

Form ADV Part 2A *Firm Brochure*

Item 1 – Cover Page

Stock Circles Inc.

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Date of Disclosure Brochure: October 2018

This disclosure brochure provides information about the qualifications and business practices of Stock Circles Inc. (also referred to as “Stock Circles”, “we” and “us” throughout this disclosure brochure). If you have any questions about the contents of this disclosure brochure, please contact Jean Francois Boisvert at jf@stockcircles.com. The information in this disclosure brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State securities authority.

Additional information about Stock Circles is also available on the Internet at www.adviserinfo.sec.gov. You can view our firm’s information on this website by searching for Stock Circles or our firm’s CRD number **289275**.

*Registration as an investment adviser does not imply a certain level of skill or training.

Item 2 – Material Changes

Since our last annual amendment to this brochure in January 2018, we have made the following material changes to this brochure.

1. Updates have been made to Item 5 reflecting our new monthly fee schedule and billing procedures. Clients with assets above our minimum investment capital amount of \$25,000, but below \$1,000,000 can elect to purchase a monthly subscription. Our minimum monthly fee is equal to 0.12% of invested assets which equates to an annual fee of 1.39%. See Item 5 for more details.
2. Updates have been made throughout the brochure to reflect our brokerage arrangement with Tradier Brokerage, Inc. Updates were made side-by-side with current disclosures for our arrangement with Ally Invest.

We will ensure that you receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after our firm's fiscal year ends. Our firm's fiscal year ends on December 31, so you will receive the summary of material changes no later than April 30 each year. At that time, we will also offer or provide a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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Item 4 – Advisory Business

Stock Circles is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”) and is a C-Corporation formed under the laws of the State of Delaware.

- Jean Francois Boisvert is the majority owner of Stock Circles as serves as the firm’s Chief Compliance Officer (CCO), Chief Executive Officer (CEO) and President.
- Stock Circles filed its initial application to register as an investment adviser in August 2017.

The investment advisory services of Stock Circles are provided through an interactive website (<http://stockcircles.com>) using a computer model to collect your information and provide investment advice in the shape of a dynamically generated market picture and a rules engine to auto-trade. Stock Circles provides an on-going discretionary auto-trading service over your specified accounts.

Stock Circles developed a proprietary auto-trading platform called Smart Auto-Trading. The web application uses trader sentiment and other market data to screen, monitor and auto-trade stocks listed on the S&P 500, NASDAQ 100 and DOW 30. Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.

At conversion from prospect to clients, Users are responsible for providing the necessary information required to interact with Smart Auto-Trading. A written [User Agreement](#) which details the exact terms of the service rendered must be electronically signed by the User before services are rendered.

Smart Auto-Trading screens, monitors, and auto-trades S&P 500, NASDAQ 100 and DOW 30 stocks based on User’s personalized trading strategies. Users are empowered to configure their trading rules and can experience the application in simulation or trading mode. Stock Circles allows all prospects to access the application in simulation mode (i.e. real trades do **not** occur) so they can experience and evaluate Smart Auto-Trading. Simulation mode allows potential investors to test-drive Smart Auto-Trading without investment risks. Stock Circles does not charge a fee for simulations and there is no obligation to sign-up for our full-trading service. We recommend new investors to test their strategy in simulation mode for a period of 30 days before trading with real money.

Once potential investors are confident in their strategies, they can elect to auto-trade real money. At this point, they are presented with a set of suitability questions aimed at determining their fitness to auto-trade. Namely, they need to acknowledge and agree to minimum requirements and pay all applicable fees before real-trading privileges can be granted:

Minimum suitability requirements for Self-Directed Investors include and ensure that:

- User has used Smart Auto-Trading in simulation mode for the recommended 30 days period or is experienced enough to auto-trade real money.

- Stock Circles is granted discretionary trading authority.
- User has read and agrees to the terms found in the [User Agreement](#) and [Privacy Policy](#).
- User understands that short-term active trading will impact his taxes and that he needs to consult with his CPA or Investment Advisor to ensure that short-term trading is a good investment choice for him.
- User understands that current performance, if any, does not guarantee future success.
- User is eligible to hold a brokerage account in the US.

Failure to check one or more of these check boxes prevents the purchasing flow to continue and the User is unable to use the trading portion of the service.

Once the User has read and agreed to the terms provided in the questionnaire, it is deemed suitable to use the service. He is then presented with a purchasing flow to complete the authentication with Ally Invest or Tradier Brokerage, Inc., as applicable, and proceed to pay the required fees. Please refer to Item 5 for information about our fees.

