

CONCEPT ASSET MANAGEMENT

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WRAP FEE BROCHURE

This Wrap Fee Brochure provides information about the qualifications and business practices of CONCEPT ASSET MANAGEMENT, a division of Concept Capital Markets, LLC. If you have any questions about the contents of this Brochure, please contact us at (516) 746-5757 or at www.ConceptCapital.com, Attn: Rep Poppell, Chief Compliance Officer. 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.

Concept Asset Management is a registered investment adviser. Registration of an investment adviser does not imply a certain level of skill or training. The purpose of this Brochure is to provide you with information that will help you decide whether to retain us as your investment adviser.

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

Item 2 – Material Changes

This section of our Brochure contains a summary of any material changes we have made since our last annual Brochure, and we will provide you with a copy of that summary within 120 days of the end of our fiscal year each year. We will also provide you with copies of any new Brochure as necessary under the SEC rules.

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Item 4 – Services, Fees and Compensation

Concept Asset Management (“CAM” or “we”) is a division of Concept Capital Markets, LLC (“CCM”), a Delaware limited liability company. CCM is directly owned by Concept Capital Holdings, LLC, a Delaware limited liability company, which in turn is primarily owned by Concept Partners, LLC, also a Delaware limited liability company. CCM is also registered as a broker-dealer with the SEC and the Financial Industry Regulatory Authority, Inc. (“FINRA”), and as an introducing broker with the Commodities Futures Trading Commission and the National Futures Association.

CAM offers its clients several investment advisory services which provide differing types of investment management styles and/or services. In general, we offer discretionary investment management services to our clients, focusing on equities, fixed income, exchange traded funds, mutual funds and options. In that regard, as agreed with any particular client, we may offer management services that would utilize investment strategies that invest in all segments of the securities markets, or that focus on particular segments of the market, for instance, large- or small-capitalization equities or fixed income securities, or which take a more balanced asset allocation approach that allocates a client’s assets over several asset classes that do not all perform in the same manner in all economic circumstances to attempt to control or reduce risk. Options may be utilized as part of any of our investment strategies, either as investments or in order to hedge other positions to reduce risk. Investment strategies range from more aggressive, capital gains-oriented equity strategies, to more conservative balanced or income-oriented approaches. See also Item 6 below for a further description of our investment strategies.

The particular type of investment strategy that may be offered to any prospective client will be determined after meeting with the client to determine the client’s particular financial circumstances, investment objectives and risk tolerance. Within any particular investment strategy, a client would normally have the ability to impose reasonable restrictions on investing in certain securities or types of securities.

Fees. CAM offers its investment advisory services with both a “wrap-fee” structure, in which the fee paid by the client covers both the discretionary management of the client’s account and the cost of brokerage transactions effected for the account, and a structure in which the management fee and brokerage commissions are paid separately. This Brochure covers only our wrap fee program. Except for the fee structure of such program, the management of any account in such program does not differ from the management of any other account using a similar investment strategy.

The fee charged in our wrap fee program ranges from 0.50% to 2.50% per annum, paid on a quarterly basis in advance, based on the value of the account as of the last business day of the previous calendar quarter. Such valuation is determined by the account’s custodian in

accordance with its standard policies and practices, and is prepared on a trade date basis. (Client statements are normally prepared on a settlement date basis and therefore may differ as of the valuation date.) The actual fee charged to a client will be subject to negotiation with such client, and will be based upon the terms of the particular investment advisory program in which the client participates, the investment strategy used within that program, the particular services offered to the client, the types of securities in which the account invests (i.e., fixed income securities, which are normally not actively traded, are generally charged lower fees, while accounts that use investment strategies that involve more active management, such as some equity styles and options, would normally be charged higher fees), the size of any particular account (with larger accounts sometimes paying a lower fee) and possibly other factors that may be deemed significant by us in any particular instance.

Cost Comparison. It is difficult to compare the cost of a wrap fee program to one in which brokerage commissions are paid separately in addition to an asset-based management fee. It is possible that a wrap fee program may cost a client more than the same management in a program in which such charges are paid separately, or the wrap fee program could cost the client less than paying such charges separately. Whether or not the wrap fee structure will cost more than separately paying for such charges will depend upon the trading activity in the client's account, with any cost differential narrowing or disappearing as the level of trading activity increases. Clients should take this into account when considering whether to participate in our wrap fee program.

