

## Item 1 – Form ADV, Part 2A

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This brochure provides information about the qualifications and business practices of Further Lane Asset Management, LLC (“**Further Lane**”). If you have any questions about the contents of this brochure, please contact us at 212-808-4800. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “**SEC**”) or by any state securities authority.

Further Lane is a “registered investment adviser” with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). Registration of an investment adviser does not imply that the adviser has attained any level of skill or training.

Additional information about Further Lane is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 - Material Changes

This Form ADV Brochure includes the following material changes. Further information on the specific activity pertaining to each is included in this ADV Brochure:

Changes to Item 4:

1. Energy Advisor Partners, a division of Further Lane Asset Management provides certain advisory services as set forth in Item 4.
2. From time to time, Further Lane may enter into sub-advisory relationships with third parties or affiliated entities to provide discretionary asset management services to its clients.
3. Further Lane has terminated a relationship with an unaffiliated institutional account which provided non-discretionary advice on fixed income securities. The disclosure statement within Item 4 has been removed.

Changes to Item 5 – Fees and Compensation:

1. Further Lane has entered into an arrangement with an insurance company whereby Further Lane acts as money manager for such insurance trusts. Further Lane does not receive commissions from the insurance trust.

In addition, Further Lane acts as sub-adviser to the Sali Multi-Series Fund, L.P. – Further Lane Insurance Fund (“Further Lane Insurance Fund”) and may invest insurance trust assets within the Further Lane Insurance Fund and may allocate the assets to other Further Lane products. Depending on client needs, Further Lane may negotiate fees and expenses, resulting in lower fees to certain investors of the Further Lane Insurance Fund.

2. With regards to Further Lane’s relationship with Altegris, please note that no cash or non-cash compensation is paid, directly or indirectly, to Further Lane by Altegris, any employee or affiliate of Altegris, or by any Platform Fund pursuant to or as a result of Further Lane’s agreement with Altegris. No cash or non-cash compensation is paid, directly or indirectly to Altegris by Further Lane, any employee or affiliate of Further Lane or by any Platform Fund. The only compensation to Further Lane and its employees or affiliates will be in the form of advisory or other fees paid by the Further Lane client to Further Lane pursuant to separate advisory contracts or other agreements entered in wholly independent of Further Lane’s arrangement with Altegris. The only compensation to Altegris and its employees and affiliates in connection with referrals to Altegris of Further Lane clients under this arrangement will be selling agent compensation pursuant to marketing or selling agreements entered into between Altegris and each Platform Fund, management fee revenue in respect of certain Platform Funds sponsored or managed by an affiliate of Altegris and/or revenue in relation to an affiliate of Altegris acting as a commodity futures introducing broker for certain Platform Funds, in each case pursuant to contracts or other arrangements entered

into by Altegris or its affiliates or employees independent of this arrangement. Further information about the Altegris relationship may be found in item 10.

3. Clarified language pertaining to Client commission, execution, clearing and transaction costs.

Changes to Item 6 – Performance Fees:

1. In some instances, Further Lane portfolio managers may allocate client assets to Further Lane managed Funds. In such cases, Further Lane may compensate its portfolio managers with a portion of the performance fee payable to Further Lane. Such arrangements pose a conflict of interest as the portfolio manager may be incentivized to allocate client accounts to Funds in which they receive performance compensation.

Change to Item 10:

1. Further Lane is clarifying the activities of Osprey Group, Inc. (“OGI”) . Previously it was noted that the sub-adviser OGI is a subadvisor registered with the SEC.
2. Further Lane has entered into an agreement with Altegris, a broker-dealer and member of the Financial Industry Regulatory Authority (“FINRA”) to provide access for clients to Altegris’ alternative fund platform. Information on this arrangement is also reflected in Item 5.
3. In addition, Further Lane acts as sub-adviser to the Sali Multi-Series Fund, L.P. – Further Lane Insurance Fund (“Further Lane Insurance Fund”) and may invest insurance trust assets within the Further Lane Insurance Fund and may allocate the assets to other Further Lane products. Information pertaining to fees on this arrangement is also reflected in Item 5.

You may request a copy of our Brochure that incorporates these changes by contacting Aileen Doherty, Interim Chief Compliance Officer, at 212-808-4800, without charge.

Additional information about Further Lane is also available on the SEC’s web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with Further Lane who are registered, or are required to be registered, as investment adviser representatives of Further Lane.

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## Item 4 - Advisory Business

Further Lane was founded by J. Michael Araiz in 1996. Mr. Araiz is the principal owner, managing partner and Chief Executive Officer of Further Lane. Mr. Araiz is a graduate of Brandeis University and has over 30 years' experience in the trading and valuation of fixed income instruments, specializing in high grade, high yield, and distressed fixed income securities.

Further Lane provides investment advisory services on both a discretionary and non-discretionary basis to high-net-worth individuals and institutions and recommends a selection of various investment products, including fixed income and equities, and services through its investment adviser representatives, financial planners and through third parties.

Through its division, **Further Lane Portfolio Management**, and with client approval, Further Lane or through the use of submanagers, will develop an investment plan in the context of the client's investment objectives and financial resources. A determination is then made as to the degree of risk that the client can tolerate and the need for diversification, liquidity, capital accumulation and tax reduction. Once suitable investment strategies are determined, Further Lane will employ one or more strategies in response to changing market and economic conditions. Clients may impose restrictions on investing in certain securities or types of securities or other special investment guidelines.

Through its divisions **Further Lane Wealth Management and Energy Adviser Partners**, Further Lane offers financial planning services and develop customized financial plans based on the needs and circumstances of each individual client. Financial planning advice typically involves providing a variety of services, principally advisory in nature, to individuals, businesses or families regarding the management of their financial resources based upon an analysis of individual needs. An investment proposal is then developed for the client, which usually includes general recommendations for a course of activity or specific actions suggested to the client. For example, recommendations may be made for the client to (1) change the investment allocation of the portfolio, (2) obtain insurance or revise existing coverage, (3) establish an individual retirement account and/or (4) invest funds in securities.