A User Account consists of a separate brokerage account held by Ally Invest or Tradier Brokerage, Inc. under the User name. Ally Invest or Tradier Brokerage, Inc. serve as qualified custodian and broker/dealer for all User Accounts. Ally Invest and Tradier Brokerage, Inc. maintain physical custody of all funds and securities of the User Account, and Users retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account. Smart Auto-Trading simply connects to the User Account via an encrypted connection to place trades based on Users' personalized strategies. Please see Item 12 – Brokerage Practices for more information regarding Ally Invest and Tradier Brokerage, Inc.

It is important to note that Smart Auto-Trading provides the same market picture to all its Users but that User strategies are personalized to fit individual investment styles. Because they are personalized, it results in different outcomes from User to User.

Smart Auto-Trading screens, monitors and auto-trade stocks listed on the S&P 500, NASDAQ 100 and DOW 30. Stock Circles does not promote the stocks featured in its service, nor does it receives any compensation from Companies whose stocks appear in the service and it has no financial interest in the outcome of any stock trades referenced in its application.

Smart Auto-Trading screens investment opportunities based on a proprietary algorithm. It generates a dynamic list of investment opportunities for the robo to auto-trade based on Users' personalized strategies. However, there can be no assurance that a particular security identified by Smart Auto-Trading will be allocated in any particular strategies as many other parameters determine which securities Smart Auto-Trading will buy or sell on behalf of a particular User.

Smart Auto-Trading generates its market picture based on publicly available information. No insider trading is therefore possible while using Smart Auto-Trading.

Tailor Advisory Services to Individual Needs

Our advisory services are provided based on dynamically generated picture of the market. Individual User strategies act as instructions sets or rules designed to trade using the provided generated market picture. As a User, you will need to accept Stock Circles' [User Agreement](#) and [Privacy Policy](#) and provide proof of your suitability to use Smart Auto-Trading via the provided questionnaire. As a User, you will also need to test an appropriate investment strategy to identify if the model fits your expectations. You will need to consider which stock universe or group of securities to auto-trade and what initial dollar amount will be allocated to auto-trade. We do not consider or advise whether a User's entire investment portfolio is properly diversified.

Client Assets Managed by Stock Circles

Stock Circles has no assets under management to report as of the date of this Brochure (January 2018).

Item 5 – Fees and Compensation

In addition to the information provided in *Item 4 – Advisory Business*, this section provides additional details regarding our firm's services along with descriptions of each service's fees and compensation arrangements. The exact fees and other terms will be outlined in the agreement between you and Stock Circles.

We believe our fees for investment advisory services are reasonable with respect to the services provided and the fees charged by other investment advisors offering similar services. However, lower fees for comparable service may be available from other sources.

Fees are collected by credit card or PayPal payment monthly or quarterly. We do not debit fees from Ally Invest or Tradier Brokerage, Inc. accounts.

We offer three primary ways to pay for our services.

Monthly Fee

Clients with assets above our minimum investment capital amount of \$25,000, but below \$1,000,000 can elect to purchase a monthly subscription. Our monthly fee is equal to 0.12% of invested assets which equates to an annual fee of 1.39%.

Monthly fees are calculated based on the fair market value of the account as of the last business day of the current monthly billing period.

Note: Current prices are subject to price testing research and may change.

| Tier | Subscription Fee | Schedule | Terms |
|-------------------------|--------------------------------------|-----------------|----------------------------------|
| New Investor | \$0 | Monthly | Simulator, free, forever |
| \$25,000 to \$1,000,000 | 1.39% of the total investment assets | 0.12% Monthly | Automatic renew until cancelled. |

Annual Asset Management Fee

For accounts with values of \$1,000,000 or more clients will have the option to pay the Monthly Fee described above or may choose to be charged an annual fee based on the total assets under management. Our standard annual fee schedule ranges from 1.00% to 2.00% of the total assets under management.

Investors opting for the Managed Account service have the option to negotiate the asset management fee. Negotiating factors include the total value of assets under management, the expectation of additional assets under management, and the overall complexity of a client's situation.

Annual management fees are divided and billed in arrears (at the end of the billing period) on a quarterly calendar basis and calculated based on the fair market value of the account as of the last business day of the current billing period. Fees are prorated (based on the number of days of service provided during the initial billing period) for accounts opened at any time other than the beginning of the billing period. If asset management services are commenced in the middle of the billing period, then the prorated fee for that billing period will be billed in arrears at the end of that billing period.

Performance Based Fee

A performance fee is a fee representing the asset manager's compensation for managing an account. It is based upon a percentage of the net profits of the account being managed, in this case taking into account the performance of a stated benchmark. This compensation is typically determined and allocated/paid on an annual basis.

