

## Item 1 – Cover Page

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CRD# 143884

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This Brochure provides information about the qualifications and business practices of Register Financial Advisors, LLC. If you have any questions about the contents of this Brochure, please contact us at (404) 364-2180. 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 Investment Advisor.

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

## Item 2 – Material Changes

Since our last annual update dated March 7, 2018, our Brochure was updated as follows:

- The Edelman Managed Asset Program (EMAP) is now sponsored by Financial Engines Advisors LLC (see Item 4);
- Information regarding the Register Financial Investment Management wrap fee program has been removed (see Items 4 and 5);
- The EMAP fee schedule and minimum household account size have been revised (see Item 5);
- Disclosures have been revised regarding: fees, other than advisory fees, which could be incurred by clients, accounts on margin, and money market funds (see Item 5);

Schwab Institutional was removed as a recommended custodian (see Item 12). 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.

### Item 3 - Table of Contents

Item 1 – Cover Page.....	i
Item 2 – Material Changes .....	ii
Item 3 - Table of Contents .....	iii
Item 4 – Advisory Business .....	1
Item 5 – Fees and Compensation .....	5
Item 6 – Performance-Based Fees and Side-By-Side Management .....	11
Item 7 – Types of Clients .....	11
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	11
Item 9 – Disciplinary Information.....	12
Item 10 – Other Financial Industry Activities and Affiliations .....	12
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	13
Item 12 – Brokerage Practices.....	14
Item 13 – Review of Accounts .....	15
Item 14 – Client Referrals and Other Compensation .....	15
Item 15 – Custody.....	15
Item 16 – Investment Discretion .....	15
Item 17 – Voting Client Securities .....	16
Item 18 – Financial Information .....	16
Privacy Policy .....	16

## **Item 4 – Advisory Business**

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 10 for more information on affiliated companies.

For its investment advisory clients, the firm presently offers the following types of advisory services:

- I. Register Financial Investment Management (RFIM)**
- II. Register Financial Retirement Plan Consulting**
- III. Edelman Managed Asset Program (EMAP)**
- IV. Wrap Fee Programs**
  - a. Managed Solutions Investment Consulting Services**
  - b. Various programs offered through Wells Fargo Clearing Services, LLC**

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

Under the Register Financial Investment Management Program ("RFIM"), Investment Advisors manage money for Clients on non-wrap fee basis (see below for wrap-fee option) 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 or non-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 may also include margin transactions, options strategies, or short sale transactions.

Under the terms of the Adviser's agreement with the Client, the Adviser may:

- Determine the investor's risk profile, investment objectives and time horizon.
- Set a relevant asset allocation policy for the investor.
- Diversify among asset classes and styles.
- Rebalance the investor portfolio as deemed necessary by Adviser.
- Report and review investment results from time to time. Reviews may include client's performance in light of identified needs and objectives. They will be conducted on a continuous or periodic basis, as agreed upon by the client and in the Adviser's Agreement with the client.
- Recommend changes in the Client's investments, investment strategy or objectives. Recommendations may be given in connection with the review of the Client's current investments or the Client's financial needs or objectives as identified by the Client.
- Select and review particular investments/securities.
- Select and review portfolio managers and mutual funds.
- Report the current status of client holdings on a periodic basis, as agreed upon in the Adviser's Agreement with the Client.

## **II. Register Financial Retirement Plan Consulting**

The firm provides non-discretionary Retirement Plan Consulting Services that include one or more of the following services:

- Review of existing portfolio investments
- Assisting in the development of an Investment Policy Statement
- Mutual Fund Search and Recommendation
- Diversification Review
- Fund Analysis Reports
- Vendor cost analysis and vendor searches
- Plan design and/or plan document reviews
- Assistance with and design of employee education and communications strategies

## **III. Edelman Managed Asset Program (EMAP)**

EMAP is an investment management program sponsored by Financial Engines Advisors LLC as a Third Party Money Manager to manage Client assets based on style, capitalization levels, or asset classes suitable for a Client's investment objectives. The Client will provide Adviser with the information set forth on the Client Profile and represents that such information is a complete and accurate representation of the Client's financial position and investment needs, goals, and objectives, as well as any reasonable restrictions placed on investments made in the Account at the time the Client enters the EMAP. The Client must promptly inform the Investment Advisor in writing if any financial information becomes incomplete or inaccurate during the term of the EMAP relationship. EMAP Investment Advisors manage portfolios based on a Client's investment objectives.

