the positions owned, held or controlled by related entities. Thus, in certain circumstances, positions held by BNY Mellon and its affiliates (including us) for client and proprietary accounts may need to be aggregated and may be subject to a limitation on the amount of a position that may be held. These limitations may have an adverse effect on our ability to manage client investment portfolios. For example, depending on the percentage of a company we and our affiliates (in the aggregate) control at any given time, the limits may (1) restrict our ability to invest in that company for certain clients and/or (2) require us to sell certain client holdings of that company at a time when it may be undesirable to take such action. Additionally, BNY Mellon may in the future, in its sole discretion and without notice, engage in activities impacting us in

order to comply with the BHCA or other legal requirements applicable to (or reduce or eliminate the impact or applicability of any bank regulatory or other restrictions on) us and accounts managed by us and our affiliates.

#### **BNY MELLON INCENTIVE REFERRAL COMPENSATION PROGRAM**

PNY follows the principles of BNY Mellon's Incentive Referral Compensation Program ("Program"). The Program is designed to (i) reward internal referrals of business and opportunities; (ii) help clients understand and gain access to the full range of products and services offered by BNY Mellon and its subsidiaries; and (iii) expand and develop client relationships.

The Program promotes BNY Mellon's corporate values of Client Focus, Trust, Teamwork and Outperformance by encouraging the cross-selling of BNY Mellon's broad array of services and products throughout the organization to better meet a current or prospective client's full range of needs for financial products and services, and to expand customer relationships. The Program seeks to financially reward (via bonus or referral fee) eligible employees who offer a business lead that results in a sale of certain affiliated products or services to existing clients and prospects. These bonuses and referral fees may be paid to us and our employees for referring business (services or products) to our affiliates, and our affiliates and their employees may receive bonuses and referral fees for referring business to us.

PNY employees may participate in the Program which may create a conflict of interest when marketing investment strategies to existing or potential clients of Insight Pareto.

#### **AFFILIATED PLACEMENT AGENTS**

PNY has affiliated "placement agents," including MBSC Securities Corporation which solicits persons to invest with Insight Pareto in various private funds, as well as separate account products. Certain private funds have entered into agreements with these placement agents to pay them commission or fees for such solicitations. PNY's affiliates pay these commissions and fees and these payments do not increase the fees paid by the private fund's investors. These financial incentives may cause the placement agents and their employees and/or salespersons to steer investors toward those private funds that will generate higher commissions and fees. Please see Item 14 for more information on the compensation arrangements related to client referrals.

Certain of our sales and client service employees are registered representatives of our affiliate, MBSC Securities Corporation, registered investment adviser under the Investment Advisers Act of 1940, as amended, a registered broker-dealer under the Securities Exchange Act of 1934, as amended, and a member of FINRA. In their capacity as registered representatives of MBSC, these employees sell and provide services regarding funds managed by Insight Pareto.

#### **AFFILIATED SERVICE PROVIDERS**

In addition, to the extent permitted by law and regulation, placement agents and their respective affiliates may provide brokerage and certain other financial and securities services to us, our affiliates or related private funds. Such services, if any, will be provided at competitive rates. BNY Mellon is also affiliated with service providers, distributors and consultants that may provide services and may receive fees from BNY Mellon in connection with such services, which may incentivize such persons to distribute interests in a private fund or other BNY Mellon products.

#### **OTHER RELATIONSHIPS**

In addition, BNY Mellon personnel, including certain of our employees, may have board, advisory, or other relationships with issuers, distributors, consultants and others that may have investments in a private fund and/or related funds or that may recommend investments in a private fund or distribute interests in a private fund. To the extent permitted by applicable law, BNY Mellon and its affiliates, including us and our personnel, may make charitable contributions to institutions, including those that have relationships with investors or personnel of investors. As a result of the relationships and arrangements described in this paragraph, placement agents, consultants, distributors and other parties may have conflicts associated with their promotion of a private fund, or other dealings with a private fund, that create incentives for them to promote a private fund.