We do not actively solicit or recommend performance based fee-arrangements but will offer them for a select number of institutional and other "qualified" clients. For such clients, and subject to a specific agreement with the client, the fee arrangement with Stock Circles will be partially based on factors that relate to the performance of the investments in the account.

Clients receiving services under this arrangement are charged the Annual Asset Management Fee as described in the preceding section plus an additional annual fee contingent upon the performance within the client's account(s).

The performance fee will not be calculated or applicable until the account has generated a Net Excess Return that is in excess of the annualized return for an agreed benchmark for the corresponding one-

year period. The fee is calculated by multiplying the Net Excess Return by the market value of the account and multiplying that total by an agreed percentage, not less than 20%.

The performance based fee is payable annually in arrears based on the average of the account's market value for the most recent four calendar quarters at the end of the second quarter.

The exact fee and fee arrangements may vary or be different than that described above based on the complexity of client's situation, number of accounts managed, total assets under management and other factors specific to the client. Performance-based fee arrangements are limited to a small number of clients.

See Item 6 – Performance-Based Fees and Side-by-Side Management for more details regarding my performance based fee arrangements.

Termination Procedures

For Managed Accounts paying a monthly subscription fee, cancelling your subscription is performed in application or by stopping to trade and draining your stocks still 'in-market' to none. Stock Circles will stop billing your credit card at the next billing cycle and you will retain access to the application in simulation mode. For Managed Accounts paying an annual asset management fee, the amount of client assets on the termination date will be used to determine the final fee payment. Termination in this case involves making Stock Circles aware of your decision of wanting to cancel the service by email. A representative will then contact you to make arrangements to take action on your behalf as per your instructions.

Other Fees and Expenses

Brokerage expenses and transaction ticket fees charged by Ally Invest and Tradier Brokerage, Inc. are billed directly to your Account by Ally Invest and Tradier Brokerage, Inc. Stock Circles does not receive any portion of such expenses or fees from you or Ally Invest or Tradier Brokerage, Inc. In addition, you will incur certain charges imposed by Ally Invest, Tradier Brokerage, Inc. and parties other than Stock Circles in connection with investments made through your account including, but not limited to IRA and qualified retirement plan fees, custodial fees, maintenance fees and other customary fees charged by qualified custodians and broker/dealers. Such fees and expenses are separate and distinct from the fees charged by Stock Circles. We do not receive any portion of such fees or expenses.

Item 6 – Performance-Based Fees and Side-By-Side Management

As described above in *Item 5 – Fees and Compensation*, Stock Circles provides services and is compensated in a way in which it accepts performance fees. That is, fees based on a share of capital gains or capital appreciation of the assets of a client, as compared against a stated benchmark. Stock Circles also provides services and is compensated in a way in which it accepts asset based fees. That is, fees based on the total amount of assets owned by the client and managed by Stock Circles

There are conflicts of interest Stock Circles faces by managing these accounts at the same time. For example, the nature of a performance fee poses an opportunity for Stock Circles to earn more compensation than under a stand-alone asset based fee. Thus, Stock Circles may favor performance fee accounts over those accounts where Stock Circles receives only an asset based fee. One way Stock Circles may favor performance fee accounts is that Stock Circles may devote more time and attention to performance fee accounts than to accounts under an asset-based arrangement.

There are other conflicts associated with performance fees that are not as common under an asset-based fee arrangement. The nature of performance fees can encourage unnecessary speculation with client assets in order to earn or increase the amount of the fee. The result of riskier investments can have a positive effect in that results could equal higher returns when compared to an asset-based account. On the other hand, riskier investments historically have a higher chance of losing value.

Also, since in a performance fee arrangement an adviser is compensated based on capital gains or capital appreciation, these arrangements could give an investment adviser an incentive to time transactions in a client's account on the basis of fee considerations rather than on what is necessarily in the best interest of the client. Stock Circles measures its performance to an agreed benchmark, makes only investments that meet the investment policy statement for the account, and uses returns calculated over a period of years in determining any performance related fees.

Stock Circles does not represent that the amount of the performance fees or the manner of calculating the performance fees is consistent with other performance related fees charged by other investment advisers under the same or similar circumstances. The performance fees charged by Stock Circles may be higher than the performance fees charged by other investment advisers for the same or similar services.