Additional Expenses. In addition to the wrap fee paid to us for the management of an account, clients should be aware that our fees do not include related costs and expenses which will be incurred by the client. Clients may incur transfer taxes, interest charges on margin transactions, mark-ups, mark-downs and spreads charged by other broker-dealers when acting as principal in transactions effected for an account (typically in fixed income and over-the-counter transactions), wire transfer and electronic fund transfer fees, postage, foreign currency exchange fees, and other fees and taxes on brokerage accounts and securities transactions. If an account is invested in mutual funds or exchange traded funds ("ETFs"), the managers of those funds also charge internal management fees which are disclosed in a fund's prospectus. Such fees and other fund expenses are charged directly to the pool of assets the fund invests in and are reflected in each fund's share price. Clients will not pay any separate sales charges for purchases of mutual funds or ETFs in our wrap fee programs. However some mutual funds may charge, and not waive, a redemption fee or deferred sales charge on certain transaction activity in accordance with their prospectuses.

CAM may receive certain payments, called "12b-1 fees," from some mutual fund companies whose funds are offered through our wrap fee program. Notwithstanding the foregoing, CAM does not receive such payments in relation to those clients that are qualified employee benefit plans, as defined under ERISA, individual retirement accounts described in

Section 4975 of the Internal Revenue Code of 1986, as amended, or a plan or other arrangement subject to fiduciary and prohibited transaction requirements of substantially similar state, local or foreign law. The receipt of these 12b-1 fees may create the potential for a conflict of interest because we may earn more revenue if we recommend a particular mutual fund that will pay us such a fee as opposed to a different mutual fund or other investment product that does not pay such a fee. It is our policy that we do not ask our advisory personnel who manage portfolios in our investment advisory programs (“Portfolio Managers”) to take this factor into account when recommending mutual funds, and since they do not share in these payments, they have no direct incentive to recommend one mutual fund company over another based on the amount of payments that CAM would receive.

All of such charges and fees are in addition to our asset-based wrap fee, and with the exception of the possibility that we may share in a portion of any margin interest charges paid by an account, or may receive certain 12b-1 fees, we will not receive any portion of these fees and expenses. We do not credit any 12b-1 fees we receive from mutual fund companies against a client’s wrap fee.

Compensation to Portfolio Managers. Both CAM and its Portfolio Managers will receive a portion of the wrap fee paid by clients in such program, with the amount allocable to the Portfolio Manager varying based on several factors. The amount received by the client’s Portfolio Manager under our wrap fee program may be more than he or she would receive if our asset-based management fee and brokerage commissions were paid separately. Such Portfolio Managers may therefore have a financial incentive to recommend participation in the wrap fee program over other programs or services.

Item 5 – Account Requirements and Types of Clients

We offer our investment advisory services to individuals, including high net worth individuals, trusts, estates and charitable institutions, pension and profit-sharing plans, pooled investment vehicles, and corporations and other business organizations. Accounts normally need to be of a certain minimum size in order to be accepted for management, but such requirements differ depending upon the particular investment advisory program offered or investment strategy employed.

Item 6 – Portfolio Manager Selection and Evaluation

All of the Portfolio Managers who participate in our wrap fee program are employed or associated with CAM, and we do not offer the services of any persons not associated with CAM through this program. CAM selects such Portfolio Managers based on various subjective factors which include, but are not necessarily limited to, their experience in the securities industry, their educational background, their registration history, and other factors that CAM believes will contribute to their ability to serve their clients.

CAM does not prepare or publicize composite performance information relating to its Portfolio Managers. Accordingly, neither CAM nor any third-party service formally reviews any performance presentations to verify accuracy or compliance with presentation standards. However, our supervisory personnel review client accounts on a periodic basis in order to monitor relative performance and adherence to investment criteria.