Some of our clients may retain consulting firms to assist them in selecting investment managers. Some consulting firms provide services to both those who hire investment managers and to investment management firms. We may pay to attend conferences sponsored by consulting firms and/or purchase services from consulting firms where we believe those services will be useful to us in operating our investment management business. We do not pay referral fees to consultants. However, our clients and prospective clients should be aware that consulting firms might have business relationships with investment management firms that they recommend to their clients.

BNY Mellon maintains, and we have adopted, a Code of Conduct that addresses these types of relationships and the potential conflicts of interest they may present, including the provision and receipt of gifts and entertainment.

#### **AFFILIATED BROKER-DEALERS AND INVESTMENT ADVISERS**

PNY is affiliated with a significant number of advisers and broker/dealers. Please see our Form ADV, Part I - Schedule D, Section 7.A for a list of our affiliated advisers and broker-dealers.

Several of our investment adviser affiliates have, collectively, a significant number of investment-related private funds for which a related person serves as sponsor, general partner or managing member (or equivalent), respectively. Please refer to the Form ADV, Part I – Schedule D, Section 7.B for each of our affiliated investment advisers for information regarding such firm’s private funds (if applicable) and such firm’s Form ADV, Part I – Schedule D, Section 7.A for information regarding related persons that serve in a sponsor, general partner or managing member capacity (if applicable).

Where Insight Pareto selects the broker to effect purchases or sales of securities for client accounts, they may use either an affiliated or unaffiliated broker (unless otherwise restricted by an agreement, law or regulation). They may have an incentive to enter into transactions with an affiliated broker-dealer, in an effort to direct more commission dollars to its affiliate.

Insight Pareto has broker selection policies in place that require its selection of a broker-dealer to be consistent with its duties of best execution and subject to any client and regulatory proscriptions. Please see Item 12 for more information on broker selection process.

#### **AFFILIATED BANKING INSTITUTIONS**

BNY Mellon engages in trust and investment business through various banking institutions, including the Bank and BNY Mellon, National Association. These affiliated banking institutions may provide certain services to us, such as recordkeeping, accounting, marketing services, and referrals of clients. PNY may provide the affiliated banking institutions with sales and marketing materials regarding our investment management services that may be distributed under the name of certain marketing “umbrella designations” such as BNY Mellon, BNY Mellon Wealth Management, BNY MAM, and BNY AMI.

Certain clients may have established custodial or sub-custodial arrangements with the Bank and other financial institutions that are affiliated with us. Furthermore, the Bank and other financial institutions that are affiliated with us may provide services (such as trustee, custodial or administrative services) to issuers of securities.

#### **COMMODITY FUTURES TRADING COMMISSION (CFTC)**

PNY is registered as a Commodity Trading Advisor with the CFTC. Some of PNY’s officers and employees may be registered as Principals and Associated Persons as required.

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

We have adopted a Code of Ethics that is made up of two parts:



BNY Mellon Code of Conduct and Interpretive Guidance (the “BNY Mellon Code”); and

BNY Mellon Personal Securities Trading Policy (the “PSTP”).

The BNY Mellon Code provides to employees the framework and sets the expectations for business conduct. In addition, it clarifies our responsibilities to clients, suppliers, government officials, competitors and the communities we serve and outlines important legal and ethical issues:

Conflicts of Interest: gifts, entertainment and other payments; personal conflicts of interest; fiduciary appointments and bequests; outside affiliations, outside employment and certain outside compensation issues; and disclosure of relationships and transactions;

Proper Use and Care of Information and Proper Recordkeeping: proprietary information and intellectual property; data integrity and corporate information; use of e-mail and internet; accurate accounting and internal controls; use of non-public or “inside” information; talking to the media; and document retention;

Dealing with Customers, Prospects, Suppliers, and Competitors: business relationships with customers, prospects, suppliers, and competitors; business decisions; exploitation of relationships and use of the company’s name, letterhead or facilities; knowing your customer; and recognizing and reporting illegal, suspicious, or unusual activities;

Doing Business With the Government: complying with government contracts, government contracting laws and regulations; integrity in the sales and marketing process; truthful, accurate statements and recordkeeping; safeguarding government information and property; cooperating with government audits and investigations; and meeting employment and labor obligations;

Personal Finances: personal investments; personal brokerage accounts; political campaign contributions; contributions to not-for-profit entities; and individual employees’ regulatory requirements; and

Compliance with the Law: among other matters illegal or criminal activities; investigations; and protection of company assets.