Further Lane makes wrap fee programs available to its clients by partnering with Lockwood Advisors, Russell Investment Group and Morningstar Managed Portfolios. The only difference in the way the accounts are managed is the way in which they are billed to the client. Further Lane receives a portion of the wrap fees paid by the client for its services.

Please also see Item 10, Other Financial Industry Activities and Affiliations, for a description of the funds affiliated with Further Lane.

As of September 30, 2012, the amount of client assets under management on a discretionary basis was approximately \$50 million and the amount of client assets under management on a nondiscretionary basis was \$27 million

## **Item 5 - Fees and Compensation**

Further Lane will only recommend products based on the clients' suitability and clients' objectives. Further Lane is compensated for its services through a number of different methods including charging a percentage of the value of its assets under management, hourly charges, fixed fees and commissions. The specific manner in which fees are charged by Further Lane is established in each client's written agreement with Further Lane. Accounts initiated or terminated during a calendar quarter will be charged or refunded, as the case may be, a prorated fee. Upon termination of any investment advisory agreement (at any time by the client and 10 days after Further Lane gives notice to the client), any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Further Lane charges an annual management fee equal to 1%-2% of market value of all assets under management. Fees are generally billed at the beginning of the quarter, but in some cases at the end of the quarter. Generally, clients will give consent to Further Lane to instruct custodian to deduct fees from client account on a quarterly basis. Further Lane will provide clients with billing statement at end of quarter.

Accounts with special investment guidelines are charged differently based on the nature of the services rendered. Fees for investment advisory services with respect to options, financial instruments and other related investments will vary depending on the client's needs and the size of the account. Further Lane may negotiate its management fee arrangement for large institutional accounts or other accounts in special circumstances, thereby resulting in a reduction of management fees. Further Lane may make exceptions to annual management fee minimums or minimum account size based on the specific circumstances of an account and client relationship.

From time to time, Further Lane will allocate investor assets to funds for which Further Lane acts as investment manager and general partner. In addition to fees charged by the funds, Further Lane may charge clients general management fees on the assets invested in the funds. In turn, Further Lane may compensate its investment manager a portion of these fees. This poses a conflict as such an allocation could result in Further Lane receiving multiple fees for the same assets.

Further Lane also provides a range of financial advisory/consulting services to corporate entities for which Further Lane charges a fixed fee that has been negotiated between Further Lane and the entity advised.

For the special arrangement Further Lane has with a unaffiliated institutional account, Further Lane charges five percent (5%) of the net profits as compensation and expenses and earns fifty percent (50%) of the net trading profits (only if there are net trading profits).

Fees for financial planning services are negotiable and may be fixed, hourly or flat. If a client requests or arranges to have a customized report or analysis prepared (for example, analysis of group benefit programs or qualified retirement plan design), fees for such planning or development of analysis and reports will be based on an hourly rate, which will be negotiated at the time Further Lane is retained.

Further Lane's fees are exclusive of "third-party fees" such as brokerage commissions, transaction fees, and other related costs and expenses which may be incurred by the client, including such fees paid to affiliates of Further Lane. Clients may incur certain charges imposed by custodians, brokers, third party investment managers and other third parties such as fees charged by managers, custodial fees, account "sweeping" fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Mutual funds and other pooled investments also charge internal management fees, which are passed on to client accounts. Such accounts will incur additional third party management fees charged to the mutual funds or other pooled investments by their respective investment advisers for the mutual funds or other pooled investments in which these accounts are invested. Such fees are disclosed in a fund's prospectus. These third-party charges, fees and commissions are exclusive of and in addition to Further Lane's fee, and Further Lane does not receive any portion of these commissions, fees, and costs.

With regards to Further Lane's agreement with Altegris (further described in Item 10), No cash or non-cash compensation will be paid, directly or indirectly, to Further Lane by Altegris, any employee or affiliate of Altegris, or by any Platform Fund pursuant to or as a result of Further Lane's agreement with Altegris.

The only compensation to Further Lane and its employees or affiliates will be in the form of advisory or other fees paid by the Further Lane client to Further Lane pursuant to separate advisory contracts or other agreements entered in wholly independent of Further Lane's arrangement with Altegris.

The only compensation to Altegris and its employees and affiliates in connection with referrals to Altegris of Further Lane clients under this arrangement will be selling agent compensation pursuant to marketing or selling agreements entered into between Altegris and each Platform Fund, management fee revenue in respect of certain Platform Funds sponsored or managed by an affiliate of Altegris and /or revenue in relation to an affiliate of Altegris acting as a commodity futures introducing broker for certain Platform Funds, in each case pursuant to contracts or other arrangements entered into by Altegris or its affiliates or employees independent of this arrangement.

Further Lane will recommend a broker/dealer to a client to execute its transactions, including to its affiliate, Further Lane Securities, LP ("**FLS**"). If Further Lane has arranged to have a transaction for the client's account executed by FLS or another broker or dealer which will carry and clear transactions for the account, Further Lane will normally be entitled to a portion of the commission or other transaction charge paid or payable to such clearing broker or dealer. Clients will be responsible for any minimal charge imposed by the clearing broker or other custodian along with any customary execution, clearing and other transactional costs. Charges and costs will vary based on the type of security traded as well as quantity or type.

Item 12 (below) further describes the factors that Further Lane considers in selecting or recommending broker/dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions). Clients have the option to purchase investment products that Further Lane recommends through other brokers or agents that are not affiliated with Further Lane.

Depending on a client's financial objectives and needs, Further Lane may invest client funds in insurance company trusts. Further Lane intends to enter into an arrangement with one or more insurance companies whereby Further Lane will act as money manager for such trusts.

This presents a conflict of interest and gives Further Lane an incentive to recommend investment products based on the compensation received rather than the clients' needs.

Please also see Item 10, Other Financial Industry Activities and Affiliations, for a description of the fees earned by affiliated funds of Further Lane.



## **Item 6 - Performance-Based Fees and Side-by-Side Management**

For certain large institutional accounts or other accounts in special circumstances, Further Lane may negotiate a performance fee instead of a fee based on assets under management.