Stock Circles has established policies and procedures to address the various conflicts of interest associated with charging a performance fee:

- Automation: The fact that we apply Smart Auto-Trading's automated strategies to all accounts managed by Stock Circles help us reduce the risk of conflicts of interest because a robot decides what to buy or sell. Smart Auto-Trading is designed to treat all clients fairly, objectively with the same amount of attention to their accounts.
- Attention to details: Smart Auto-Trading devotes equal time to the management of performance fee accounts and other accounts.
- Risk Tolerance: Only clients that are able to assume additional risk may engage in a performance fee arrangement. Stock Circles provides such clients full disclosure of the additional risks associated with a performance fee arrangement.

- **Performance:** Performance of client accounts is measured against the S&P 500, over agreed time periods, and only excess returns are subject to performance based fees.
- **Compliance:** Stock Circles has implemented internal compliance policies and procedures designed to comply with applicable state and federal securities law. Procedures are available to clients upon request.

Stock Circles' performance based fee arrangement shall comply with Section 205(e) of the Investment Advisers Act of 1940. According to Section 205(e) (see Rule 205-3 thereunder), only natural individual clients meeting the SEC's definition of "qualified clients" may enter into agreements providing for performance based compensation to Stock Circles. A natural person or company must meet the following conditions to be considered a qualified client.

- **Assets Under Management:** Have at least \$1,000,000 under management with Stock Circles at the time the client enters into an agreement with Stock Circles; **or**
- **Suitability Assessment:** Provide documentation to Stock Circles so that Stock Circles shall reasonably believe the client has either a net worth of \$2,100,000 or is a qualified purchaser under Section 2(a)(51)(A) of the Investment Company Act.

Item 7 – Types of Clients

Smart Auto-Trading provides a dynamically generated market picture to all individual, joint and institutional-type accounts. As a client, you are entering in a contract with Stock Circles specifying the particular advisory services you will receive.

Minimum Investment Amounts Required and Other Conditions

We require a minimum investment amount of \$25,000 to use Smart Auto-Trading.

Investors evaluating Smart Auto-Trading should be aware that our relationship with clients is likely to be different from the "traditional" investment advisor relationship in several aspects:

1. Smart Auto-Trading is a software based investment advisor which means each client must acknowledge his ability and willingness to conduct his relationship with Stock Circles on an electronic basis. Under the terms of our agreement, each client agrees to receive all information and documents (including this Brochure), and any updates or changes to same, through their access to our website and our electronic communications. Unless noted otherwise on the website or within this Brochure, our advisory service, the acceptance of our [User Agreement](#), [Privacy Policy](#) and all documentation related to the advisory services are managed electronically. Stock Circles does make individual representatives available to discuss servicing matters with clients.
2. For all accounts, Stock Circles collects information, including name, email address, simulation and trading data as well as financial information such as Initial Amount Invested, order books and financial

performance over time. Stock Circles also collects investment suitability information and acceptance of terms and conditions related to using the service. Stock Circles maintains this information in strict confidence subject to our [Privacy Policy](#). Although Stock Circles contacts its clients periodically as described further in Item 13 below, a client can modify or cancel its subscription at any time.

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

Methods of Analysis

Smart Auto-Trading uses a computer model to build a continuous picture of S&P 500, NASDAQ 100 and DOW 30 by using Artificial Intelligence concepts, social media and market data.

Smart Auto-Trading's proprietary method of analysis consists of building a multi-dimensional picture of the market. Instead of using Fundamental or traditional Technical Analysis, the computer-model uses Artificial Intelligence concepts to extract knowledge from social media and market data about the stocks it monitors. It applies various statistical analyses in real-time to inform User strategies about proper course of actions for the securities they monitor or hold in-market.

Smart Auto-Trading features a rules engine designed to help Users build their personalized trading strategy. The rules engine let Users build Long, Short or Hybrid Long/Short strategies, configure market entry and market exit parameters, including risk management. The rules engine provides options to adequately respond to all possible market conditions, including mixed and down markets. All clients are receiving the same dynamically generated market picture in real-time.

Investment Strategies

Smart Auto-Trading actively trades the S&P 500, NASDAQ 100 and DOW 30 stocks resulting in an average of 2 trades per User per day. Smart Auto-Trading's generated market picture is capitalizing on rumors, news, significant events and price changes. Its rules engine uses the dynamically generated market picture to execute a trading strategy defined by the User. User strategies usually produce short-term trades (investments held less than one year) and frequent trading (selling investments within 30 days or less or in some cases sold within a matter of days or on the same day). Some strategies borrow money via the margin portion of their brokerage accounts.

Margin Transactions: When an investor buys a stock on margin, the investor pays for part of the purchase and borrows the rest of the purchase price from a brokerage firm. For example, an investor may buy \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm. Clients cannot borrow stock from Stock Circles.