## **IV. Wrap Fee Programs**

### **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.

Recommended Third Party Money Managers ("Money Managers") are evaluated by the firm for client use. Such services may include assisting clients in identifying their investment objectives and matching personal and financial data with a select list of Money Managers that meet the program **minimum quantitative and qualitative criteria**. The intent of the program is to have high quality Money Managers from which a client selects one or more managers to handle the day-to-day management of the client's account(s). Following such recommendations, client will have final authority to select a Money Manager.

Money Managers selected for use by clients under the Investment Consulting program need to meet several quantitative and qualitative criteria. Among the criteria that is considered includes the manager's experience, assets under management, performance record, client retention, the level of client services provided, investment style, buy and sell disciplines, capitalization level and the general investment process. Factors involved in the recommendation of the termination of an advisor includes a failure to adhere to management style or clients' objectives, a material change in the professional staff of the advisor, unexplained poor performance, and dispersions of client account performance or other circumstances.

Clients are advised and should understand that:

- An advisor's past performance is no guarantee of future results;
- There is a certain market and/or interest rate risk which may adversely affect any advisor's objectives and strategies, and could cause a loss in a client's account(s); and
- Client risk parameters or comparative index selections provided to the firm are guidelines only; there is no guarantee that they will be met or not be exceeded.

All accounts are managed by the selected Money Managers and the firm does not have any discretionary trading authority with respect to such accounts. Information collected by the firm regarding other managers is believed to be reliable and accurate, but the firm does not necessarily independently verify it. Performance reports provided directly to the clients and the firm by investment advisors/managers are not audited or verified.

Clients will receive all reports in accordance with each respective adviser's Firm Disclosure Document (ADV Part 2A). Clients choosing this program will receive, in addition to this brochure, a Wrap Fee brochure that goes into further detail regarding their selection.

#### **Programs through Wells Fargo Clearing Services, LLC**

Register Financial makes available to its Clients the following investment advisory programs (the "Programs"), sponsored by Wells Fargo Clearing Services, LLC or Register Financial. 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 may also be charged for expenses or services that are not covered by the wrap fee; these will be described in the Program's separate "Wrap Brochure" provided to the client or in the client's separate agreement with Wells Fargo Clearing Services, LLC.

Currently, Register Financial offers the following Programs. Clients should be aware that the available Programs may be changed, canceled, or revised at any time.

#### **Separate Account Programs:**

Diversified Managed Allocations  
Masters Program Network  
Private Advisor Network

#### **ETF Advisory**

*Wells Fargo COMPASS®*

#### **Mutual Fund Advisory:**

FundSource®  
Pathways  
CustomChoice Program

#### **FA-Directed Program:**

Private Investment Management (*PIM®*)

#### **Client-Directed Program:**

Asset Advisor

Further information regarding the Programs is available in the Programs' Disclosure Documents (Wrap Fee Brochures). Clients enrolled in the PIM®, Asset Advisor and Private Advisor Network programs will receive Register Financial's Wrap Fee Brochure. The Client should refer to the respective managers Disclosure Document, as appropriate, to determine the minimum and maximum account sizes permitted. Under certain limited circumstances, the minimum may be waived. Clients and prospective Clients will be provided a copy of the appropriate Disclosure Document at the time the Representative presents the Program to them. Wells Fargo Clearing Services, LLC may act as sub-advisor for the advisory programs. Copies of the Disclosure Documents may also be obtained by contacting a Register Financial Representative, or Register Financial at the address shown on this Brochure, or by contacting the respective program manager which should be contained in the separate brochure.

FundSource®, PIM®, and Wells Fargo COMPASS® are registered service mark of Wells Fargo & Company and used under license.

*The FundSource® program is not designed for excessively traded or inactive accounts and may not be suitable for all investors. Please carefully review the advisory disclosure document for a full description of services. The minimum account size for this program is \$25,000.*

*The mutual funds in the FundSource program are available by prospectus only. Please consider the investment objectives, risks, charges and expenses carefully. The prospectus, which contains this and other information, can be obtained by calling your fund wholesaler. Read it carefully before you recommend investing.*

#### **PROGRAM WRAP FEE ADVISORY SERVICES**

Generally, the Representative will review the client's personal and financial situation, and the Account's investment objectives, tolerance for risk, and investment time horizon, and with that information, will assist the client to select an appropriate Program, investment manager, and portfolio from sponsors approved lists. The client's portfolio selection is communicated to the third-party manager (if applicable), who is also provided with appropriate profile information regarding the client.