In some instances, Further Lane portfolio managers may allocate client assets to Further Lane managed Funds. In such cases, Further Lane may compensate its portfolio managers with a portion of the performance fee payable to Further Lane. Such arrangements pose a conflict of interest as the portfolio manager may be incentivized to alloclocate client accounts to Funds in which they receive performance compensation.

In those instances where Further Lane manages both accounts that are charged a performance-based fee and accounts that are charged an asset-based fee, there is a potential conflict of interest in that may create an incentive for us to favor accounts for which receive performance based fees. However, this does not create a conflict of interest because a client's suitability will dictate the type of investment that can be purchased in that client's brokerage account as opposed to an investment in a pool account.

From time to time in its Affiliated Funds, Further Lane may provide side-by-side investment advice to Side Pocket Accounts, New Issues Accounts and other memorandum accounts, as defined in the Limited Partnership Agreement of the respective Affiliated Fund.

Please also see Item 10, Other Financial Industry Activities and Affiliations, for a description of the fees, including performance-based fees, earned by affiliated funds of Further Lane.

## **Item 7 - Types of Clients**

Further Lane's clients comprise individuals, investment companies, trusts, estates and charitable organizations, individual retirement plans, pensions and profit-sharing plans, corporations and financial institutions. Further Lane does not impose any requirements or conditions for opening or maintaining and managing an account.

## **Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss**

### **Investing in securities involves risk of loss that clients should be prepared to bear.**

Further Lane's comprehensive financial analysis begins with identifying the client's objectives, including goals and constraints. A determination is then made as to the degree of risk that the client can tolerate and the need for diversification, investment objectives, liquidity, capital accumulation and tax reduction. A general portfolio mix is then recommended based on all of the information gathered.

Further Lane's methods of analysis include a combination of charting, cyclical market trends, fundamental and technical analysis. Fundamental analysis looks at the "big picture," such as the overall economic outlook for a company, an industry, asset class or a country. Fundamental analysis is often associated more with a "buy and hold" mentality. Technical analysis, on the other hand, focuses primarily on the supply and demand for a particular asset or security, often looking for trends related to an asset's price. Clients may impose restrictions on investing in certain securities or types of securities.

The sources of information Further Lane uses include financial newspapers and magazines, inspections of corporate activities and press releases, research materials prepared by others, corporate rating services, market timing services and annual reports, prospectuses and filings with the SEC and company press releases. Additional sources of research information may include but are not limited to trade journals, discussions and meetings with security analysts, internal and external research reports, statistical analysis and material, including internet sources in connection with the foregoing and interviews with outside consultants and analysts and personal assessment of financial consequences of world events derived from general or specific material depending on the particular circumstances.

Further Lane intends that its investment strategy be based on the long-term investment in securities (held for at least one year) that seeks to produce an attractive return over full-market cycles. From time to time, we may use several other investment strategies to implement the investment advice given to clients, including the short term purchases of securities (sold within one year), trading securities (sold within 30 days), short sales and option writing (including covered options, uncovered options or spreading strategies) for those accounts Further Lane has determined are suitable to engage in such trading strategies and from whom Further Lane has obtained express consent to do so. On occasion, we also provide advice with respect to real estate and real estate investment trusts.

In addition, depending on the conclusions garnered from the guidelines described below, Further Lane may make investments on margin. Margin debits may be created when a client withdraws cash in excess of the cash on hand and Further Lane purchases securities for such client's account or in situations where Further Lane knows that the cash will be available within 30 days.

In general, the following guidelines are considered in making our recommendations based upon the selection of any of the client's objectives: (1) the amount allocated to any one investment objective should be reasonable in light of overall asset allocation and the investor's overall investment goals;

(2) the investor's age, net worth and annual income should be compatible with his or her investment objectives and primary goals; (3) the investor's tolerance for risk and volatility should be reasonable in light of his or her investment objectives and primary goals; and (4) the investor's time horizon should be consistent with his or her investment objectives and goals. Since investment goals and financial circumstances change over time, Further Lane contacts the clients annually and reviews its client's accounts periodically to be certain that investment objectives remain consistent with portfolio allocations and holdings.

Suitability Guidelines for Retail Clients. Further Lane's investment programs range from fixed income portfolios for those with more conservative investment parameters to alternative investments for those with more aggressive goals. The primary goal of the equity investor is to maximize long-term returns, with great importance attached to capital appreciation and relatively little emphasis on current income. Conversely, the primary goal of the fixed income investor is to generate income while conserving principal. Equity securities generally have greater potential for both reward and risk while fixed income securities offer more modest rewards with, generally, correspondingly less risk. Most of Further Lane's clients have as their primary goal generating current income while conserving principal; however, such clients may wish to allocate a portion of their account assets to high yield corporate bonds and/or convertible securities to potentially increase yield. This type of investor is more aggressive and should be more willing to tolerate additional volatility and credit risk, as these components are designed to provide some growth for the objective and consequently carry more risk. Additionally, investments in high yield corporate and/or convertible securities have a greater risk of loss of capital.

Suitability Guidelines for Institutional Clients. The general guidelines and relevant objectives discussed above are also applied to the selection of Further Lane's institutional objectives. In addition, clients who select certain institutional equity objectives, in particular, should be advised that these objectives may have high turnover ratios and that the potential for high volatility and increased transaction costs exists for these objectives. Most of Further Lane's institutional clients seek to generate current income while conserving principal.

The fixed income investor generally seeks consistent returns with low risk, and his or her tolerance for risk/volatility will accept only infrequent, minimal losses. This does not include "mark to market" losses created by market fluctuation and pricing since, typically, the fixed income investor will be holding their fixed income investments until maturity and be paid par at maturity. Due to the less volatile nature of the strategy, the fixed income investor may have a shorter investment time horizon than equity and balanced investors, although the objective can accommodate investors with longer time horizons as well. Accordingly, a great proportion of the advice provided by Further Lane is in connection with fixed income securities; that is, all AAA high-grade bonds issued by the U.S. Government or one of its sponsored agencies, such as the Federal National Mortgage Association or the Federal National Home Loan Corporation or otherwise AAA rated. Further Lane will create a laddered portfolio of short-term bonds not exceeding a five year maturity. Given the nature of these securities, a constant cash flow will be generated and reinvested monthly.