Short Sales: A short sale is generally the sale of a stock not owned by the investor. Investors who sell short believe the price of the stock will fall. If the price drops, the investor can buy the stock at the lower price and make a profit. If the price of the stock rises and the investor buys it back later at the higher price, the investor will incur a loss. Short sales require a margin account.

Continuous Trading: is a trading strategy that keeps stocks in market after hours until they reach a specific profit target. Reaching a profit target is greatly dependent on market conditions. Depending on your strategy, it can take several days to yield a profit or not at all. Continuous Trading will keep unrealized stocks in market after market hours and will sell them if market conditions dictate or if the stocks have reached their profit targets later in the cycle.

Day Trading: is a strategy that trades between 9:30AM and 4:00PM exclusively. Once a trading day is approaching close time, the service sells all positions. This method ensures that no money is left in market after hours. Unless you stop the strategy, the service will start again the next business day without needing your intervention.

Specific to day-trading strategies, Smart Auto-Trading may use both long and short positions. Any long position (i.e. involving a positive economic exposure to the underlying security) will be bought and then sold at some point later in the same trading day. Any short position (i.e. involving a negative economic exposure to the underlying security) will be sold short and then bought back to cover the short position at some point later in the same trading day. This means that the account will be fully invested in cash overnight and therefore have no economic exposure to overnight market movements.

In line with FINRA rules for equity Day-Trading, the maximum leverage in the account (measured by the ratio of the absolute value of positions, to the net worth of the account) may not exceed four (4) times. Stated differently, Day-Trading Rules require 25% margin requirement on any purchases or short sales, hence lead to 4:1 leverage. Note also that, in terms of FINRA day trading rules, the firm would be considered to be a "pattern day trader". (The FINRA rule says that any properly qualified margin account that places four or more day trades within five business days is deemed to be a pattern day trading account). Since Stock Circles is not custodian of User Accounts, the FINRA rule is handled by Ally Invest or Tradier Brokerage, Inc., as the client's broker/dealer. Smart Auto-Trading is only responsible for buying and selling as specified by the trading strategy.

Borrowing money to trade in stocks is always a risky business. Day trading strategies demand using the leverage of borrowed money to make profits. This is why many day traders lose all their money and may end up in debt as well. Day traders should understand how margin account works, the rules surrounding a margin call, and the potential for getting in over their heads. To this effect, Stock Circles provide additional educational material on its web site in its FAQs section, to help Users learn about various risks associated with trading.

Risk of Loss

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different securities there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through Smart Auto-Trading, as described below:

- Market Risk: Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk: Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk: When investing in stocks, there is always a certain level of company or industry risk that is inherent in each investment. This is also referred to as non-systematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Management Risk: Your investment will vary with the success and failure of our implementation of your investment strategy. If your investment strategies do not produce the expected returns, the value of the investment will decrease.
- Margin Risk: When you purchase securities, you may pay for the securities in full or borrow part of the purchase price from your account custodian or clearing firm. If you intended to borrow funds in connection with your Account, you will be required to open a margin account, which will be carried by the clearing firm. The securities purchased in such an account are the clearing firm's collateral for its loan to you.

If those securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and as a result, the brokerage firm is required to take action in order to maintain the necessary level of equity in your account. The brokerage firm may issue a margin call and/or sell other assets in your account.

It is important that you fully understand the risks involved in trading securities on margin, which are applicable to any margin account that you may maintain, including any margin account that may be established as part of your auto-trading strategy established by you or Stock Circles to trade using Smart Auto-Trading and held by the account custodian or clearing firm.

These risks include the following:

- You can lose more funds than you deposit in your margin account.
- The account custodian or clearing firm can force the sale of securities or other assets in your account.
- The account custodian or clearing firm can sell your securities or other assets without contacting you.
- You are not entitled to choose which securities or other assets in your margin account may be liquidated or sold to meet a margin call.
- The account custodian or clearing firm may move securities held in your cash account to your margin account and pledge the transferred securities.
- The account custodian or clearing firm can increase its “house” maintenance margin requirements at any time and they are not required to provide you advance written notice.
- You are not entitled to an extension of time on a margin call.

Clients are strongly encouraged to conduct their own analysis of, and investigation into, the methodologies employed by Smart Auto-Trading in generating its market picture. The fact that a recommendation is generated by Smart Auto-Trading cannot be interpreted as a guarantee of future performance. Investing in securities involves risk of loss that clients should be prepared to bear.

Smart Auto-Trading conducts its analyses using detailed real-time and historical information. As with any investment, past performance is no guarantee of its future success.