Conflicts of Interest. Since our Portfolio Managers receive a portion of the wrap fee that is charged to a client's account, and since that wrap fee could be greater than the cost of discretionary management and brokerage commissions if paid separately (see Item 4 above), such Portfolio Managers may have an incentive to recommend that clients participate in the wrap fee program rather than another investment advisory program we may offer. We deal with this potential conflict by disclosing it to clients in this Brochure, and by assuring the suitability of the wrap fee program for each client that participates in the program.

See Item 4 above for a description of the investment advisory services we offer to our clients. Except for the fee structure of our wrap fee and other investment advisory programs, the management of any account in either type of program does not differ from the management of any other account using a similar investment strategy. Within any particular investment strategy, a client would normally have the ability to impose reasonable restrictions on investing in certain securities or types of securities.

Performance-Based Fees and Side-By-Side Management. A performance-based fee is one in which an investment adviser is paid a fee that is influenced by the gains made in the client's account. Although CAM offers advisory programs that provide for the payment of a performance-based incentive fee by clients participating in those programs, no client participating in our wrap fee program will pay a performance-based fee.

Methods of Analysis, Investment Strategies and Risk of Loss. Investing in securities involves risk of loss that clients should be prepared to bear, and no assurance can be given that any of the investment strategies described below will achieve their objectives.

We offer several different investment strategies and advisory programs to our clients based on the financial circumstances, investment objectives and risk tolerance of the particular client. Such strategies may involve the use of equities, fixed income securities, options, ETFs or mutual funds, derivative instruments or any combination of such securities and investments as determined by the particular Portfolio Manager handling a client's account. Within any of the investment strategies utilized by our Portfolio Managers, specific investments may be selected on the basis of fundamental analysis, or on the basis of some form of quantitative analysis that seeks to predict future stock prices based on various mathematical formulas or analyses, including, possibly, technical analysis. The limitations and risks of the latter type of analysis is that such formulas may not accurately reflect the way in which markets or particular securities actually act under certain circumstances or in reaction to certain events. Fundamental analysis, which seeks to determine whether a security's current price is undervalued or overvalued based on various economic and company-specific measurements and projections of future revenues and earnings, is often subjective, and the market in general may not evaluate the security in the same manner as the person making the analysis. In addition, the estimates of future performance may prove to be inaccurate.

A Portfolio Manager may also utilize an asset allocation service in the management of a client's account that suggests appropriate diversification strategies using different classes of assets (e.g., equities, fixed income, small or large capitalization, etc.) based on a client's investment objectives, financial circumstances and risk tolerance. Although such services may be useful for suggesting broad investment categories, they do not select any particular investments within the various asset classes. That selection is left to the Portfolio Manager and may not be successful. In addition, asset allocation services are generally designed to diversify investments among investments that have returns that are not correlated. Since such allocations are based on historical performance, there can be no guarantee that the relative relationships among those asset classes will remain the same in the future.

Voting Client Securities. We will not vote, or give advice about how to vote, proxies for securities held in client accounts. If the account is for a pension or other employee benefit plan governed by ERISA, Client directs CAM not to vote proxies for securities held in the Account because the right to vote such proxies has been expressly reserved to either 1) The Plan's Trustees, or 2) The Named Fiduciary. Accordingly, the client will retain the sole right to vote such proxies and we will instruct our clearing firm or other custodian to forward proxy solicitation materials directly to the client.

Item 7 – Client Information Provided to Portfolio Managers

Since our Portfolio Managers in the wrap fee program must manage each client's account in a manner that is suitable for each client and in accordance with the client's investment objectives, financial circumstances and risk tolerance, our Portfolio Managers have access to all information relating to our clients that such clients provide to us, both at the time of account opening and on an ongoing basis.

Item 8 – Client Contact with Portfolio Managers

There are no restrictions placed on clients in their communications with our Portfolio Managers.

Item 9 – Additional information

Disciplinary Information. In this Item, registered investment advisers are required to disclose certain disciplinary information regarding the investment advisory firm itself or any of its “management persons,” which generally includes all of an investment adviser’s principal executive officers and directors, as well the adviser’s investment committee if it has one, or, if not, the persons who determine general investment advice to be given to clients. In that regard, we disclose the following information:

CAM has no disciplinary information to disclose about itself.