Further Lane, at the client's request, may also recommend investments in limited partnerships that trade securities which invest in research and development, technology, biotech and internet firms, cable television or other media properties, venture capital and hedge funds. Further Lane may also recommend to clients requiring substantial diversification that they invest through certain registered investment companies.

Further Lane also recommends to its clients investment advisory products which include mutual fund wrap fee programs. In addition, Further Lane uses investment services from the Lockwood Advisors, Morningstar Managed Portfolios, and the Russell Investment Group, each of which offer wrap fee programs. Client consent will be required to participate in such wrap fee programs inasmuch as additional fees may be incurred by the account. Further Lane may also use its own Portfolio Management Division to create and manage the client's portfolio based on the client's investment objectives, investment goals and risk tolerance.

Morningstar Managed Portfolios brings together the mutual fund knowledge and resources of Morningstar, Inc. and the experienced investment strategy and management skills of Morningstar Investment Services. As a leading provider of independent investment research in the U.S. and major international markets, Morningstar has designed a fee-based discretionary program to manage and oversee customized portfolios of non-proprietary mutual funds exclusively available to investment advisers such as Further Lane. Russell Investment Group is one of the world's leading investment services firms. Russell guides investments totaling approximately \$2.3 trillion and manages more than approximately \$131 billion. Russell employs more than 460 investment professionals as part of a global operation that researches capital markets and the money managers investing in those markets. Russell's research strives to construct optimal combinations of top investment managers. As groundwork for this process, Russell investigates more than 3,800 manager firms and more than 9,000 investment products worldwide. The Russell process uses both qualitative and quantitative methods because objective analysis and close-up interviews contribute to a better understanding of a manager's prospects for success.

Further Lane also provides advice on fixed income securities to an unaffiliated institutional account on a non-discretionary basis, as described in Item 4 above.

#### Cash Management Accounts

Further Lane tailors its investment strategies to its client's objectives, including goals and constraints. From time to time, that includes management of cash in a client's account. The vast majority of clients have requested that any cash in their accounts be swept into a money market accounts at our various custodians and some clients have explicitly requested that the cash remain in their custodial accounts without further investment.

Further Lane does not represent, warrant or imply that the services or methods of analyses it uses can or will predict future results, successfully identify market tops or bottoms or insulate clients from losses due to market corrections or crashes. No guarantees can be offered that a client's goals or objectives will be achieved. No promises or assumptions can be made that the advisory services offered by Further Lane will provide a better return than other investment strategies.

#### Method of Pricing

Further Lane implements different methods of pricing for its separately managed accounts and its pooled investment clients. For the separately managed accounts, Further Lane uses the prices set by the clearing firm and/or custodians. For the pooled investment clients, Further Lane determines the price based on the securities based on the evaluation of the portfolio manager using IDC, an independent source, as a guideline.

## **Item 9 - Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Further Lane or the integrity of Further Lane's management. Further Lane has no information applicable to this section as it has faced no legal or disciplinary matters since its inception in 1996.

## Item 10 - Other Financial Industry Activities and Affiliations

### Further Lane Securities LP

Mr. Araiz is the principal of and a beneficial owner of Further Lane Securities, L.P. (“**FLS**”), a broker-dealer registered with the SEC under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), and a member firm of FINRA and is registered with all 50 states, the District of Columbia and Puerto Rico. Mr. Araiz is the Chief Executive Officer and Chief Compliance Officer of FLS. In addition James Midanek, Marc Lowlicht, Steven Spence, David Swearingen, Rick Tadako, Fred Goldberg and Malika Allali are registered representatives of FLS.

Except as otherwise directed by the Client in writing, the Client agrees to establish an account with FLS as an introducing broker, and using the services of Pershing or Schwab or any broker or dealer designated by Adviser as custodian and clearing broker in respect of the assets in the Account. Further Lane shall select such brokers or dealers in its own discretion and shall not be responsible for any acts or omissions of any such brokers or dealers provided Further Lane is not negligent in the selection of such brokers or dealers. No commissions or fees shall be incurred which are substantially greater than those chargeable by other brokers or dealers in the community for like or comparable services, provided, however, the Client authorizes Adviser, consistent with the foregoing, to select brokers and dealers on the basis of their having furnished statistical, research and other services to Adviser.

For FLS services as broker to Client, the Client shall pay to FLS brokerage commissions and mark ups and mark downs, as well as Execution and Clearing charges in accordance with FLS commission rates, generally described in attached Schedule B. If Client does not object, amendments changing the rate will be effective 30 days after notice to Client. Commissions will be shared with other brokers when they provide clearing, or other brokerage services.

In general, clients authorize Further Lane to cause its affiliated broker, FLS, to purchase or sell securities where the other party to the transaction may be a customer of the Adviser and FLS, so long as the Adviser is not advising such other customer with respect to the transaction in question. FLS may receive commissions from both sides of the transaction and will have a potentially conflicting division of loyalties and responsibilities between the parties. At all times the Client has a right to full disclosure on all such transactions including details on remuneration inuring to the Adviser. This authorization may be revoked at any time by written notice.

Further Lane provides its clients with notice of principal transactions and the ability to revoke consent to any trade. FLS will receive compensation for such principal trades in the form of mark ups and mark downs on the value of the securities traded.

Mr. Araiz is the principal owner of both Further Lane and FLS and certain investment adviser representatives of Further Lane are also registered representatives of FLS. When placing business through a broker/dealer as a registered representative, an investment adviser representative generally earns a commission. If clients execute trades through FLS, the client will generally pay commissions or fees. As a result, a potential conflict of interest exists between FLS's interests and the client's interests. A client is under no obligation to execute any business through FLS.

