

**Item 1 – Cover Page**

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This wrap fee program brochure provides information about the qualifications and business practices of Register Financial Advisors. If you have any questions about the contents of this Brochure, please contact us at the number 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.

Register Financial Advisors, LLC is a Registered Investment Advisor. Registration of an Investment Advisor does not imply any level of skill or training. This Brochure is designed to provide information that can be used to make a determination to hire or retain an Advisor.

Additional information about Register Financial Advisors, LLC also is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

## **Item 2 – Material Changes**

Since our last annual update on February 18, 2016, disclosures were updated throughout the Brochure, especially those pertaining to services offered by Wells Fargo Clearing Services, LLC, a recommended custodian.

Our Brochure may be requested by contacting us at our main number. Additional information about Register Financial Advisors, LLC is also available via the SEC’s website, [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov). The SEC’s website also provides information about persons affiliated with Register Financial Advisors, LLC who are registered, or are required to be registered, as investment advisor representatives of Register Financial Advisors, LLC.

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## **Item 4 – Services, Wrap Fees, and Compensation**

Register Financial Advisors, LLC (“Register Financial” or “RFA”) was established in 2006 and approved as a Registered Investment Adviser in May of 2007. George Register is CEO and owns greater than 80% of Register Financial Advisors, LLC. Scott Register is Chief Compliance Officer. Please refer to item 9 for more information on affiliated companies.

Register Financial provides portfolio management services to individuals, corporations and business entities, pension and profit-sharing plans, charitable institutions, foundations, endowments, and estates and trusts.

### ***General Wrap Fee Details***

The specific manner by which Register Financial charges wrap fees is established on a case by case basis and is stated in a written agreement between Register Financial and the Client. Register Financial will bill its wrap fees on a quarterly basis, in advance or in arrears, as negotiated with each Client. Wrap Fees will be debited directly from the Client’s Account unless the client requests to be invoiced for fees. and are based on the amount of assets under advisement at the end of each quarter.

In the case of a net capital contribution or withdrawal, wrap fees will be prorated and assessed or refunded if the net addition or net withdrawal would generate an additional wrap fee or refund of at least \$40 for that quarter. Upon termination of any Account, any prepaid, unearned wrap fees will be promptly refunded, and any earned, unpaid wrap fees will be due and payable. The Client will maintain or deposit sufficient funds in the Account to cover payment of all wrap fees authorized by the contract, and the Client authorizes Register Financial and the Clearing Firm to debit the Account balance or redeem money market fund shares in the amount equal to the wrap fee that is due. If there are insufficient cash funds to cover the wrap fees, then Register Financial will liquidate securities in the Account to cover the wrap fees.

A portion of the wrap fees described herein is paid to Register Financial’s Investment Advisors in connection with the provision of investment advice or Client-related services within the Programs. This compensation may be more than Register Financial’s Investment Advisors would receive if Clients paid separately for investment advice, brokerage, and other services. Therefore, Register Financial’s Investment Advisors may have a financial incentive to recommend the Program services over other programs or services.

As a shareholder of a money market fund or mutual fund, the Client will bear a proportionate share of the mutual fund’s expenses, including the investment management fees that are paid to the mutual fund’s investment advisor, and will bear any other charges levied by the mutual fund (e.g., redemption fees). These expenses are in addition to the quarterly wrap fee owed by the Client for Register Financial’s services. The wrap fee also does not include fees related to the adoption, maintenance, or closure of Individual Retirement Accounts. For more information about mutual fund expenses, please refer to the mutual fund’s prospectus.

Generally, Register Financial purchases no-load mutual funds that do not generate sales charges. Load and no-load mutual funds may pay annual distribution charges, sometimes referred to as 12b-1 fees. 12b-1 fees are paid initially to Register Financial’s affiliated broker-dealer, with a portion of those fees passed to Investment Advisors. The receipt of such fees represents an incentive for

Investment Advisors to recommend mutual funds with 12b-1 fees over mutual funds that have no fees or lower fees.

The Programs' fees are subject to exclusions, calculations, and conditions contained in each Program's Advisory Agreement. Additionally, most Programs have a minimum quarterly Program Fee (\$250 per quarter or more), which may cause the effective Program Fee (expressed as a percentage) to be greater than the wrap fee rates shown above.

