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Nationwide Securities, LLC

Form ADV Part 2A ("Brochure")

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**This Brochure provides information about the qualifications and business practices of Nationwide Securities, LLC ("NSLLC" or the "Firm"). If you have any questions about the contents of this Brochure, please contact us at 1-877-233-3370 or [asknsllc@nationwide.com](mailto:asknsllc@nationwide.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. NSLLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.**

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

## **Item 2 – Material Changes**

NSLLC has updated, clarified, and or rearranged some of the information in this brochure, but does not consider the changes to be material.

Clients may request a copy of NSLLC's Brochure *by contacting James Severson, Centralized Supervision Director, by phone at 1-877-233-3370 or by e-mail at [asknsllc@nationwide.com](mailto:asknsllc@nationwide.com). The Brochure is also available on NSLLC's web site at [www.nationwidefinancial.com](http://www.nationwidefinancial.com).*

*Additional information about NSLLC 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 NSLLC who are registered, or are required to be registered, as investment adviser representatives of NSLLC.*

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## **Item 4 – Advisory Business**

This Brochure provides information about the business practices of NSLLC. NFS Distributors, Inc. owns all of the outstanding ownership interests of NSLLC and is a wholly-owned subsidiary of Nationwide Financial Services, Inc. (“Nationwide Financial”). Nationwide Financial is wholly owned by Nationwide Corporation, an intermediate holding company for entities controlled by Nationwide Mutual Insurance Company, a mutual insurance company owned by its policyholders. None of these Nationwide entities is publicly held.

NSLLC was created through a series of corporate transactions that included the merger of Nationwide Securities, Inc., an affiliated broker-dealer, and 1717 Capital Management Company, an affiliated broker-dealer and registered investment adviser. The Firm’s history goes back to 1979, when 1717 Capital Management Company was incorporated in the state of Delaware. With the formation of NSLLC and the merger of the affiliated entities, the Firm became a Delaware limited liability company; however, there was no change of control or management.

NSLLC is an investment adviser registered with the SEC under the Investment Advisers Act of 1940 (“Advisers Act”); a securities broker-dealer registered with the SEC under the Securities Exchange Act of 1934 and a member of the Financial Industry Regulatory Authority (“FINRA”); and a member of the Municipal Securities Rulemaking Board (“MSRB”). All of the Firm’s securities sales representatives are registered in connection with the Firm’s broker-dealer business (“Registered Representatives”). Some Registered Representatives are also licensed or registered as investment adviser representatives (“IARs”) in accordance with the requirements of the state or other jurisdiction in which they operate. The IARs (who are subsequently referred to herein as “advisory representatives”) provide the investment advisory services described in this Brochure.

### ***Overview of Advisory Services***

The Firm provides investment advisory services to natural persons, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, trust programs and other entities, based on each client’s individual needs. The Firm offers two main types of investment advisory services: financial planning and third party asset management. Each type is discussed below.

### **Financial Planning Services**

Generally, when the Firm acts as an investment adviser for financial planning services, it goes through several steps that include information gathering, information analysis, plan development, and plan delivery. Typically, before it takes these steps, the Firm will enter

into a written agreement with the client expressly acknowledging its investment advisory relationship and describing the services it will provide to the client. For additional information about the Firm's financial planning services, see Item 5 (Fees and Compensation) and Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss).

The Firm's financial planning service ends upon its delivery of the plan to the client, as will the fiduciary relationship that arises from providing this service. Clients are not required to establish accounts, purchase products that the Firm distributes, or otherwise transact business with NSLLC in order to put into action any aspect of the financial plan. Clients have the option to purchase investment products through other brokers or agents that are not affiliated with NSLLC. In addition, NSLLC is available to assist clients in implementing the investment strategy described in the plan. The capacity in which NSLLC acts when helping clients implement an investment strategy will depend on, and vary by, the nature of the service (*i.e.*, brokerage or advisory) used for the implementation.