**Osprey Opportunity Fund LP**  
**Osprey Opportunity Offshore Fund, Ltd**  
**Windmill Multi-Strategy Fund, LP**  
**Toro Total Return Fund, LP**  
**Manta Ray Strategic Income Fund**

Mr. Araiz organized two investment partnerships: the Osprey Opportunity Fund LP, a Delaware limited partnership (the “**Osprey LP**”) and Osprey Opportunity Offshore Fund, Ltd., a Cayman Islands exempted company (the “**Offshore Fund**,” and together with the Osprey LP, the “**Osprey Funds**”), for the purpose of investing and reinvesting from time to time in a portfolio consisting primarily of high quality fixed income securities. Both funds may also invest in lower rated debt securities and derivative instruments and may use hedging techniques to mitigate interest rate risk.

Mr. Araiz is the sole managing member of Osprey Opportunity Fund GP, LLC, a Delaware limited liability company, the general partner to the Osprey Funds. The general partner receives from Class A Limited Partners of the Osprey LP a 2% management fee as well as an incentive allocation (a performance fee) equal to 1/5<sup>th</sup> of the net capital appreciation of the limited partners’ accounts in excess of a 6% annualized return on the account balance and from Class B Limited Partners of the Osprey LP a 1.5% management fee and incentive allocation not subject to the 6% benchmark. Both fees are to be paid quarterly in arrears. Osprey LP’s administrator is Columbus Avenue Consulting, LLC.

As a Cayman Islands registered fund, the Offshore Fund is managed through three Cayman Islands-domiciled entities: (a) its administrator is Admiral Administration Ltd.; (b) its Offshore Director is DMS Offshore Investment Services Ltd.; and (c) the registered office is Ogier Fiduciary Services (Cayman) Limited.

Further Lane is also the general partner of Windmill Multi-Strategy Fund, LP (a “fund-of-funds”) and the investment manager of Toro Total Return Fund, LP and Manta Ray Strategic Income Fund, L.P. On occasion, an employee of FLS may recommend that a brokerage client invest in an affiliated entity or get investment advice from Further Lane. The employee’s compensation may be based, in part, on revenues earned by Further Lane or its affiliates in connection with the opening of new accounts or the investment in one of its affiliated funds. Thus, the employee may have an incentive to recommend that a client invest in an affiliate fund or become a client of Further Lane. Further Lane will manage the account in such a situation only when it is assured that the objective is suitable for the client and that no conflict of interest exists.

**Osprey Group, Inc.**

The investment manager of the Offshore Fund is the Osprey Group, Inc. (“**OGI**”), a company incorporated in the state of Delaware. OGI is wholly owned by Mr. Araiz individually, who provides services to OGI through Further Lane. OGI receives a quarterly management fee calculated at the



annual rate of 1.5% of the net assets of the Offshore Fund and will receive an annual incentive fee equal to 20% of the net profits. Both fees are paid quarterly in arrears.

OGI is a special purpose vehicle and the investment adviser to the Osprey Opportunity Offshore Fund, LTD solely to provide services to the Fund in a manner that enables manager compensation to be eligible for an employee benefit compensation plan. OGI does not hold itself out to the public as a separate advisor, or function in any way as its own separate enterprise.

OGI is a relying adviser of FLAM, as it is in a control relationship, with the same principal office and place of business and compliance policies and procedures as FLAM and is thus not subject to SEC investment adviser registration.

Mr. Araiz is the principal owner of Osprey Securities Corp, the holding company of FLS. Osprey Securities Corp is otherwise inactive.

### **Separate third party arrangements:**

#### **Dynasty Financial Partners**

On April 29, 2012, Further Lane entered into an arrangement with Dynasty Financial Partners (“**Dynasty**”) for access to Dynasty’s open-architecture platform of wealth management services and technology. This arrangement will allow Further Lane to enhance its support services and offerings to its clients, but will not cause any changes to the essential quality and character of the advisory services Further Lane provides. Eventually, through its affiliation with Dynasty, Further Lane’s clients will have access to multiple investment programs, account management resources and research on investment products.

Initially, Further Lane clients will receive a combined report of their holdings through Black Diamond Performance Reporting (“**Black Diamond**”), a Dynasty company. Our clients will not be charged for the reports on their portfolios prepared by Black Diamond. These changes to investor reporting were implemented by July 1, 2012.

#### **Altegris**

Pursuant to an agreement with Further Lane, Altegris a broker-dealer and a member of FINRA, Further Lane may from time to time (in its sole discretion based on its own determination of suitability and qualifications) recommend to certain of its clients an investment in a fund on the Altegris investment platform. In such situations, Altegris acts as a marketer or selling agent of funds (referred to herein as a “Platform Fund”) which are also sponsored and managed by an Altegris affiliate. As a selling agent for a Platform Fund, Altegris receives a percentage of management fees, incentive fees and/or other fees charged to PlatformFund investors who invest through Altegris – the specific type and amount of compensation in each case is set forth in a selling agreement or other fee-sharing arrangement between Altegris and the Platform Fund and/or its sponsor or manager.

Please revert to Item 5 – Fees and Compensation, for information pertaining to the fees related to the Altegris arrangement.

**Sali Multi-Series Fund, L.P. – Further Lane Insurance Fund**

Depending on a client’s financial objectives and needs, Further Lane may invest client funds in insurance company trusts. Further Lane has entered into an arrangement with an insurance company whereby Further Lane acts as a money manager for such insurance trusts. Further Lane acts as sub-adviser to the Sali Multi-Series Fund, L.P. – Further Lane Insurance Fund (“Further Lane Insurance Fund”) and may invest insurance trust assets within the Further Lane Insurance Fund and may allocate the assets to other Further Lane products. Depending on client needs, Further Lane may negotiate fees and expenses, resulting in lower fees to certain investors of the Further Lane Insurance Fund.

**Osprey Securities Corporation**

Osprey Securities Corporation (“OSC”) is a holding company for FLS, and is wholly owned by Michael Araiz, but is otherwise inactive.

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

Further Lane adheres to a code of ethics adopted pursuant to Rule 204A-1 of the Advisers Act. In brief, Further Lane provides professional services with integrity and will be fair and reasonable in all professional relationships and disclose any conflicts of interest. Further Lane employees possess the knowledge and skill necessary to provide professional services competently and demonstrate exemplary ethical standards. Further Lane protects the confidentiality of all client information.