The Programs may cost the Client more or less than purchasing such services separately: such a determination will depend in part on the trading activity in the Client's Account. Clients acknowledge that commissions or fees charged to their accounts may be considered in excess of the industry norm. All-inclusive wrap fees charged may be higher than those otherwise available if the services were provided separately for a discrete fee or if an Investment Advisor were to select brokerage and negotiate commissions in the absence of the extra consulting service provided. The cost of non-wrapped investment advisory services is typically lower than investment advisory services provided under the wrap Programs. Because Register Financial may receive more compensation from a Client from the Client's participation in the Program than if the Client received advisory services and brokerage services separately, Register Financial may have a financial incentive to recommend the Program to Clients over other types of advisory services. Clients should consider the value of the additional consulting services provided by Register Financial when making such comparisons. A non-wrapped pricing arrangement may be more cost effective for Accounts that do not experience frequent trading activity.

All wrap fees are subject to negotiation. When negotiating wrap fees, Register Financial will consider: (i) Clients with multiple Accounts; (ii) the size of the Account(s); (iii) whether Clients have a prior or existing relationship with Register Financial; and (iv) a Client's particular investment needs and financial characteristics. Due to the fact that wrap fees can vary, Clients with existing Accounts may be charged wrap fees which do not match previous wrap fee schedules or the wrap fees paid by other Clients.

Other costs that could be assessed and that are not part of those outlined above include fees for portfolio transactions executed away from the broker or custodian selected by the Client, dealer mark-ups, electronic fund and wire transfer fees, spreads paid to market-makers, and exchange fees, odd-lot differentials, transfer taxes, transaction fees mandated by the Securities Exchange Act of 1934, postage and handling fees, and charges imposed by law with regard to transactions in the Client's Account, among others. The broker or custodian may charge the Client additional or alternative minimum fees.

Register Financial does not receive compensation from the Clearing Firms based on the value of credit balances in the Accounts. If cash is swept into a money market fund, however, Register Financial will receive compensation based on the value of money market fund assets. Thus, Register Financial has an incentive to recommend that Clients select money market funds as a sweep vehicle.

For its investment advisory clients ("Clients"), Register Financial presently sponsors the following wrap fee programs:

- I. Wrap Fee Programs, Asset Advisor, Private Investment Management and Private Advisor Network available through Wells Fargo Clearing Services, LLC**
  - II. Register Financial Investment Management (RFIM)**
  - III. Managed Solutions Investment Consulting Services**
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***Wrap Fee Programs, Asset Advisor, Private Investment Management and Private Advisor Network available through Wells Fargo Clearing Services, LLC***

Wells Fargo Clearing Services, LLC provides advisory and/or administers various wrap fee programs that are sponsored by Register Financial. Register Financial provides investment advisory services by recommending the Asset Advisor, Private Investment Management and Private Advisor Network Programs that best meet the client needs based on the investment objectives given by the Client and other selection criteria. The Programs provide investment advice, brokerage, and custodial services under a "wrap fee" arrangement. Generally, in a wrap fee arrangement, the Account pays a combined fee for investment advice, brokerage services, clearance and settlement services, and custodial services. The Account will also be charged for expenses or services that are not covered by the wrap fee. All fees are billed in a quarter in advance of service.

***Asset Advisor Program***

Through the Asset Advisor Program ("Asset Advisor account"), Register Financial provides non-discretionary investment recommendations based upon a review of the client's investment goals, financial situation and risk tolerance. Clients have the option of accepting the Company's recommendations or selecting alternative investments for their accounts. The Company offers periodic rebalancing of the mutual funds or upon the Client's direction. We also provide monitoring and reporting of portfolio performance to Clients on a periodic basis.

The Company may recommend stocks, options, bonds, mutual funds or other assets of any kind, consistent with the Client's investment objectives. Most types of securities are eligible for purchases in the Asset Advisor account including but not limited to, common and preferred stocks, exchange traded funds, closed end funds, unit investment trusts, corporate and government bonds, certificate of deposit, mutual funds and certain wrap class alternative investments, such as hedge funds.

Market timing is defined as excessive short-term purchase and sale transactions or exchanges with the intention of capturing short-term profits in violation of the terms of the fund's prospectus. The Company will not support market timing strategies or activities for mutual funds or any other extreme trading activity that the Company, in its sole discretion or by direction of the fund company, deems detrimental to the interest of average mutual fund shareholders or contrary to the policies or interest of the mutual fund companies.

Asset Advisor accounts are charged an all-inclusive "wrap fee" on Program Assets that covers advisory, execution, custodial and reporting services on Eligible Assets. Clients pay all of Asset Advisor's usual and customary commissions, transaction fees and other charges for transactions in Excluded Assets. Commissions and fees on Excluded Assets and other charges will be assessed against a client's account on or about the transaction date or such other date assessed by the Asset Advisor Program. The minimum quarterly fee applicable to Program Assets is \$250 and is not offset by commissions or other charges.