It is important to understand that NSLLC's financial planning services are separate and distinct from its brokerage services, and that each is governed by different laws and separate contracts with the client. When acting as a broker-dealer, NSLLC typically receives commissions, sales loads, concessions or other payments, including revenue from third parties, in connection with the products it sells. This compensation is separate from the fee that NSLLC charges for financial planning services and may vary by product and over time. When acting in its capacity as a broker-dealer, NSLLC has an incentive to recommend investment products based on the compensation it receives rather than on a client's needs, which presents a conflict of interest.

### **Third Party Asset Management Services**

The Firm offers clients access to professional third-party money managers by means of so-called turnkey asset management programs, or TAMPs. A TAMP is a program sponsored by a third party that provides a wide range of services, typically for a single program fee. Services vary depending on the program and may include one or more of the following:

- Asset allocation models
- Money manager due diligence
- Client proposals and risk tolerance tools
- Account administration
- Performance reporting
- Market and manager analysis
- Training and education support

Clients who wish to participate in a TAMP will receive additional material about it that is prepared by the sponsor of the TAMP (“TAMP Sponsor”). The additional material must be reviewed by a client before a TAMP account can be opened.

Such a client typically will complete a program questionnaire that helps to identify the client’s investment needs and tolerance for risk. Based on the responses to the questionnaire, a NSLLC advisory representative will work with the client to determine an investment strategy. With the assistance of the advisory representative, the client then will select an investment program desired to implement the investment strategy. Client assets will be invested in a portfolio of securities that is designed to meet the client’s investment objectives.

Depending on the amount of assets to be invested, the complexity of the investment strategy, and the client’s needs, one or a combination of programs can be used, including portfolios of mutual funds, exchange traded funds, consolidated privately managed accounts and unified managed accounts.

In general, sponsors of TAMP programs are given the authority to place trades on behalf of clients without obtaining specific client consent for each transaction, a practice known as “discretion.” But some programs permit clients to impose reasonable restrictions on the management of their accounts. For example, the client may be able to specify that the client’s assets not be invested in certain types of securities, such as securities issued by tobacco companies. The TAMP Sponsor determines the reasonableness of the restrictions.

Some TAMP Sponsors will not open an account unless a specified minimum amount of money will be invested, but they usually reserve the right to waive the requirement, and often do so.

The Firm’s involvement in third-party asset management services is generally limited to acting as a “solicitor” or “co-advisor” for third-party program sponsors. The Firm’s obligations will vary to some extent depending on the nature of its role, and also will vary from one TAMP to another.

When the Firm acts as a solicitor, it refers clients to unaffiliated investment advisers that sponsor so-called wrap fee programs. The Firm is compensated with a portion of the advisory fee that the client pays to the third-party program sponsor. The third-party program sponsors do not pay the Firm a separate fee for the referral.

Under a typical solicitor arrangement, clients referred by the Firm enter into an investment advisory agreement directly with the TAMP Sponsor, which typically may be terminated by either party upon written notice. The Firm is not a party to this agreement

and does not have investment management responsibility for the provision of TAMP services. Rather, the Firm's role is limited to referring clients to the TAMP and performing limited advisory services, assisting with certain administrative functions, and acting as a liaison between the client and the TAMP Sponsor. The Firm's advisory representative will provide the client with a copy of the TAMP Sponsor's brochure describing the program, as well as a separate solicitor disclosure document describing the solicitor arrangement between the Firm and the TAMP Sponsor. The TAMP Sponsor's brochure and investment advisory agreement should describe its responsibilities and NSLLC's responsibilities, and should be reviewed carefully before investing in the program.

Under a typical co-advisory arrangement, the client enters into an agreement with the Firm and the TAMP Sponsor, which may be terminated by any party upon written notice. The Firm's advisory representative performs non-discretionary advisory tasks in addition to the ministerial or other tasks provided in some solicitor arrangements, including assisting the client with determining the appropriate asset allocation model.