Smart Auto-Trading relies on third parties for the provision of social media and market data. Although these parties are generally reliable and reputable, there may be inaccuracies or discrepancies in the information that is beyond Stock Circles’ control.

Smart Auto-Trading implements transactions based on information provided by clients and rely on the client’s ability to provide accurate details on the Initial Dollar Amount to invest and on its ability to build an appropriate trading strategy. If the client does not provide an accurate Initial Dollar Amount or a suitable trading strategy, it may impact the client’s brokerage account negatively. As such, clients are urged to verify their account holdings, Initial Dollar Amount, trading strategy and brokerage account for accuracy.

Smart Auto-Trading provides recommendations based on various quantitative and qualitative models. Computer-generated recommendations, like all investment recommendations, may be subject to bugs or inaccuracies. No guarantee or representation is made that the investment recommendations will be successful. Smart Auto-Trading may simply fail to identify a favorable investment opportunity or to evaluate securities accurately. Furthermore, as market dynamics shift over time, a previous strategy may need to be adjusted to answer new market conditions. As such, clients are encouraged to verify their strategy from time to time. Smart Auto-Trading performs short-term trades. Short-term investments are taxed at a higher rate than long-term investments. As such, clients are encouraged to consult with their CPA and to conduct their own due diligence to ensure that Smart Auto-Trading is appropriate for their financial situation. Additionally, there are certain risks associated with utilizing automated investment tools like the one offered by Stock Circles:

- Accuracy: Smart Auto-Trading uses data from 3rd parties and relies on the accuracy of this data to provide its recommendations. The output of the automated investment tool depends upon the accuracy of the information inputted into the tool.
- Down time and/or Delays of Executions: To operate, Stock Circles rely on 3rd party hosting services. Although the supplier is guaranteeing up times of 99.9%, it is possible that the hosting service may become the victim of cyber-attacks, natural or man-made disasters provoking unplanned outages. Smart Auto-Trading's availability depends of its hosting partner ability provide its services.
- Brokerage Services: Execution of trades happens in your brokerage account. Smart Auto-Trading relies on the successful execution of its trades by the broker/dealer system and depends on proper functioning of the broker/dealer systems and ability of the broker to fill the order to operate.
- Trading Conflicts: Given that your securities exist in your brokerage account, we recommend not trading from your brokerage account while Smart Auto-Trading is running. Doing so might trigger conflicts, change the cost basis of securities, can create wash sales and produce unintended results including losses.
- Investment Suitability: Smart Auto-Trading does not fit the needs of all investment profiles or investment needs. Because short-term investments are taxed at a higher rate, it may be better suited for tax-deferred accounts. Please make sure to consult with your CPA before using Smart Auto-Trading.
- Systems Intelligence Boundaries: Smart Auto-Trading being a tool, it has its limits and should be evaluated as such. Investment tools such as Smart Auto-Trading are not intended to eliminate the need to consult with an Investment Adviser and is not designed to take into account all aspects of one's financial reality. Stock Circles encourages its clients to continue to seek advice from competent sources to help them make informed decisions.

Item 9 – Disciplinary Information

Item 9 is not applicable to this Disclosure Brochure because there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

Item 10 – Other Financial Industry Activities and Affiliations

Stock Circles is **not** and does **not** have a related person that is a broker/dealer, municipal securities dealer, government securities dealer or broker, an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), another investment adviser or financial planner, a futures commission merchant, commodity pool operator, or commodity trading advisor, a banking or thrift institution, an accountant or accounting firm, a lawyer or law firm, an insurance company or agency, a pension consultant, a real estate broker or dealer, and a sponsor or syndicator of limited partnerships.

We do not use and therefore do not have arrangements with third-party investment adviser firms such as third-party money managers and sub-advisers.

Currently, the following Stock Circles executive officers work for LegalZoom.com, Inc. as their primary employer: Annouchka Yameogo, Stock Circles Co-Founder and Chief Experience Officer and Jana Clemons, Stock Circles Chief Marketing Officer.

LegalZoom is a web-based provider allowing users to self-customize legal documents. Other than our executive officers working for LegalZoom, we have no material arrangements with LegalZoom and our services are completely separate from those offered through LegalZoom.

Stock Circles' Chief Technology Officer, Gurinder Singh, is the owner and project manager of Zanetine Web Design. Mr. Singh splits his time working for Zanetine Web Design and Stock Circles.

Stock Circles' Chief Executive Officer Jean F. Boisvert works full-time for Stock Circles.

Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading

Code of Ethics Summary

According to the *Investment Advisers Act of 1940*, an investment adviser is considered a fiduciary and has a fiduciary duty to all clients. Stock Circles has established a Code of Ethics to comply with the requirements of Section 204(A)-1 of the *Investment Advisers Act of 1940* that reflects its fiduciary obligations and those of its supervised persons. The Code of Ethics also requires compliance with federal securities laws. The Code of Ethics covers all individuals that are classified as "supervised persons". All employees, officers, directors and investment adviser representatives are classified as supervised persons. Stock Circles requires its supervised persons to consistently act in your best interest in all advisory activities. Stock Circles imposes certain requirements on its affiliates and supervised persons to ensure that they meet the firm's fiduciary responsibilities to you. The standard of conduct required is higher than ordinarily required and encountered in commercial business.

This section is intended to provide a summary description of the Code of Ethics of Stock Circles. If you wish to review the Code of Ethics in its entirety, you should send us a written request and upon receipt of your request, we will promptly provide a copy of the Code of Ethics to you.

Affiliate and Employee Personal Securities Transactions Disclosure

Stock Circles and its supervised persons may buy or sell equity securities that are also held and traded in client accounts. Securities recommended by Smart Auto-Trading are widely held and publicly traded. In addition, in accordance with its fiduciary duty to clients, Stock Circles and its supervised persons will place client interests ahead of their own interests. Finally, we have developed policies and procedures under our Code of Ethics that require our supervised persons to submit their personal securities

holdings and transactions to our Firm. This is done so that we may monitor their investments to ensure compliance with our Code of Ethics and our general fiduciary duty to clients.

Item 12 – Brokerage Practices

Stock Circles requires that you establish brokerage accounts with either Ally Invest or Tradier Brokerage, Inc., both are SEC-registered broker/dealers, members FINRA/SIPC, and are utilized by Stock Circles to maintain custody of clients' assets and to effect trades for their accounts.

At least annually, we will review alternative custodians in the marketplace for comparison to the currently used custodians, evaluating criteria such as overall expertise, cost competitiveness, and financial condition. Quality of execution for custodians will be reviewed through trade journal evaluations.

Stock Circles is independently owned and operated and not affiliated with Ally Invest or Tradier Brokerage, Inc.

Ally Invest and Tradier Brokerage, Inc. do not charge separately for custody but are compensated by account holders through commissions or other transaction-related fees for securities trades that are executed and settle into an account.

The primary factor in suggesting a broker/dealer or custodian is that the services of the recommended firm are provided in a cost-effective manner. While quality of execution at the best price is an important determinant, best execution does not necessarily mean lowest price and it is not the sole consideration. The trading process of any broker/dealer and money manager suggested by Stock Circles must be efficient, seamless, and straight-forward. Overall custodial support services, trade correction services, and statement preparation are some of the other factors determined when suggesting a broker/dealer. Ally Invest and Tradier Brokerage, Inc. provide us with access to their institutional trading and custody services, which are typically not available to retail investors.

These benefits include but are not necessarily limited to an on-going access to their trading API and market data; encrypted account balance and securities in holdings; access to a trading desk; and access to an electronic communications network for client order entry and account information.

Ally Invest and Tradier Brokerage, Inc. also makes available to us other products and services that benefit our firm but may not benefit clients' accounts. Some of these other products and services assist us in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmation and account statements); provide research, pricing information and other market data; facilitate payment of the firm's fees from its clients' accounts; and assist with back-office functions; record keeping and client reporting. Many of these services generally may be used to service all or a substantial number of our accounts, including accounts not maintained at a recommended custodian. Stock Circles is also providing other services

intended to help our firm manage and further develop our business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing.

Clients should understand that not all investment advisors require the use of a particular broker/dealer or custodian. Some investment advisors allow their clients to select whichever broker/dealer the client decides. By requiring clients to use a particular broker/dealer, Stock Circles may not achieve the most favorable execution of client transactions and the practice requiring the use of specific broker/dealers may cost clients more money than if the client used a different broker/dealer or custodian. However, for compliance and operational efficiencies, Stock Circles has decided to require our clients to use broker/dealers and other qualified custodians determined by Stock Circles.

Block Trading Policy

Smart-Auto-Trading sends trades on an individual, account-by-account basis, it does not engage in block trading operations.

Item 13 – Review of Accounts

Account Reviews and Reviewers

Users' in-market holdings managed by Smart Auto-Trading are continuously monitored by Smart Auto-Trading. Depending on your strategy, trades may be executed in your accounts on a daily, weekly or monthly basis. Smart Auto-Trading processes conduct an ongoing stock screening routine and executes trades based on a variety of factors. Our overall process is monitored and administered by Jean Francois Boisvert and Gurinder Singh.