The PSTP is designed to reinforce our reputation for integrity by avoiding even the appearance of impropriety and to ensure compliance with applicable laws in the conduct of our business. The PSTP sets procedures and limitations that govern the personal securities transactions of our employees in accounts held in their own names as well as accounts in which they have indirect ownership. We, and our related persons and employees, may, under certain circumstances and consistent with the PSTP, purchase or sell for their own accounts securities that we also recommend to clients and may, from time to time, invest in products managed by us or our related persons.

The PSTP imposes different requirements and limitations on employees based on the nature of their business activities for us and Insight Pareto. Each of our employees is classified as one of the following:

1. Investment Employee (“IE”): IEs are employees who, as part of their responsibilities, have access to non-public information regarding any advisory client’s purchase or sale of securities or non-public information regarding the portfolio holdings of any proprietary account, or are involved in making securities recommendations to advisory clients or have access to such recommendations before they are public.
2. Access Decision Maker (“ADM”): ADMs (generally portfolio managers and research analysts who make recommendations or decisions regarding the purchase or sale of equity, convertible debt and non-investment grade debt securities for mutual funds and other managed accounts) are subject to the most extensive procedures under the PSTP.
3. Other Employee (“OE”): Our employees are considered OEs if they are not an IE or ADM.

### **PSTP Overview:**

1. IEs and ADMs are subject to preclearance and personal securities reporting requirements, with respect to discretionary accounts in which they have direct or indirect ownership;
2. Transaction reporting is not required for non-discretionary accounts, transactions in exempt securities or certain other transactions that are not deemed to present any potential conflicts of interest;
3. Preclearance is not required for transactions involving certain exempt securities (such as open-end investment company securities that are not Proprietary Funds or money market funds and short-term instruments, non-financial commodities; transactions in non-discretionary accounts (approved accounts over which the employee has no direct or indirect influence or control over the investment decision-making process); transactions done pursuant to automatic investment plans; and certain other transactions detailed in the PSTP which are either involuntary or deemed not to present any potential conflict of interest;
4. We have a "Preclearance Compliance Officer" who maintains a "restricted list" of companies whose securities are subject to trading restrictions. This list is used by the Preclearance Compliance Officer to determine whether or not to grant trading authorization;
5. The acquisition of any securities in a private placement requires prior written approvals;
6. With respect to transactions involving BNYMC securities, all employees are also prohibited from engaging in short sales, purchases on margin, option transactions (other than employee option plans), and short-term trading (i.e., purchasing and selling, or selling and purchasing BNYMC securities within any 60 calendar day period);
7. With respect to non-BNYMC securities purchasing and selling, or selling and purchasing the same or equivalent security within 60 calendar days is discouraged, and any profits must be disgorged; and
8. No covered employee should knowingly participate in or facilitate late trading, market timing or any other activity with respect to any fund in violation of applicable law or the provisions of such fund's disclosure documents.
9. A copy of our Code of Ethics will be provided upon request.

The PTSP also includes a general restriction on 'spread betting' and considers that such transactions constitute transactions in securities for the purposes of the Policy and are subject to all of the provisions applicable to other non-exempted transactions

### **INTEREST IN CLIENT TRANSACTIONS**

PNY is not engaged in investment management for client accounts.

For a description of the conflicts of interest that may arise when Insight Pareto is managing client accounts please refer to the Insight Pareto Form ADV Part 2.