For all clients with TAMP accounts, the Firm's advisory representatives will, at least once per year, contact the client to review the client's account activity, review and update the client's investment objectives and account restrictions, consider changes in the client's goals, objectives and/or financial situation, and review investment programs or asset allocation models based on changes in the client's goals, objectives and/or financial situation.

The TAMPs offered by NSLLC are described briefly below. For more information about these programs, the fees applicable to them, and other matters of interest, please review Item 5 (Fees and Compensation) and the investment advisory or wrap program disclosure document of the relevant program sponsor, which will be provided to clients before an account is opened.

#### AssetMark, Inc.

AssetMark, Inc. ("AssetMark") offers a variety of advisory programs. Clients of NSLLC have access to several of them within the strategy categories describe below. NSLLC advisory representatives may make the following managed account services available:

- Guided Portfolio Solutions (GPS Select and GPS Fund Strategies)
- Individual Strategies

The minimum account sizes for AssetMark programs range from \$10,000 to \$250,000, although AssetMark reserves the right to accept lesser amounts.

#### Lockwood

NSLLC offers clients access to various investment advisory programs offered by Lockwood Advisors, Inc. ("Lockwood"). Lockwood is the sponsor of a wrap fee

program called Managed360. NSLLC advisory representatives may make the following managed account services available to clients through the Managed360 Program:

- Lockwood Investment Strategies
- Lockwood Asset Allocation Portfolios

The minimum account sizes for Lockwood range from \$50,000 to \$250,000. Lockwood reserves the right to waive minimums.

Lockwood is an indirect, wholly-owned subsidiary of the Bank of New York Mellon Corporation (“BNY Mellon”), a publicly-owned company. Pershing LLC (“Pershing”), a SEC-registered broker-dealer and a member of FINRA, is an affiliate of BNY Mellon and Lockwood that provides clearing and custody services for the Lockwood programs available to clients of NSLLC. NSLLC uses Pershing as the clearing firm for its brokerage business.

#### City National Rochdale

City National Rochdale (“Rochdale”) provides money management services that are generally offered to clients investing at least \$1 million in what it generally refers to as its Wrap Program. Rochdale designs an asset allocation and investment objective plan to meet each client’s goals. Rochdale portfolio managers then implement the plan, working directly with the client and the client’s NSLLC advisory representative on a one-on-one basis.

Rochdale, pursuant to its agreement with clients, may place all securities transactions for a client’s account through RIM Securities LLC, an affiliate of Rochdale, which will clear trades through Pershing.

#### SEI

NSLLC offers clients access to certain investment advisory programs provided by SEI Investments Management Corporation (“SEI”). They are the Managed Account Solutions Program (“MAS Program”) and the Mutual Fund Models Program.

The MAS Program includes a series of ETF model portfolios requiring a minimum investment of \$25,000. The MAS Program also includes a series of portfolios preset by SEI comprised of separately managed accounts and SEI mutual funds. Minimum investments vary by type and investment objective, ranging from \$250,000 to \$1,500,000. NSLLC also may offer, from time to time, access to certain custom combinations of separately managed accounts and SEI mutual funds available through the MAS Program. The Mutual Fund

Models Program is a series of model portfolios made up of SEI mutual funds. SEI has no minimum account size for the Mutual Fund Models Program.

### ***Discontinued Programs***

As a result of its ongoing due diligence, the Firm occasionally terminates a program or stops actively promoting a program. If a program is being terminated, clients will be notified by the program sponsor, Firm, or the Firm's advisory representatives and offered other options. If a program is no longer being actively promoted, the Firm may continue to recommend the program for existing clients where appropriate, in which case advisory representatives will continue to service previously established accounts. While a program may cease to be actively promoted, it might still permit new account openings by household members of existing account owners.

If clients have questions or require further information on any program currently or previously offered by the Firm, they should contact their advisory representative. Clients who prefer to contact the TAMP Sponsor directly should refer to their most recent account statement for contact information.