Statements and Reports

Stock Circles provides account holders with a weekly performance report associated with its simulation or trading activities. Users have online access to their individual Accounts being held by the broker/dealer-qualified custodian. Reports and documents prepared by the broker/dealer, including tax related documents are produced by the broker/dealer and available from the broker/dealer web site.

In addition to the weekly profit and loss performance email sent every week, Smart Auto-Trading provides 24 hours access to User's statistical information, order history and holdings it is aware of.

You are encouraged to always compare any reports or statements provided by Stock Circles against the account statements delivered from your qualified custodian. When you have questions about your account statement, you should contact our firm and the qualified custodian preparing the statement.

Item 14 – Client Referrals and Other Compensation

Stock Circles does not directly or indirectly compensate any person for client referrals.

Other than the receipt of investment advisory fees detailed in *Item 5* of this brochure Stock Circles receives no other forms of compensation in connection with our web-based, investment management services.

Item 15 – Custody

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

Based on this definition, Stock Circles does not maintain custody of client accounts. However, we have established procedures to ensure all client funds and securities are held at a qualified custodian (i.e. Ally Invest or Tradier Brokerage, Inc.) in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from Stock Circles. When clients have questions about their account statements, they should contact Stock Circles or the qualified custodian preparing the statement.

Item 16 – Investment Discretion

Our services are provided strictly on a **discretionary** basis which means we will have the authority to determine the type of securities and the amount of securities that can be bought or sold for your portfolio without obtaining your consent for each transaction. You must grant us with written discretionary trading authority in the User Agreement you execute through our interactive website. This will allow us to execute trades in your account using Smart Auto-Trading.

Item 17 – Voting Client Securities

Stock Circles does not vote proxies on behalf of Clients. It is determined that taking on the responsibilities for voting client securities does not add enough value to the services provided to you to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in your Account.

You will receive proxies directly from the qualified custodian or transfer agent; we will not provide you with the proxies. You are encouraged to read through the information provided with the proxy-voting documents and make a determination based on the information provided.

Item 18 – Financial Information

This *Item 18* is not applicable to this brochure. Stock Circles does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, Stock Circles has not been the subject of a bankruptcy petition at any time.

Customer Privacy Policy Notice

In November of 1999, Congress enacted the Gramm-Leach-Bliley Act (GLBA). The GLBA requires certain financial institutions, such as investment advisor firms, to protect the privacy of customer information. In situations where a financial institution does disclose customer information to nonaffiliated third parties, other than permitted or required by law, customers must be given the opportunity to opt out or prevent such disclosure. Stock Circles does not share or disclose customer information to non-affiliated third parties except as permitted or required by law.

Commitment to Your Private Information. Stock Circles is committed to safeguarding the confidential information of its clients. Stock Circles holds all personal information provided by clients in the strictest confidence and it is the objective of the firm to protect the privacy of all clients. Except as permitted or required by law, the firm does not share confidential information about clients with non-affiliated parties. In the event that there were to be a change in this policy, the firm will provide clients with written notice and clients will be provided an opportunity to direct Stock Circles as to whether such disclosure is permissible.

Why We Collect and How We Use Information. To conduct regular business, Stock Circles may collect personal information from sources such as:

- Information reported by the client on applications or other forms the client provides to the firm
- Information about the client's transactions implemented by the firm or others
- Information developed as part of analyses or investment advisory services

To administer, manage, service, and provide related services for client accounts, it is necessary for Stock Circles to provide access to customer information within the firm and to nonaffiliated companies, with whom the firm has entered into agreements with. To provide the utmost service, the firm may disclose the information below regarding customers and former customers, as necessary, to companies to perform certain services on the firm's behalf.

- Information Stock Circles receives from the client on applications (name, email address, order book, performance reports, etc.)
- Information about the client's transactions with the firm or others (account information, payment history, parties to transactions, etc.)
- Information concerning investment advisory account transactions

- Information about a client's securities held and transactions initiated by Smart Auto-Trading

Sharing Information with Other Companies Permitted Under Law. Since Stock Circles shares nonpublic information solely to service client accounts, the firm does not disclose any nonpublic personal information about the firm's customers or former customers to anyone, except as permitted by law. However, the firm may also provide customer information outside of the firm as required by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas. In the event that the firm has a change to its customer privacy policy that would allow it to disclose nonpublic information not covered under applicable law, the firm will allow its clients the opportunity to opt-out of such disclosure.

Former Customers. Even if we cease to provide you with financial products or services, our [Privacy Policy](#) will continue to apply to you and we will continue to treat your nonpublic information with strict confidentiality.

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