Further Lane has adopted a Code of Ethics (the “**Code**”) for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition on cross-trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other issues. Further Lane’s employees and persons associated with Further Lane are required to follow the Code and each of them must acknowledge the terms of the Code annually, or as amended. Further Lane’s clients or prospective clients may request a copy of the Code by contacting Mr. Araiz.

Further Lane anticipates that, in appropriate circumstances, consistent with clients’ investment objectives, it will cause accounts over which Further Lane has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Further Lane, its affiliates and/or clients, directly or indirectly, have a position of interest. Subject to satisfying this policy and applicable laws, officers, directors and employees of Further Lane and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Further Lane’s clients.

The Code is designed to assure that the personal securities transactions, activities and interests of the employees of Further Lane will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Further Lane’s clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code, in some circumstances, would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code to reasonably prevent conflicts of interest between Further Lane and its clients.

**Participation or Interest in Client Transactions.** In addition to managing the accounts of clients unaffiliated with Further Lane, we may also manage the accounts of clients who are related persons with the Further Lane (the “**Affiliated Clients**”). FLS, as principal, buys securities for itself from or sells securities it owns to its clients in accordance with Rule 206(3)-3T of the Advisers Act.

As a broker-dealer, FLS is often selected to execute portfolio transactions for Further Lane clients that also have accounts with FLS. These transactions, including compensation, are governed by SEC and Adviser Act rules and regulations regarding disclosure requirements.

On occasion, Further Lane may effect a transaction through FLS in which FLS acts as broker for both Further Lane's client and the other party to the transaction. In such instances, we will obtain consent from the client, and will disclose all material information concerning the transaction to the client, in accordance with the requirements of Rule 206(3)-2 under the Advisers Act.

On occasion, FLS recommends to its clients that they buy or sell securities in which an affiliated entity has an interest as general partner. Further Lane, FLS and its affiliates may buy or sell for itself securities that it also recommends to its clients.

From time to time, certain employees of Further Lane and its affiliates may invest in securities held by or deemed suitable for Further Lane's clients if prior approval is obtained from our Chief Compliance Officer or his designee. Notwithstanding the foregoing, no prior approval is required for Further Lane employees for investment in certain types of investments, including U.S. government securities, money market instruments, open-end mutual funds and variable insurance products.

Further Lane has instituted the following procedures and guidelines to deal with transactions involving conflicts of interest:

1. The client will acknowledge the relationships that exist between Further Lane and its Affiliated Clients and that Further Lane will, from time to time, purchase and sell securities on behalf of those accounts that it also recommends to unaffiliated clients;
2. Anytime a new security is to be recommended to clients, Further Lane will review the portfolios of its unaffiliated clients and purchase such security for such clients if appropriate based on their investment guidelines and objectives before purchasing such security for its Affiliated Clients; and
3. Anytime Further Lane recommends selling a security owned by an Affiliated Client, it will review the portfolios of its unaffiliated clients and sell the security for such clients if appropriate based on their investment guidelines and objectives before selling such security for its Affiliated Clients.

In accordance with Section 204A of the Advisers Act, Further Lane also maintains and enforces written policies reasonably designed to prevent the unlawful use of material non-public information by Further Lane, its employees, or employees of any of its affiliated entities.

## **Item 12 - Brokerage Practices**

The particular broker or dealer through which securities are to be bought or sold is suggested by Further Lane to its clients, including to our affiliate, FLS. Clients may, however, direct transactions to particular brokers other than those that might have been recommended by us. When Further Lane is instructed to execute trades through certain brokers or dealers, such broker may be permitted to charge commissions in excess of that which another broker might have charged for the same transaction in recognition of the value of brokerage or research services provided by that broker to the particular client (these are called “soft dollar” transactions in the brokerage industry).

Further Lane will seek the best security price and the most favorable commission rates for its clients except to the extent that higher brokerage commissions may be paid for certain brokerage and research services. In selecting broker/dealers and in negotiating commissions, Further Lane will use reasonable efforts in its selection based on best execution capability, will consider the particular firm’s reliability, the quality of its execution services on a continuing basis and the research services provided to Further Lane. Brokerage and research services will include (a) furnishing advice as to the value of securities and the advisability of investment in, purchasing or selling securities, (b) furnishing analyses and reports concerning issuers, industries, securities, economic factors and trends and (c) effecting securities transactions and performing functions incidental thereto. Research services furnished by firms through which one account effects its securities transactions may be used by Further Lane in serving other accounts. Not all of such services may be used by Further Lane in connection with the account paying the commission.

The nature of any research services that may be provided by brokerage firms is supplemental to Further Lane’s research. Research services that may be furnished by a broker through which Further Lane effects transactions will be used to benefit all its clients and not solely the particular client whose transactions were effected by the providing broker.

### Order Aggregation

Further Lane may determine that the purchase or sale of a particular security is appropriate for more than one client account. In such cases, Further Lane may decide to aggregate the client orders into one order for execution purposes. This can have the advantage of avoiding an adverse effect on the price of a security which can result from simultaneously placing a number of separate competing orders. When aggregating orders, and in the process of allocating block purchases and block sales to individual client accounts, it is Further Lane’s policy to treat all clients fairly and to achieve an equitable distribution of aggregated orders. Further Lane, in its discretions, may use the average price at which a security is bought or sold when a bunched order is executed at different prices, or when two or more orders for the same security are entered at approximately the same time and are executed at different prices.

### Principal Trades

Further Lane may implement the trading strategies of its various clients through the use of principal trades through its affiliated entity, FLS. A “principal trade” occurs when the adviser, acting as principal for its own account, sells to or purchases any security from an advisory client, either

directly or indirectly through an affiliate. Principal transactions are permitted only if Further Lane (i) makes written disclosure to the client of the capacity in which it is acting and (ii) obtains the client's prior consent to the transaction. Further Lane has established policies and procedures to comply with the Advisers Act when engaging in principal transactions with clients. However, in general, Further Lane will not engage in principal transactions with accounts of a retirement plan subject to ERISA unless approved by competent ERISA counsel.