In certain programs, the client may choose to receive investment recommendations on a nondiscretionary basis which the client may accept or reject. Some of the programs also permit the client to elect to have the Account's assets rebalanced automatically at pre-determined intervals as an aid to ensure the portfolio continues to reflect its intended asset allocations.

The managers available through the programs employ a variety of investment strategies depending on the particular program, the size of the account, the needs of the client, and the account's objectives. Ordinarily, the managers' strategies include long or short-term purchases of securities and, sometimes, include supplemental covered option writing, where appropriate, depending on the Account's objectives and the manager's style. Some strategies also include margin transactions, other option or trading strategies, or short-sale transactions. Investment decisions in some Programs are guided by model portfolios intended to reflect the investment objectives and needs of the Client.

The sponsor will pay Register Financial a portion of the fees from the accounts participating in the programs. Clients should consider whether the fees they pay under the program are more or less than they would pay if they obtained investment advisory, brokerage, and custodial services separately (an "unbundled" arrangement). When making their decision to participate in a program, Clients or prospective Clients should consider the many economic incentives that Register Financial (including the Representative) has that influences its decision to recommend these Programs (or not to recommend other programs or investment alternatives).

## **DESCRIPTION OF REGISTER FINANCIAL AND FIRST CLEARING<sup>1</sup> AGREEMENT**

The agreement between Register Financial and First Clearing provides, among other things, the following:

- Register Financial has entered into a brokerage clearing agreement with Clearing Agent to execute and perform the clearance on a fully disclosed basis of all purchase and sale orders directed to it by Register Financial for the Programs selected by a client. Clearing Agent will not assess or collect from clients any transaction fee for its services upon the purchase or redemption of any mutual fund shares offered through First Clearing's Allowable List, except as described in the program fees section of this disclosure document and/or the First Clearing Disclosure Document.
- Clearing Agent or its agent shall generally maintain, in a Register Financial account, custody of all account assets. Pursuant to a clearing agreement between Register Financial and Clearing Agent, Clearing Agent performs for Register Financial such custodial functions, which, among other things, will include crediting of interest and dividends on account assets and crediting of principal on called or matured securities in the account, together with other custodial functions customarily performed with respect to securities brokerage accounts.
- Clearing Agent or its agent will also perform cashiering and invoicing responsibilities with respect to the Programs, which shall include the charging and collection of account fees and the processing, pursuant to Register Financial instructions, of deposits to and withdrawals from Program accounts. Clients expressly authorize Clearing Agent or its agent to debit fees of Register Financial, First Clearing, Clearing Agent and any applicable investment advisors.
- Clearing Agent provides Register Financial with certain administrative, computer software and documentation services in order that Register Financial may provide the Program services described below. Clearing Agent does not provide any of the consulting, advisory or evaluation services to Register Financial's clients with respect to any program described herein. Register Financial compensates Clearing Agent pursuant to a brokerage clearance fee schedule. Register Financial may utilize an investment planning tool, Envision®, as part of its investment planning process. Envision® is a registered service mark of Wells Fargo & Company and used under license. This tool takes into account a variety of information about a client's financial situation, performs a "Monte Carlo" analysis to test for possible future outcomes, and is utilized in determining a model asset allocation for the client. Such software is provided to Register Financial (and its clients) by First Clearing as part of its services and there is no additional fee to Register Financial for this software.

As of December 31, 2018, Register Financial held \$58,653,522 in discretionary assets under advisement and \$44,224,397 in non-discretionary assets under advisement.

### **Item 5 – Fees and Compensation**

The specific manner in which fees are charged by Register Financial is established in a client's written agreement. For its investment advisory clients, the firm presently offers the following types of advisory services:

- I. Register Financial Investment Management (RFIM)**
- II. Register Financial Retirement Plan Consulting**
- III. Edelman Managed Asset Program (EMAP)**
- IV. Wrap Fee Programs**
  - a. Managed Solutions Investment Consulting Services**

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<sup>1</sup> First Clearing is a trade name used by Wells Fargo Clearing Services, LLC, Member SIPC, a registered broker-dealer and non-bank affiliate of Wells Fargo & Company.