**Fees and Compensation:** For accounts in the Asset Advisor Program, the client agrees to pay Register Financial for the service detailed above according to the following annual fee schedule, which is negotiable:

<b>Asset Advisor Wrap Fee Schedule</b>	
<b>Total Account Value</b>	<b>Annualized Program Fee</b>
First \$250,000	3%
Next \$750,000	2.5%
Next \$1,000,000	2%

### ***Private Investment Management Program (“PIM”)***

Our Firm offers the Private Investment Management (*PIM*®) program which is a customized portfolio management program geared toward your specific investment goals. As your portfolio manager, your financial advisor actively manages your portfolio on an ongoing, discretionary basis using his or her individual investment style.

The fees for advisory programs listed are asset based and assessed quarterly in advance. Fees include advisory services, performance measurement, transaction costs, custody services and trading. These fees do not cover the fees and expenses of any underlying exchange traded funds, closed-end funds or mutual funds in the portfolio. Advisory accounts are not designed for excessively traded or inactive accounts and are not suitable for all investors. Please carefully review the Advisory Disclosure Document associated with the program for a full description of our services, including fees and expenses. The minimum account size for these programs is between \$25,000 and \$200,000. *PIM*® is a registered service mark of Wells Fargo & Company and used under license.

*PIM* encompass money market funds, exchange-traded fund shares, closed-end funds, mutual funds as well as stocks, options and bonds. Some of the funds may be advised by, or otherwise affiliated with, Wells Fargo Clearing Services, LLC.

Fees for the *PIM* program will cover advisory services, performance measurement, transaction costs, custody services and trading. The fees do not cover the fees and expenses of any underlying funds purchased in the account. Fees are based on the assets in the account and are assessed quarterly. A minimum fee of \$250 quarterly applies for this program.

**Fees and Compensation:** For accounts in the *PIM* Program, the client agrees to pay Register Financial for the service detailed above according to the following annual fee schedule, which is negotiable:

<b><i>PIM</i> Wrap Fee Schedule</b>	
<b>Total Account Value</b>	<b>Annualized Program Fee</b>
First \$250,000	3%
Next \$750,000	2.5%
Next \$1,000,000	2%

### ***Private Advisor Network***

The Private Advisor Network is a platform designed to give Financial Advisors direct access to professional money managers and their investment services. The program offers access to over 300 “cleared” Managers. Each account is managed separately and distinctly and is not part of a pooled fund. Since the portfolio will be composed of individual securities, the professional money manager has the opportunity to tailor clients’ portfolios to meet their unique investment needs and objectives.

This is a dual contract program in which the client signs an agreement with Wells Fargo Clearing Services, LLC and the separate money manager. The fees charged are inclusive of the money manager fee.

**Fees and Compensation:** For Private Advisor Network accounts, the client agrees to pay Register Financial for the service detailed above according to the following annual fee schedule, which is negotiable:

<b>Private Advisor Network Wrap Fee Schedule</b>	
<b>Total Account Value</b>	<b>Annualized Program Fee</b>
First \$250,000	3%
Next \$750,000	2.5%
Next \$1,000,000	2%

### ***Register Financial Investment Management (RFIM)***

Under the Register Financial Investment Management Program ("RFIM"), Investment Advisors manage money for Clients on a wrap fee basis using investment vehicles suitable for the Client’s risk reward profile, including equities, mutual funds, exchange traded funds, options, and bonds. Through RFIM, Investment Advisors of Register Financial provide investment advisory services to Client Accounts on a discretionary basis. RFIM Investment Advisors manage portfolios based on a Client’s investment objectives. RFIM also monitors and reports portfolio performance to Clients on a periodic basis. Portfolios can include long and short-term purchases of securities, depending on the Client's objectives. In special circumstances, Account management also includes margin transactions, options strategies, or short sale transactions.

RFIM Accounts at Wells Fargo Clearing Services, LLC are offered on a wrap fee basis covering portfolio management, execution services, and custodial services. Under the RFIM Program, there is a minimum quarterly wrap fee requirement of \$250.



<b>RFIM Wrap Fee Schedule</b>	
<b>Total Account Value</b>	<b>Annualized RFIM Fee</b>
\$0 to \$250,000	2.50%
\$250,001 to \$500,000	2.00%
\$500,001 to \$1,000,000	1.80%
\$1,000,001 to \$2,000,000	1.50%
\$2,000,001 & above	Negotiable

Under some circumstances, certain services, to include commissions and custodial services, are not included in a RFIM wrap fee. In such unbundled cases, the agreement between Register Financial and the Client will reflect a negotiated fee for the absence of the use of these services. A Client may revert to an all-inclusive wrap fee basis Account by requesting a new advisory agreement.