In 2008, Jack Seibald and Michael Rosen, who are each Managers of CAM and are members of the investment committee that selects the underlying managers that manage assets in our multi-manager strategy (which strategy is not offered in the wrap fee program), but are not otherwise involved in the day-to-day management or supervision of our investment advisory business, each entered into an Acceptance, Waiver and Consent (“AWC”) with FINRA to resolve an alleged rule violation that occurred in 2002 while such persons helped operate a division of another broker-dealer which provided prime brokerage services to hedge funds.

Messrs. Seibald and Rosen managed some hedge funds at the broker-dealer while these funds received prime brokerage services from the broker-dealer. To address the potential conflicts that arose from their dual roles as employees of the broker-dealer and managers of hedge funds that did business with the broker-dealer, the offering documents for one share class of one of these funds, as well as an agreement they had signed with an entity that referred investors to the hedge fund, provided that Messrs. Seibald and Rosen would not share, directly or indirectly, in any commissions the broker-dealer earned from trading for the fund class. However, in 2002, the broker-dealer and Messrs. Seibald and Rosen modified their compensation structure so that they shared in the division’s profit pool, which was derived in part from commissions the broker-dealer earned on the fund’s trading. Messrs. Seibald and Rosen orally informed the referring entity of the change in their compensation structure, but did not verify that that entity told the investors it brought to the fund of this change, nor did they assure that the fund amended its offering documents to reflect this change. The settlement with FINRA provided that Messrs. Seibald and Rosen were each fined \$100,000 and suspended for twenty days.

The State of Illinois also filed separate Notices of Hearing against each of Mr. Seibald and Mr. Rosen emanating from the above AWC. In order to resolve these matters, and to be able to obtain Illinois registrations to conduct business as registered representatives of the broker-dealer, Messrs. Seibald and Rosen each agreed not to challenge the allegations at a hearing and, instead, agreed to the entry of final orders. The orders issued in June 2009 required each of them

to pay \$1,500 in administrative costs, and each agreed that he would not solicit any Illinois resident to invest in any private entity for which he serves as an investment manager or advisor for a period of one year, which has since passed (the “Illinois Matter”).

In 2011, the National Futures Association approved CCM’s registration with the CFTC as an introducing broker subject to certain restrictions as a result of the Illinois Matter.

As a result of their status as Managers of CCM and partial owners of its parent companies, Messrs. Seibald and Rosen participate in the profits and losses of CAM and CCM, which profits and losses are derived from revenues which include its investment advisory fees. Neither Mr. Seibald nor Mr. Rosen is directly involved in the day-to-day management or supervision of our investment advisory business.

Other Financial Industry Activities and Affiliations. As noted previously, CCM, of which CAM is a division, is also registered as a broker-dealer with the SEC and FINRA, and it is registered with the CFTC and the National Futures Association as a commodities futures introducing broker. All of our senior management personnel, as well as our Portfolio Managers who manage client accounts, are or are registered with FINRA as registered representatives, and some, but not all, of our personnel are registered as associated persons with the National Futures Association.

Code of Ethics, Participation in Client Transactions and Personal Trading. CAM and/or its Portfolio Managers and other associated persons involved with its investment advisory business (such Portfolio Managers and other associated persons are referred to as “advisory personnel” in this section of the Brochure) are permitted to buy or sell securities that are recommended to clients for purchase and sale, but no such transactions may be made in such a manner as will adversely affect any client. However, since our own or our advisory personnel’s investment objectives or trading strategies may differ from those of our clients, we and/or our advisory personnel may take action with respect to ourselves or themselves that is different from action taken with respect to clients. It is also possible that we may give advice and take action for some clients which differs from advice given, or the timing and nature of action taken, with respect to other client accounts.

We have adopted a “Code of Ethics” which sets forth the standards of conduct expected of our advisory personnel, and which addresses the conflicts that can arise from personal trading by them. This Code of Ethics requires that advisory personnel obtain pre-approval of any brokerage accounts they wish to open, and requires pre-approval of any transactions by them which are not to be executed as part of a bunched order on behalf of clients and advisory personnel. The Code of Ethics also requires periodic reporting by advisory personnel through duplicate copies of confirmations and account statements or otherwise so that we can monitor their trading to prevent any violations of the Code of Ethics or other conflicts of interest which

could result from trading by our advisory personnel. The Code of Ethics also includes provisions relating to the confidentiality of client information, a prohibition on trading on inside information, and restrictions on the outside business activities of our advisory personnel, among other things. All of our advisory personnel must acknowledge the terms of the Code of Ethics annually. A copy of the Code of Ethics will be provided to clients or prospective clients upon request.