When recommending a principal trade to its clients, Further Lane will provide its clients with written notice of its intent to engage in principal transactions and receive will request from its clients blanket their revocable consent with respect to Further Lane's intent to engage in such principal transactions. Thereafter, clients will be provided by Further Lane or its appropriate affiliate with (i) the necessary disclosures regarding each principal transaction and the right to approve or deny all such principal transactions on a trade-by-trade basis; (ii) an annual report detailing all principal transactions during the previous year; and (iii) verification that principal transactions will not involve a security issued by the Further Lane or FLS

At a minimum, the disclosure will include (a) the capacity in which the principal or broker is acting, (b) the cost of any security proposed to be sold to the account or proposed resale price of any security to be bought from the account, and (c) the best price at which the transaction could be effected for the account elsewhere if more advantageous for the account. The confirmation on each transaction should note whether it was an "agency" or "Principal" transaction.

Further Lane may have a conflict of interest to the extent that it has an opportunity to earn a fee, directly or indirectly, from the execution of a principal trade. Although we fully recognize the risk of the conflict inherent in principal trades, as an investment adviser, we must always act in the best interests of our advisory clients, including fulfilling the duty with respect to the best price and execution for the particular transaction for the advisory client. This is in addition to our other responsibilities and obligations under the Advisers Act or other applicable provisions of the federal and state securities laws and rules.

#### Agency Cross Transactions

Another way Further Lane may implement the trading strategies of its various clients is through the use of agency cross transactions. As explained further below, given that such transactions are conducted by affiliated parties, there is the potential risk of conflicting loyalties and responsibilities affecting both parties to such transactions. Despite those risks, Further Lane believes it can properly authorize agency cross transactions by following the procedures in the Advisers Act described below, and by remaining fully aware of its fiduciary duties to its advisory clients at all times, including, without limitation, its duties to obtain best execution for trades in the client's account.

An "agency cross" transaction for an advisory client means a transaction in which a person acts as an investment adviser in relation to a transaction in which such investment adviser, or any person controlling, controlled by, or under common control with such investment adviser, acts as broker for both such advisory client and for another person on the other side of the transaction. In other words, the adviser acts as broker for both sides to the transaction, generally to provide better execution at a lower cost to the clients involved. Under Rule 206(3)-2 of the Advisers Act, the following procedures must be followed when Further Lane authorizes an agency cross trade:

- The advisory client has executed a written, revocable consent prospectively authorizing the investment adviser, or any other person relying on this rule, to effect agency cross transactions for such advisory client. Such written consent must be obtained with full written disclosure that the investment adviser or such other person will act as broker for with respect to agency cross transactions, and receive commissions or other compensation and disclose the potential conflicts of such trade. The written consent may be revoked by the advisory client at any time by written notice to the investment adviser, or to any other person relying on this rule.
- The investment adviser, or any other person relying on this rule, sends to each such client a written confirmation at or before the completion of each such transaction, which confirmation includes (i) a statement of the nature of such transaction, (ii) the date such transaction took place, (iii) an offer to furnish upon request, the time when such transaction took place, and (iv) the source and amount of any other remuneration received or to be received by the investment adviser and any other person relying on this rule in connection with the transaction. The written confirmation may state whether any other remuneration has been or will be received and that the source and amount of such other remuneration will be furnished upon written request of such customer when, in the case of a purchase, neither the investment adviser nor any other person relying on this rule was participating in a distribution, or in the case of a sale, neither the investment adviser nor any other person relying on this rule was participating in a tender offer.
- The investment adviser, or any other person relying in this rule, sends to each such client, at least annually, and with or as part of any written statement or summary of such account from the investment adviser or such other person, (a) a written disclosure statement identifying the total number of such transactions during the period since the date of the last such statement or summary, and (b) the total amount of all commissions or other remuneration received or to be received by the investment adviser or any other person relying on this rule in connection with such transactions during such period.<sup>r</sup>

An additional safeguard is that no agency cross transaction can be effected when the same investment adviser or an investment adviser and any person controlling, controlled by or under common control with such investment adviser recommended the transaction to both any seller and any purchaser.

For the unaffiliated institutional account to which we provide specialized advice on fixed income securities, Further Lane does not aggregate orders, or execute any principal trades or cross agency transactions.

## **Item 13 - Review of Accounts**

Further Lane's investment advisory representative (the "Account Manager") is primarily responsible for monitoring client accounts and does so periodically depending upon the client's needs and the conditions of each account. At a minimum, the Account Manager will attempt to meet with each client annually.

Further Lane's Chief Compliance Officer reviews all new account forms for suitability and adequate disclosure of the client's financial goals and financial means prior to the opening of any new account.

Further Lane generally clears its transactions through Pershing LLC, Charles Schwab Corporation and other broker/dealers. Certain clients may contract for clearing services directly with a mutual fund or other clearing agent.

For the unaffiliated institutional client Further Lane advises on a non-discretionary basis, it does not review such client's account.

Confirmations are sent to clients on the next business day following the execution of a transaction for a customer's brokerage account by the prime broker or custodial bank. Monthly statements are sent by the prime broker or custodial bank to each client with details of trading activity and positions and cash as of the end of the month. The Portfolio Management Division sends its clients quarterly reports detailing all portfolio holdings and performance from inception through year to date. In addition, clients now have the benefit of receiving a combined report of their holdings through Black Diamond, without additional charges (see Item 2).

Pershing LLC or other prime broker promptly sends to client confirmations or other records of all purchases and sales and monthly statements of the holdings in the client's brokerage account. All confirmations of transactions effected for the client by FLS, Charles Schwab or other broker/dealers state the amount of commission, mark-up or mark-down received by Further Lane with respect to such transaction.

Among other things, accounts are reviewed to determine if the client's investment objectives have been satisfied and whether the securities held in the client's investment portfolio are consistent with the guidelines established by the client. Market fluctuation or a client complaint may trigger a review on an other than periodic basis.



## **Item 14 - Client Referrals and Other Compensation**

To the extent permitted by law, including Rule 206(4)-3 under the Advisers Act, Further Lane may compensate persons who refer clients. Such compensation will normally be in the form of a percentage of the advisory fee paid by such clients; however, each arrangement is unique and there is no one overriding compensation policy for referrals. In addition, in the event a client is referred to Further Lane by a particular broker, Further Lane would execute securities transactions through the broker responsible for the referral provided the commission rates are competitive with those charged by other brokers used by Further Lane and that the use of the broker in question is consistent with the best interests of the client.