When PNY markets an Insight Pareto strategy PNY acts as a marketing agent of Insight Pareto and therefore any such marketing activities are not independent of Insight Pareto

### **ITEM 12. BROKERAGE PRACTICES**

PNY does not execute transactions for client accounts. All transactions are executed by Insight Pareto for clients. Please see Insight Pareto's Form ADV for a full description of its brokerage practices.

### **BROKER SELECTION**

PNY does not execute transactions for client accounts. Please see Insight Pareto's Form ADV for a full description of its broker selection practices.

### **SOFT DOLLARS**

PNY does not use/receive research or other products or services in connection with client securities transactions.

**COMPENSATION FOR CLIENT REFERRALS – BROKERAGE FOR CLIENT REFERRALS**

PNY does not direct securities transactions to any broker-dealer in exchange for referral of investment management clients.

**TRADE AGGREGATION AND TRADE ALLOCATION**

PNY does not currently aggregate trades as it does not execute transactions for client accounts.

**ITEM 13. REVIEW OF ACCOUNTS**

Client accounts are reviewed by Insight Pareto. PNY does not conduct independent review of client accounts or provide reporting to Insight Pareto's clients. PNY may present Insight Pareto's information and reporting to clients which may include summaries of that information. For detailed information on Insight Pareto's reporting and review of accounts please see the Insight Pareto Form ADV.

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

PNY markets Insight Pareto's strategies and provides client servicing to Insight Pareto clients within North America. With the exception of some existing sales commission arrangements that are in a run off period, Insight Pareto does not remunerate any officer or employee of PNY by way of commission for the introduction of clients. Insight Pareto has entered into an agreement with PNY and remunerates PNY as specified in Item 5. As a result of PNY's relationship with Insight Pareto and Insight Pareto remunerating PNY, there may be a conflict of interests and PNY is not independent of Insight Pareto.

PNY's ultimate parent, BNY Mellon, has organized its lines of business into two groups: Investment Management and Investment Services (collectively "Groups"). PNY is part of the Investment Management Group. A sales force has been created to focus on developing new customer relationships and developing and coordinating large complex existing customer relationships within those Groups.

In certain circumstances, Investment Management sales representatives are paid fees for sales. The fees may be based on revenues and may be a one-time payment or paid out over a number of years. In addition, our sales representatives and sales representatives of our affiliates within the Investment Management Group are paid for intra-Group referrals to Group counterparts. Those fees are based on the first year's revenue for the Group counterpart.

Sales of any alternative investment products (such as private funds) may be made through a broker-dealer affiliate. Only registered representatives of such broker-dealer receive compensation for sales of alternative investments.

PNY or Insight Pareto may pay a fee to an affiliate (or directly to employees of the affiliate) that has a pre-existing relationship with a new client in the Investment Services Group. The fees may be based on revenues and may provide for a one-time payment or payments over a number of years.

PNY and our affiliates also participate in the BNY Mellon Incentive Compensation Plan, which presents certain conflicts of interest, all as described in Item 10, above.

**ITEM 15. CUSTODY**

PNY does not have custody of any client assets or securities and accordingly, this item is not applicable.

**ITEM 16. INVESTMENT DISCRETION**

PNY does not have investment discretion over client accounts and accordingly this item is not applicable.

**ITEM 17. VOTING CLIENT SECURITIES**

PNY does not have the authority to vote client securities. In most cases, clients of Insight Pareto grant Insight Pareto the authority to vote securities for their account, where applicable. Please see Insight Pareto's Form ADV for Insight Pareto's proxy voting policy, which can be found at: <http://www.adviserinfo.sec.gov>.

Clients that do not grant Insight Pareto authority to vote should consult their custodian for details on their custodian's voting procedures.

PNY may provide information on Insight Pareto's voting procedures to clients.

#### **ITEM 18. FINANCIAL INFORMATION**

This item is not applicable. PNY has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has never been the subject of a bankruptcy proceeding.