It is our policy to treat all client accounts fairly and equitably, and we do not favor one group of client accounts over any other. In order to handle transactions for all of our clients in the fairest and most cost effective manner possible, we will often bunch orders to get a better price for the particular security for a number of client accounts. In other words, rather than effecting multiple transactions, i.e., one for each client account, we will buy one or more larger blocks of the security in question and allocate the securities among the appropriate designated accounts at the average price paid or received in filling the order. These bunched orders may include orders for the accounts of our advisory personnel.

In the event that an entire bunched order cannot be filled on the same day, our policy is as follows:

- (1) First, any part of the order which was placed for our advisory personnel will be eliminated in order to determine whether all client orders can be satisfied with the portion of the order that was filled. If any balance remains after all client orders have been filled in this manner, orders for our advisory personnel will then be filled on a *pro rata* or other appropriate basis.
- (2) Second, if the quantity filled is still insufficient to satisfy all of the client orders after elimination of the orders for advisory personnel, we will allocate the amount filled on a *pro rata* basis based upon the amount of the order that was intended to be bought or sold for each such client account (e.g., if only 60% of an order was filled, each client account would receive 60% of the amount originally intended for such account). In making such *pro rata* allocations, however, accounts that would otherwise receive an odd lot allocation may be rounded up to a round lot unless doing so would, in our view, unreasonably affect allocations to all other clients.
- (3) If an order cannot be completely filled on a single trading day, it is our policy to cancel the unfilled balance of the order. Depending upon the market in that security on the following trading day(s), an order may be placed for the balance of the order on another day, with allocations to be made among the accounts in a manner that will fill, as nearly as possible under the circumstances, the original amounts intended for each of the clients' accounts. Orders for associated persons which had been eliminated in the

previous allocation may be included with such later orders in the same manner as our general policy described above.

It is our policy that the firm will not effect any principal or agency cross securities transactions for client accounts, nor will it cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. An agency cross transaction is a transaction in which an investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Since CCM is also registered as a broker-dealer, we have the ability to effect such agency cross transactions, but we have established a policy not to do so.

Review of Accounts. Our Portfolio Managers will review and monitor client accounts assigned to them on an ongoing basis subject to the continuing review and oversight of our supervisory personnel. Such Portfolio Managers will be responsible for the overall management of client accounts, including tracking and continually reviewing the performance of client investments and client portfolio allocations. Account reviews may also occur as a result of (a) client requests, (b) changes in a client's personal or financial condition (when we are advised of such changes), (c) changes in tax laws or in economic factors that could affect a client's financial position, or (d) the occurrence of economic or political events that may impact clients. Our supervisory personnel will also review client accounts on a periodic basis in order to monitor relative performance and adherence to investment criteria.

In addition to such reviews, our Portfolio Managers will review trade executions on a continual basis, and our operations personnel will review trade reports on a next-day basis, to ensure that each transaction was properly executed and correctly reported.

Clients will receive confirmations of all transactions executed for their account, monthly account statements sent by our clearing broker, which acts as the independent custodian for our clients' accounts, as well as quarterly reports which include an analysis of the client's portfolio holdings and other information.

Client Referrals. We do not presently have any arrangements under which we receive any benefit from a third party for providing investment advice to our clients, nor do we compensate any third party for referring any investment advisory client to us.

Financial Information. In this Item, registered investment advisers are required to provide clients with certain financial information or disclosures about their financial condition which are reasonably likely to impair their ability to meet contractual commitments to clients. We have no such financial condition to disclose.

Other Legal Actions. The Client agrees that CAM will not advise or act for Client in any legal proceedings, including bankruptcies or class actions, involving securities held or previously held by the Account or the issuers of these securities (“Legal Proceedings”).