**RFIM Wrap Fees and Compensation:** If a Client selects the RFIM Wrap Fee Schedule, the Client authorizes the Clearing Firms to deduct quarterly, in advance or in arrears from the Client's Account, the rate indicated in the Wrap Fee Schedule.

The initial wrap fee under the RFIM Wrap Fee Schedule is calculated on the date the RFIM agreement is accepted and covers the period to the end of the full calendar quarter occurring thereafter. This initial wrap fee is deducted in two installments: the first installment is deducted on the date of Register Financial's acceptance of the Account and is based on the initial value of the Account; the second installment and all subsequent wrap fees are deducted at the end of each subsequent calendar quarter and are calculated based on the Account's appraised market value (including securities, cash, and cash equivalents) on that date. Should cash or securities be added to the Account between billing periods, an additional pro-rated wrap fee will be charged against the value of those assets at the time of the addition.

There will be no refund of wrap fees previously paid with respect to partial withdrawals of cash or securities during a calendar quarter. If a Client terminates his Account, the RFIM wrap fees in that quarter will be refunded or assessed - as applicable - on a pro rata basis.

Register Financial may change the RFIM Wrap Fee Schedule at any time by notifying Clients in writing at least 30 days in advance of those changes. Changes to the RFIM Wrap Fee Schedule will become effective for the following calendar quarter. Clients authorize the Clearing Firms to pay all wrap fees by directly debiting the Client's Account unless the client specifically requests to be invoiced for fees.

### ***Managed Solutions Investment Consulting Services***

Managed Solutions Investment Consulting Services ("Solutions") is a wrap fee-based investment management Program using Third Party Money Managers ("Money Managers") to manage Client assets based on style, capitalization levels, or asset classes suitable for a Client's investment objectives. Through Solutions, Register Financial provides Clients with ongoing information on which to base their decisions with respect to the selection and evaluation of Investment Advisors.

Register Financial's services include assisting Clients in preparing an investment policy statement and - based on the information provided therein - matching a Client's investment objectives with a select group of Money Managers. Screening criteria for Money Managers includes the Money Managers past performance record, management style, location, minimum account size, etc. The

Client, possibly with the assistance of a Register Financial Investment Advisor or other sources, will then choose one or more Money Manager for the management of their assets.

Clients will have access to Solutions' quarterly portfolio monitor service. Register Financial or its agent, the Money Manager, will furnish each Client with a statistical presentation of the performance of the Client's Account.

The Money Manager is solely responsible for managing the Solutions Account. Register Financial has no discretionary trading authority with respect to such Accounts. Information collected by Register Financial regarding Solutions' Money Managers is believed to be reliable and accurate, but Register Financial does not independently verify the information's accuracy. Register Financial does not assume responsibility for the conduct of the Money Managers, including their performance or compliance with securities laws or regulations.

Currently, Register Financial compensates Money Managers from 0.40% to 1.0% annually for the management of Clients' assets. Account minimums for Solutions Accounts vary from Money Manager to Money Manager based on the Account's size and the negotiated wrap fee agreement between Register Financial and the respective Money Manager. Generally, the minimum Solutions Account size ranges from \$250,000 to \$1,000,000.

<b>Solutions Wrap Fee Schedule</b>	
<b>Total Account Value</b>	<b>Annualized Solutions Fee</b>
\$0 to \$500,000	2.50%
\$500,001 to \$1,000,000	2.00%
\$1,000,001 to \$2,000,000	1.75%
\$2,000,001 to \$5,000,000	1.50%
\$5,000,001 and above	1.25%

Under some circumstances, certain services, to include commissions and custodial services, are not included in the Solutions wrap fee. In such an unbundled case, the agreement will reflect a discounted or negotiated fee for the absence of the use of these services. All such charges are passed through to the Client at the negotiated rate. A Client may revert to an all-inclusive wrap fee basis Account by requesting a new advisory agreement.

#### **Payment of Solutions Wrap Fees:**

If a Client selects the Solutions Wrap Fee Schedule, the Client authorizes the Custodians to deduct quarterly, in advance or in arrears from the Client's Account, the rate indicated in the Wrap Fee Schedule.