**b. Various programs available through Wells Fargo Clearing Services, LLC**

**I. Register Financial Investment Management (RFIM) (Non-Wrap)**

Register Financial will debit the investor accounts on a quarterly basis for the fee described below unless the client requests to be invoiced for advisory fees. All commissions will be borne by the client and passed through at cost. The following are the negotiable fees for managing client's accounts:

<b><u>RFIM Non - Wrap Fee Schedule</u></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

All advisory management agreements are to specify the fees charged to the account.

**II. Register Financial Retirement Plan Consulting**

Fees for Retirement Plan Consulting Services are negotiable and vary depending on the level of services to be provided. Fees may be based on the assets of the Plan, the number of Plan participants and/or the number of Plan investment options. Fees may be based on a percentage of assets or as a fixed annual fee. Fees are to be clearly stated in all advisory contracts and may be either in advance or in arrears. Under this program, 30-days written notice is required for termination of any Retirement Plan Consulting Agreements.

**III. Edelman Managed Asset Program (EMAP)**

Fees for EMAP are based on a percentage of assets. Fees are to be clearly stated in all advisory contracts and are billed quarterly in arrears. The minimum household account size is \$100,000; however, this may be reduced at the discretion of management. Register Financial will debit the investor accounts on a quarterly basis for the fee described below. The following are the fees for managing Client's accounts:

<b><u>EMAP Fee Schedule</u></b>	
<b>Total Account Value</b>	<b>Annualized Fee</b>
\$0 to \$400,000	1.75%
\$400,001 to \$750,000	1.25%
\$750,001 to \$1,000,000	1.00%
\$1,000,001 to \$3,000,000	0.75%
\$3,000,001 to \$10,000,000	0.60%
\$10,000,001 to \$25,000,000	0.50%
\$25,000,001 and above	Negotiable

**IV. Managed Solutions Investment Consulting Services (Wrap Fee)**

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.

Please see the applicable Wrap Fee Brochure for a detailed fee schedule.

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. Register Financial will debit the investor accounts on a quarterly basis for the fee described below unless the client requests to be invoiced for advisory fees.

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 to pay all wrap fees by directly debiting the Client's Account; unless the client requests to be invoiced and billed 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.

#### **V. Wrap Fee Programs available through Wells Fargo Clearing Services, LLC**

Each Program has a different Program Fee schedule, which can vary depending on the particular investment strategies or portfolios selected by the client, the particular manager selected by the client, and the individual Representative, among other factors. Generally, the Representative may, in his or her discretion, negotiate the portion of the program fee that is payable to the Representative or the Firm, but does not negotiate the portion payable to third-party manager. The Client's Advisory Agreement will state the specific program fee applicable to client's Account.

Please see the applicable Wrap Fee Brochure for a more detailed fee schedule.

The program fees are subject to exclusions, calculations, and conditions contained in each Program's Disclosure Document and Advisory Agreement. Additionally, most programs have a minimum quarterly Program Fee (\$375 per quarter or more), which may cause the effective Program Fee (expressed as a percentage) to be greater than the fee rates shown above. The Disclosure Document for each program contains important information regarding conflicts of interest, compensation, risks, potential benefits, and other information that prospective investors should review and consider.

#### **WRAP FEE DISCLOSURES**

For all wrap fee programs, the fee is charged for Register Financial's consulting and Register Financial's or its agent's brokerage services, as well as the services of any advisor hired to provide portfolio advice and administrative services to the particular 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. All Register Financial investment consulting standard fee schedules and commissions described herein are subject to negotiation depending on a range of factors including, but not limited to, account size and overall range of services requested. Clients should consider the value of the additional consulting services when making such comparisons. The combination of custodial, consulting and brokerage services may not be available separately or may require multiple accounts, documentation and fees. In addition, certain advisors may not be available to certain clients outside the consulting relationship because of minimum account sizes, fee schedules, geographic availability or other factors.