Further Lane may adopt one or more incentive plans from time to time which provide for cash payments to its employees and employees of its affiliates who develop and refer new business to Further Lane. Further Lane may adopt such incentive plans formally or informally and the terms and the payments under such plans may vary. However, any incentive plans adopted by Further Lane will not affect in any way the amount of fees paid by a new client for services. See also Item 5 for descriptions of certain commissions Further Lane could be paid under certain circumstances.

## **Item 15 - Custody**

Pershing LLC, Charles Schwab and any other clearing agent the client may choose to use generally acts as custodian for Further Lane Wealth Management Division. Charles Schwab generally acts as custodian for the clients of our Portfolio Management Division. The client may appoint another custodian to perform all or part of such custodial services. These two firms are qualified custodians and generally provide, at least quarterly account statements directly to Further Lane clients identifying the amount of funds and securities in the account at the end of the period and describing all transactions in the account during that period.

Further Lane deducts its advisory fees directly from its client's custodial accounts and therefore is considered to have custody of client assets. Further Lane has obtained written authorization from the client to deduct such advisory fees from the account held with the qualified custodian. Each time the advisory fee is deducted, Further Lane sends the qualified custodian notice of the amount to be deducted and at the same time sends the client an invoice itemizing the fee, including the formula used to calculate the fee, the amount of assets under management on which the fee is based, and the time period covered by the fee.

From time to time, Further Lane or one of its affiliates may also have custody of client assets, both in cash or securities. An adviser has custody if it acts in any capacity that gives the adviser legal ownership of, or access to, the client funds or securities. When Further Lane has custody of clients assets, it must send quarterly account statements to such clients and undergo an annual surprise examination by an independent public accountant to verify the funds and securities of such clients. The accountant should file a certificate on Form ADV-E with the Commission within 120 days after the completion of the examination, stating that it has examined the funds and securities and describing the nature and extent of the examination. In addition, the accountant should notify the Office of Compliance Inspections and Examinations within one business day of finding any material discrepancies during such examination. An exception to the surprise audit is provided for the Affiliated Funds if they are subject to audit at least annually and distribute their respective audited financial statements prepared in accordance with generally accepted accounting principles to all limited partners, members, or other beneficial owners within 120 days of the end of their respective fiscal years, or within 180 days in the case of funds of funds, such as Windmill.

## **Item 16 - Investment Discretion**

Pursuant to the terms of Further Lane's standard investment advisory agreement, which each client must enter upon establishing an account, Further Lane is not required to obtain specific client consent regarding specific securities to be bought or sold, the amount of securities to be bought or sold, the broker/dealer to be used and the commission rates to be paid. Clients may direct transactions to particular brokers other than those that might have been used by Further Lane.

The client does select, however, a specific investment objective and Further Lane buys securities for the client's account in accordance with that investment objective and any limitations imposed as a result of instructions received from the client. In accordance with our standard investment advisory agreement, Further Lane, as investment adviser, assumes all investment duties with respect to assets held in the client's account and has all investment powers including sole investment authority with respect to such assets. Further Lane invests and reinvests the assets for the client's accounts in such stocks, bonds or other property of any kind as it deems in the best interest of a client to achieve such client's investment objectives pursuant to such client's investment guidelines. Further Lane may take any action or non-action as it deems appropriate, without further consent or authority from the client and may exercise its discretion and deal in and with such assets exactly as fully and freely as the client might do as owner, except that Further Lane is not authorized to withdraw any money (except as authorized by the client for its management fees), securities or other property either in the name of the client or otherwise. Further Lane is free to sell securities in the portfolio of the account without regard for the length of time they have been held or the gain or loss that may be realized. Further Lane is also free to make investment changes without regard for the resulting rate of portfolio turnover, when it, in its sole discretion determines that such changes will promote the investment objectives of the account.

When Further Lane is authorized to manage accounts with full investment discretion, Further Lane generally will not manage such accounts where the client's custodial account holds both managed and non-managed assets (that is, assets subject to Further Lane's investment discretion under the terms of its standard investment advisory agreement) and assets for which Further Lane has no discretion, authority or responsibility. Occasionally, and under limited conditions, Further Lane will agree to manage an account where managed assets are held in a custodial account which also holds non-managed assets. Clients must obtain advance approval for such an arrangement and they do so with the understanding that Further Lane is not the manager of the non-managed assets held in the custodial account and that Further Lane has no authority or responsibility regarding the investment, disposition and monitoring of such non-managed assets. Losses sustained in connection with the investment or disposition of non-managed assets in a custodial account are the sole responsibility of the client.

In exercising investment discretion over client accounts, or in responding to specific client instructions, Further Lane places orders with broker/dealers to execute transactions for the accounts. When trading errors occur for which Further Lane is responsible, its policy is to make the client whole by correcting the error (that is, restoring the client's account to the position it would have been if the error had not occurred). The process of correction may result in cash shortfalls or overages and such amounts are credited or debited to Further Lane's trading error account. Further Lane may give advice and take action for clients that differ from advice given or the timing or nature

of action taken for other clients. Further Lane is not obligated to initiate transactions for clients in any security which its principals, affiliates or employees may purchase or sell for their own accounts or for other clients.

#### Cash Management Accounts

When an advisory client opens a brokerage account with either Pershing or Schwab, as described in Item #8, above, that client has the discretion to (a) sweep cash balances in its account to a money market fund and (b) decide which money market account offered by those brokerage firms it will use, a decision it can change as allowed by those brokerage firms. Further Lane does not exercise discretion with respect to any such cash management accounts.

## **Item 17 - Voting Client Securities**

Except for its hedge funds, Further Lane will not vote proxy statements on behalf of any advisory client. Clients will receive proxy statements directly from the custodian and are responsible for voting on them.

## **Item 18 - Financial Information**

Registered investment advisors are required in this section to provide you with certain financial information or disclosures about Further Lane's financial condition. Further Lane has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