The initial Solutions wrap fee is calculated on the date the Solutions agreement is accepted and covers the period to the end of the full calendar quarter occurring thereafter. This initial wrap fee is deducted in two installments: the first installment is deducted on the date of Register Financial's acceptance of the funded Account and is based on the initial value of the Account; the second installment and all subsequent wrap fees are deducted at the end of each subsequent calendar quarter and are calculated based on the Account's appraised market value of the Account (including securities, cash, and cash equivalents) on that date. Should cash or securities be added to the Account between billing periods, an additional pro-rated wrap fee will be charged against the value of those assets at the time of the addition. A Client may also elect to pay wrap fees quarterly on a date other

than the calendar quarter end: All wrap fee calculations will still be computed quarterly under this method.

There will be no refund of wrap fees previously paid with respect to partial withdrawals of cash or securities during a calendar quarter. If the Client terminates the Account, wrap fees in that quarter will be refunded or assessed - as applicable - on a pro rata basis.

Register Financial may change the Solutions Wrap Fee Schedule at any time by notifying Clients in writing at least 30 days in advance of those changes. Changes to the Solutions Wrap Fee Schedule will become effective for the following calendar quarter. Clients authorize the Clearing Firms to pay all wrap fees by directly debiting the Client's Account unless the client specifically requests to be invoiced for fees.

Neither Register Financial nor Wells Fargo Clearing Services, LLC is responsible for determining the accuracy of the Money Managers computation of wrap fees or the content of any Money Managers invoice.

## **Account Termination**

The Client or Register Financial may terminate the contract at any time by sending written notice to Register Financial. In either event, Register Financial will refund or assess - as applicable - the pro-rata wrap fee received for the calendar quarter in which the Account is terminated. **A full refund will be provided without penalty if the client terminates the contract within 5 business days of signing with the firm if the ADV disclosure document was not delivered to the client entering into any written or oral advisory contract with this investment adviser.**

Upon termination, all securities and cash positions will remain intact absent any liquidation instructions. If specific liquidation instructions are received, Register Financial and its agent will, in an orderly and efficient manner, liquidate the Client's Account on a best efforts basis. Factors that may affect the orderly and efficient manner of liquidation would be the size and types of issues, liquidity of the markets, and market makers' abilities. Should the securities markets be unavailable or trading suspended, efforts to trade will resume as soon as possible following the markets' reopening. Due to the administrative processing time needed to terminate Client's investment advisory service and to communicate the instructions to Client's Investment Advisor, it may take several business days under normal market conditions to fully liquidate the Account. During this time, the Client's Account is subject to market risk. Register Financial and its agent are not responsible for market fluctuations of the Client's Account from the time of written notice until the time liquidation is complete.

Register Financial will not impose a redemption fee; however, mutual fund companies may impose redemption fees as stated in each mutual fund prospectus.

Clients also must keep in mind that the decision to liquidate securities may result in tax consequences that should be discussed in advance with a tax advisor.

## **Item 5 – Account Requirements and Types of Clients**

Certain Investment Advisors will not be available to certain Clients because of minimum Account sizes, wrap fee schedules, geographic availability, or other factors. Unless otherwise noted herein,

the minimum Account size is \$50,000 for wrap fee-based Accounts. Account minimums may be waived at the discretion of Register Financial's management.

Please see the discussion under Item 4, above, for additional information on Account Requirements and Types of Clients.

## **Item 6 – Portfolio Manager Selection and Evaluation**

### ***Advisory Business***

Register Financial serves as the Portfolio Manager for the Wrap Fee Programs available through Wells Fargo Clearing Services, LLC, including Asset Advisor and Private Investment Management; and Register Financial Investment Management (RFIM) programs. Register Financial may outsource its portfolio management by using outside portfolio managers for its Managed Solutions Investment Consulting Services and the Private Advisor Network program. Register Financial uses industry standards to measure the performance of its Portfolio Managers; however, it does not use a third party auditor to review or verify the performance of its Portfolio Managers.

Register Financial provides advisory services, giving continuous advice based on the client's individual needs. Through personal discussions in which goals and objectives based upon the client's personal objectives are established, the Financial Advisor will develop a personal investment policy based upon the client's goals and objectives and will manage the portfolio according to the criteria.

Each client has the ability to impose reasonable restrictions on the management of his/her 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. If a client's instructions are unreasonable or an Investment Advisor Representative believes that the instructions are inappropriate for the client, Register Financial will notify the client that, unless the instructions are modified, it will cancel the instructions in the client's account. A client will not be able to provide instructions that prohibit or restrict the Investment Adviser of an open-end or closed-end mutual fund or ETF with respect to the purchase or sale of specific securities or types of securities within the fund.