#### **TERMINATION OF ADVISORY SERVICES**

Client and/or the firm may initiate termination of the contract at any time by sending written notice to the contra party and will be accepted the day that it is received by the contra party. Termination of the contract will not affect any liabilities or obligations of the parties from transactions initiated before termination of this Agreement or a client's obligation to pay advisory fees if paid in arrears (pro-rated through end of the

month in which termination is effective). If fees are paid in advance, the client will receive a refund for any unearned fees calculated from the 1<sup>st</sup> of the following month in which the contract was terminated through the last day of the calendar quarter. **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 written receipt of notice to terminate its Client Agreement with any of Register Financial's investment advisory programs, and unless specific transfer instructions are received, Register Financial and its agent will, in an orderly and efficient manner, proceed with liquidation of the client's account. There will not be a charge by us for such redemption; however, the client should be aware that certain mutual funds impose redemption fees as stated in each company's fund prospectus in certain circumstances. Clients must keep in mind that the decision to liquidate security issues or mutual funds may result in tax consequences that should be discussed with the client's tax advisor. Factors that affect the orderly and efficient manner would be size and types of issues, liquidity of the markets, and market makers' abilities. Should the necessary securities' markets be unavailable and trading suspended, efforts to trade will be done as soon as possible following their reopening. Due to the administrative processing time needed to terminate Client's investment advisory service and communicate the instructions to Client's investment advisor, **termination orders received from clients are not market orders; it may take several business days under normal market conditions to process Client's request. During this time, 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 time of written notice until complete liquidation. All efforts will be made to process the termination in an efficient and timely manner.

#### **General Fee Details**

Quarterly fees are based on the value of the account and are calculated as the market value of all long and short securities positions in the account. Although the fees listed above are "default" fees, they are, in some circumstances, negotiable. If the firm is assessed a transactions fee, such fee will be passed on to the client at cost.

All Advisory Contracts will specify how fees are to be billed. Generally, fees are either paid in advance or in arrears of service.

**If paid in advance**, the initial fee payment is due in full on the date the client's account is accepted and opened by the firm (the "Opening Date") and will be based on the asset value of the account on that date.

**If paid in arrears**, the fee payment is due following the 1<sup>st</sup> calendar quarter. The period for which such payment will be made will run from the opening date through the last day of the full calendar quarter and will be prorated. Thereafter, the quarterly fee is based on the account asset value on the last day of the respective calendar quarter.

Fees will be debited from the account specified in the advisory agreement. The amount of the fee will be shown on the statement received by the Custodian. Register Financial urges clients to carefully review such statements. Upon request, Register Financial will bill a client for advisory services. If requested, billing information must be in writing in the advisory agreement. Advisory fees are due upon receipt. Client will maintain or deposit sufficient funds in the account to cover payment of all fees authorized by the contract, and the client authorizes the firm, clearing firm, and/or custodian to debit the account balances or redeem money market fund shares in the amount equal to the fee that is due. If there are not funds to cover the fees, then the firm will liquidate assets to cover fees.

Although Register Financial believes its fees are reasonable in light of the services provided, clients should be aware that such fees may be more or less than the fees and commissions associated with investment advisory and brokerage services purchased separately. The comparison is dependent upon a number of factors, including the frequency of brokerage activity in the client's account, the size of the account under management, and any negotiated fee arrangements with respect to the account. An investor should consider these factors prior to opening an Advisory Account.

The advisory fees and transaction charges do not cover charges imposed by third-parties for investments held in the account, such as contingent deferred sales charges or 12b-1 trails on mutual funds. In addition, each mutual fund or third party investment manager charges asset management fees, which are in addition to the advisory fees charged by the firm. The fees charged by such funds or managers are disclosed in each fund's prospectus or Manager's ADV Part 2A. Accounts may require a minimum advisory fee or quarterly maintenance fee that will be detailed in the applicable advisory agreement. The Management Fee also does not cover fees and charges in connection with: debit balances; margin interest; odd-lot differentials; IRA fees; transfer taxes; exchange fees; wire transfers; extensions; non-sufficient funds; mailgrams; legal transfers; bank wires; postage; costs associated with exchanging foreign currencies; and SEC fees or other fees or taxes required by law.

Register Financial receives compensation in connection with cash held in the account. In addition to the advisory fee, Register Financial receives additional compensation from the custodian based on the value of credit balances in the accounts. If cash is swept into a money market fund, Register Financial receives compensation based on the value of assets in these funds as broker-dealer. Thus, Register Financial has an incentive to recommend that client select a money market fund as a sweep vehicle that pays more compensation to Register Financial than other funds.