Please see the discussion under Item 4, above, for additional information on Register Financial's Portfolio Manager Selection and Evaluation.

### ***Performance-Based Fees and Side-by-Side Management***

Register Financial does not charge any performance-based fees (fees based on a share of the realized capital gains) and does not participate in side-by-side management.

### ***Methods of Analysis, Investment Strategies, and Risk of Loss***

Our investment strategy begins with an understanding of a Client's investment objectives and financial goals. Investment Advisors use information provided by the Client to assess the Client's risk profile and investment objectives in determining an appropriate plan for the Client's assets. Investment strategies include, but are not limited to, long- and short-term purchases of stocks, mutual funds, fixed income securities, options, short sales, and margin transactions.

Investment recommendations are based on an analysis of the Client's investment objectives and are drawn from research and analysis. Security analysis methods may include fundamental analysis,

technical analysis, charting, and cyclical analysis. Information for this analysis may be drawn from financial newspapers and magazines, research materials prepared by others, annual reports, corporate filings, prospectuses, company press releases, and/or corporate ratings services.

It is important to note that investing in securities involves certain risks that are borne by the investor. For information on risks associated with Investment Company products, please refer to the products' respective prospectuses. Our investment approach constantly keeps the risk of loss in mind. Potential risks to consider include but are not limited to:

- **Interest-Rate Risk:** Fluctuations in interest rates cause investment prices to fluctuate. For example, when interest rates rise, lower yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security may drop in reaction to tangible or intangible events or conditions. This type of risk is caused by external factors independent of an individual security's particular circumstances. For example, political, economic, and social conditions may trigger market risk.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year because purchasing power is eroding at the rate of inflation.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This type of risk primarily affects fixed income securities.
- **Business Risk:** Business Risk is associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it – a lengthy process – before they can generate a profit. Accordingly, they carry a higher risk of profitability than an electric company that generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of unprofitability because the company must meet the terms of its debt obligations in good economic times and bad. During periods of financial stress, a business' inability to meet its loan obligations may result in bankruptcy or a declining market value.

### ***Voting Client Securities***

As a matter of policy and practice, Register Financial does not vote proxies on any Client's behalf. A Client can authorize Investment Advisors to vote proxies on the Client's behalf by adding such a provision to the advisory agreement that governs the relationship between the Client and the Investment Advisor. Clients should refer to the Investment Advisor's Form ADV for a full disclosure of its proxy voting policies and procedures and should contact their Investment Advisor if they have any questions about those policies. Clients will receive their proxies or other solicitations directly from the Custodian

## **Item 7 – Client Information Provided to Portfolio Managers**

Register Financial may act as both your registered investment adviser and your portfolio manager. In those instances, your Portfolio Manager has the same access to your financial information as Register Financial. Your financial information includes, among other things, information on your income, net worth, and investment objectives. Your Portfolio Manager uses this information to determine an appropriate asset allocation for you and to manage your investments. When you update your information with Register Financial, your Portfolio Manager will have immediate access to the same updated information.

Register Financial may outsource its portfolio management by using outside portfolio managers for its Managed Solutions Investment Consulting Services. The third party manager generally requires clients to complete an investment profile questionnaire upon account opening. Clients should inform Register Financial and the third party money manager (if applicable) in writing of any material changes in the Client's investment objectives that might affect the manner in which Client's assets should be invested.

The Client may contact Register Financial during normal business hours to consult with Register Financial concerning the management of the Client's Account. Please see the discussion under Items 4 and 6, above, for additional information regarding Client Information Provided to Portfolio Managers.

## **Item 8 – Client Contact with Portfolio Managers**

You may communicate with Portfolio Managers directly. Consultations beyond normal business practices may require additional negotiated fees.

Please see the discussion under Items 4, 6, and 7 above, for additional information on Client Contact with Portfolio Managers.

## **Item 9 – Additional Information**

### ***Disciplinary Information***

It is Register Financial's policy to disclose to its Clients and prospective Clients all facts that might be material to an evaluation of Register Financial's integrity. Although Register Financial itself has not been the subject of any material legal or disciplinary events, Register Financial voluntarily discloses the following regulatory action against its Broker-Dealer parent:

On March 10, 2010, in response to a FINRA investigation, the Broker-Dealer agreed to accept a settlement agreement wherein it was fined \$50,000 and its Principal, George Register, was fined \$15,000 and suspended as a Principal for 30 days. FINRA's allegations related to a marketing piece that FINRA argued should have been classified as research instead, thereby resulting in FINRA's determination that violations of security industry rules relating to research reports may have occurred. Those violations included failing to file attestations or filing attestations that were inaccurate; failing to adequately discharge supervisory responsibilities, failing to implement written supervisory procedures or systems designed to achieve compliance with NASD Rule 2711, failing to monitor trading by Register Financial's

research analysts, failing to impose procedures addressing whether research analysts could trade or own securities when those securities were profiled as stock picks; and failing to supervise research analysts.