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 come from mutual fund assets (therefore, indirectly, from Client Accounts). In most instances, 12b-1 fees are automatically rebated to the client's account. In the rare occurrence that the Custodian does not rebate such fees (i.e. the mutual fund is not on the Custodian's system), the 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 for which the Custodian does not rebate 12b-1 fees.

Investment adviser representatives trade on margin for client's accounts, when consistent with the client's suitability profile and risk tolerance or at the client's directive. This could result in a high portfolio turnover ratio and higher transaction charges in accounts with such charges. Additionally, the use of margin results in interest charges as well as all other fees and expenses associated with the security or account involved.

Fees are debited directly from client accounts and are calculated using the total assets in the account as shown on the client custodial statement, including any assets purchased on margin. If there is a net debit cash balance in the account as a result of using margin, the cash balance will be excluded from the fee calculation. Net positive cash balances in type 1 (cash account) and type 2 (margin account) are included in the fee calculation.

Item 12 further describes the factors that Register Financial considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

## **Item 6 – 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). Register Financial does not manage hedge funds. Accordingly, a discussion regarding side-by-side management is unnecessary.

## **Item 7 – Types of Clients**

Register Financial provides portfolio management services to individuals, corporations and business entities, pension and profit-sharing plans, charitable institutions, foundations, endowments, and estate and trusts. The minimum Account size is generally \$50,000 for fee based Accounts. Account minimums may be waived at the discretion of management.

## **Item 8 – 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 may 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 is 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.

## Item 9 – 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 affiliate:

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.

## Item 10 – 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 the 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:** RFA is licensed as an insurance agency in order to sell insurance products, including fixed and 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.

Please see the discussion under Item 12, below, for additional information regarding brokerage practices and related disclosures.

### **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

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 some transactions. 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.



## Item 12 – Brokerage Practices

Register Financial recommends the brokerage and custodial services of First Clearing<sup>2</sup> (the “Custodian”). When recommending a custodian, a number of factors are considered, including their historical relationship with Register Financial, financial strength, reputation, execution capabilities, pricing and services offered.

As noted herein, the Custodian generally does not charge Client Accounts separately for custody services. It offers 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 affiliated broker-dealer Register Financial Associates, Inc. (“RFA”) provide services to Client Accounts. In such cases, RFA's commissions may be higher or lower than those of other broker-dealers. However, RFA 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 RFA 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.

Register Financial does not receive compensation from the Custodian 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.

Register Financial allows clients to direct where their accounts are custodied and/or which broker-dealer this wish to utilize for their account. Register Financial may be unable to achieve most favorable execution of client transactions if clients choose to do this. This may cost clients' money because without the ability to direct brokerage Register Financial will not be able to aggregate orders to reduce transactions costs resulting in higher brokerage commissions and less favorable prices.

For EMAP accounts utilizing a third party money manager, Register Financial does not direct brokerage. Clients will be required to establish an account through TD Ameritrade, Inc. (“TD Ameritrade”). Brokerage transactions are generally directed to the custodian holding the account. As the custodian, TD Ameritrade is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed, which are included when wrap fees are charged. Please see the third party manager's Brochure for additional information regarding their brokerage practices.

When consistent with our duty to obtain best execution, we may aggregate multiple client transactions into a single order in order to obtain the best price for our clients. In such circumstances, the 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

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<sup>2</sup> First Clearing is a trade name used by Wells Fargo Clearing Services, LLC, Member SIPC, a registered broker-dealer and non-bank affiliate of Wells Fargo & Company.

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.

### **Item 13 – 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 Custodians.

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.

### **Item 14 – 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 expense as a result of any referral.

### **Item 15 – Custody**

Clients should receive statements at least quarterly from the Custodians 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 Custodian'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.

### **Item 16 – Investment Discretion**

Register Financial may provide investment advisory and brokerage services to Client Accounts on a discretionary basis. Such discretion usually is granted at the outset of the advisory relationship and must be in writing. 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 Custodian, which charges a fee. Clients should contact their Custodian for more information about this investment of their cash.

### **Item 17 – 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 18 – 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.

### **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.