### ***Other Financial Industry Activities and Affiliations***

**Broker-Dealer:** Register Financial is affiliated through common ownership with the Register Financial Associates (“RFA”), which is registered as a broker-dealer with the Securities and Exchange Commission, FINRA, and various state regulatory agencies. Register Financial maintains separate financial records from RFA.

Most Investment Advisors are also Registered Representatives of RFA and recommend brokerage products or services. All related compensation is separate from advisory services. Although the Broker-Dealer has controls in place to limit trading errors, such errors may occur from time to time and may result in profit or loss to Register Financial. Individual Investment Advisors will not participate in any profits resulting from such errors.

Under the wrap fee Programs, Register Financial effects securities transactions for Clients as agent or, where permitted by law, as principal, but receives no additional brokerage execution compensation. Clients authorize Register Financial to act both as principal and as agent for both the buyer and seller in securities transactions when appropriate.

**Insurance Company:** Register Financial is licensed as an insurance agency in order to sell insurance products, including variable annuities and variable life insurance. Investment Advisors who hold insurance licenses may offer insurance products for a separate fee or other compensation.

Investment Advisors may spend from 25% to 75% of their time on business activities other than Investment Advisory activities. Advisory clients are under no obligation to purchase brokerage or insurance products recommended by their Investment Advisor.

### ***Code of Ethics***

Register Financial has adopted a Code of Ethics for all supervised persons of Register Financial. The Code of Ethics describes Register Financial’s high standards of business conduct and its 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 guidance on personal securities trading procedures, among other things. All supervised persons at Register Financial must acknowledge the terms of the Code of Ethics annually, or as amended, and are required to follow the Code of Ethics’ provisions.

The Code of Ethics is designed to assure that the personal securities transactions, activities, and interests of the employees of Register Financial will not interfere with (i) making decisions in the best interests of advisory Clients or (ii) implementing such decisions while, at the same time, allowing Register Financial employees to invest for their own Accounts. Under the Code of Ethics, Investment Advisors of Register Financial may buy or sell securities that are recommended to Clients. Subject to the Code of Ethics guidelines and applicable security industry laws, officers, directors, and employees of Register Financial and its affiliates may trade for their own Accounts securities that are recommended to or purchased for Register Financial’s Clients.

Certain classes of securities have been designated as exempt transactions, based upon a determination that trading in those securities will not materially interfere with the best interests of Register Financial's Clients. In addition, the Code requires pre-approval of many transactions and restricts trading in close proximity to trading activity on behalf of Clients. Nonetheless, because the Code of Ethics in some circumstances would permit Register Financial's employees to invest in the same securities as Clients, there is a possibility that employees might benefit from market activity by a Client. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between Register Financial and its Clients.

Register Financial may give advice to others that is different from the advice given to Program Clients.

Register Financial's Clients or prospective Clients may request a copy of Register Financial's Code of Ethics by contacting Scott Register at our main number.

### ***Review of Accounts***

The Investment Advisor will provide Clients with Account performance reviews annually or more frequently as per Client's request. The performance review will include a written statement reflecting the assets in the Client's Account, the purchase date, the cost basis, the current market value, and other applicable performance data for the period (or since the opening of the Account). The Client will also receive monthly or quarterly account statements, tax related reports, and trade confirmations directly from the Clearing Firm.

Factors that are considered in the performance review process include, but are not limited to the following: investment objectives, targeted allocation, current allocation, suitability, performance, number of trades, monthly distributions, concentrated positions, diversification, and outside holdings. The Client agrees to inform Register Financial in writing of any material changes in the Client's investment objectives that might affect the manner in which Client's assets should be invested. The Client may contact Register Financial during normal business hours to consult with Register Financial concerning the management of the Client's Account.

### ***Client Referrals and Other Compensation***

Register Financial Advisors, in some instances, will compensate employees of the affiliated broker dealer, Register Financial Associates, Inc., for referring clients to Register Financial. In all such cases, the referral fee will comply with Section 206(4)-3 of the Investment Advisers Act of 1940. Compensation will be based on a percentage of referred clients' account value managed by Register Financial and paid pursuant to a written agreement between Register Financial and the solicitor. Any referral fees will be based on Register Financial's normal fee schedule; clients will not be charged any additional fees or expenses as a result of any referral.

### ***Financial Information***

Investment Advisors are required to provide Clients with certain financial information or disclosures about Register Financial's financial condition. Register Financial has no financial commitments that would impair its ability to meet its contractual or fiduciary commitments to Clients, and has not been the subject of any bankruptcy proceeding.



## ***Brokerage Practices***

As noted herein, the Custodian generally does not charge Client Accounts separately for custody services. They offer products and services that benefit Register Financial but may not directly benefit Register Financial's Clients' Accounts. Those products and services are used to service most Register Financial Accounts and include software and other technology that (i) provides access to Client Account data (such as trade confirmations and account statements); (ii) facilitates trade execution and allocates aggregated trade orders for multiple Client Accounts; (iii) provides research, pricing, and other market data; (iv) facilitates payment of Register Financial's quarterly wrap fees from its Clients' Accounts; and (v) assists with back-office functions, recordkeeping, and reporting.

Investment Advisors may recommend that the Broker-Dealer provide services to Client Accounts. In such cases, commissions paid by the Broker-Dealer to Investment Advisors may be higher or lower than those paid by other brokers. However, the Broker-Dealer strives to serve the best interests of Register Financial's Clients. Register Financial believes that the overall level of services and support provided to its Clients by the Broker-Dealer outweighs the potentially lower transaction cost available under other brokerage arrangements. Register Financial will make all trading recommendations independent of such fee considerations and based solely on its obligations to consider a Client's objectives and needs.

## ***Block Trading Disclosure***

It is the practice of Register Financial, its agents, and its Investment Advisors - when feasible - to aggregate for execution as a single transaction orders for the purchase or sale of a particular security for the Accounts of several Program Clients, in order to seek a lower commission or more advantageous net price. The benefit, if any, obtained as a result of such aggregation is generally allocated on a pro rata basis among the Accounts of Clients who participated in the aggregated transaction, in accordance with procedures adopted by Register Financial.

Certain affiliated Accounts trade in the same securities with Client Accounts on an aggregated basis when consistent with Register Financial's 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. Register Financial 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.

## ***Custody***

Clients should receive statements at least quarterly from the Custodian that holds and maintains the Account's assets. Clients should carefully review such statements and compare those records to the Account statements prepared and provided to you by Register Financial. Our statements may vary from the Clearing Firm's statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Clients should bring any such discrepancies to Register Financial's attention promptly.

## ***Investment Discretion***

Through the Asset Advisor Program (“Asset Advisor account”) and RFIM, certain selected Financial Advisors of RFA provide investment advisory and brokerage services to client accounts on a non-discretionary basis. Through *PIM* and RFIM, Investment Advisors of Register Financial provide investment advisory and brokerage services to Client Accounts on a discretionary basis. When a Client grants investment discretion to an Investment Advisor, the Advisor will have authority to supervise and direct the Client’s investments without prior consultation with the Client. Pursuant to this discretionary authority, the Investment Advisor will determine which securities are bought and sold for the Account and the total amount of such purchases and sales. The Investment Advisor will make investment decisions for Client Accounts in accordance with the Client’s investment objectives, guidelines, or such reasonable restrictions as the Client may impose on the Investment Advisor in writing, and to which the Investment Advisor has agreed. Pursuant to the Client’s instructions, a Client’s cash may be invested in a money market mutual fund managed by the Account’s Clearing Firm, which charges a fee. Clients should contact their Clearing Firm for more information about this investment of their cash.

## **Privacy Policy**

Register Financial collects non-public, personal information about its Clients from the following sources: information we receive on applications or other forms completed by you and information about your transactions with our affiliates, others, or us. We do not disclose any non-public information about our current or former Clients to anyone, except as permitted or required by law or in order to provide current investment advisory services. Our employees, agents, and Investment Advisors have limited access to Clients’ personal information based on their respective responsibilities to provide products or services to our Clients. We maintain physical, electronic, and procedural safeguards in compliance with federal industry standards to protect our Clients’ personal and financial information.

If the Investment Advisor servicing your Account leaves Register Financial to join another investment advisory firm, he is permitted to retain copies of your information so that he can assist you with the transfer of your Account to his new employer and can continue to serve you at his new investment advisory firm.

## ***“Opting-out” of Third Party Disclosures***

If you do not want your Investment Advisor to retain copies of your Client-specific information if he leaves us to join another firm, you may notify our Compliance Department by calling (404) 364-2180.