### ***Other Programs and Services***

The Firm may make certain other investment management programs and advisory services available from time to time. If it does so, these programs and services would be offered through registered investment advisers or investment advisers exempt from registration with which the Firm enters into either a solicitor or co-advisory relationship. The availability of these programs and services may be limited due to the specific needs of certain clients and generally may be restricted in availability. Required disclosure documents would be provided to clients participating in these programs and services.

### ***Management of Client Assets***

The Firm does not have discretion of or manage client assets.

## **Item 5 – Fees and Compensation**

### ***Financial Planning Services***

The Firm offers financial planning services directly to clients on an individual basis. Clients who have selected to engage NSLLC in the creation of a financial plan typically pay a fixed fee for the Firm's investment advisory services. Typically, the fee is determined and billed when the client executes the agreement. For new plans, fixed fees charged for these services may range from \$500 to \$4,500. From time to time fees may exceed this limit based on particular circumstances. Similar financial planning services may be available elsewhere at a lower cost.

Clients receiving a financial plan will be billed for fees incurred upon entering into a financial planning agreement with NSLLC. A financial plan is generally a one-time transaction and would entail a new advisory agreement and the possibility of additional fees in order for the advisory representative to update the plan.

As specified in NSLLC's Financial Planning Agreement, a client may request a refund of the fee paid, without penalty, if the client is dissatisfied with the focus or specificity of the financial plan. In that case, the client must submit a written request to NSLLC within five business days following the delivery of the plan to the client. If a refund is requested, NSLLC will make appropriate changes to the plan and may, in its sole discretion, refund part or all of the fee paid for the plan.

### ***Third Party Asset Management Services***

TAMP fees typically cover the costs of the initial and ongoing investment advisory services and the execution of securities transactions, custody, performance measurement, and other services set forth in the applicable TAMP agreement(s). Fees vary by TAMP. For more information on these programs, the applicable fees, expenses and potential conflicts of interest, please see the TAMP's firm brochure. It is possible that some clients could obtain the same or similar services at a lower cost if they engaged separate providers of the services included in the program (that is, unbundled services rather than bundled services).

The account management fee paid by a client to a TAMP Sponsor typically includes a fee to the solicitor or co-advisor (such as NSLLC) that compensates the solicitor or co-advisor for activities and services needed to open and maintain the TAMP account. The amount of the fee paid to the solicitor or co-advisor is sometimes negotiable up to a stated maximum. The following tables show the maximum fee payable to NSLLC under each TAMP offered by it, based on account size. These fees may or may not be broken out separately in account statements provided by the TAMP Sponsors. These fees are for NSLLC, and do not include the fees that clients will pay to the TAMP Sponsors.

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### AssetMark

| AssetMark<br>All Programs Available through NSLLC |  |
|---|--|
| Assets Under Management<br>(Household Total)      | NSLLC Advisory Fee<br>(Maximums Allowable) |
| \$0 – 250,000                                     | 1.50%                                      |
| \$250,001 – 500,000                               | 1.25%                                      |
| \$500,001 – 1,000,000                             | 1.00%                                      |
| Over \$1,000,000                                  | 0.75%                                      |

### Lockwood

| Lockwood<br>All Programs Available through NSLLC<br>(Fee billing is calculated on a progressive basis through the schedule.) |  |
|--|--|
| Assets Under Management<br>(Household Total)   | NSLLC Advisory Fee<br>(Maximums Allowable) |
| First \$500,000  | 1.50%                                      |
| Next \$500,000   | 1.00%                                      |
| Over \$1,000,000   | 0.75                                       |

### City National Rochdale

| Rochdale<br>Wrap Fee Program<br>(Fee billing is calculated on a progressive basis through the schedule.) |  |
|--|--|
| Assets Under Management<br>(Household Total)   | NSLLC Advisory Fee<br>(Maximums Allowable) |
| First \$2,000,000  | 1.00%                                      |
| Next \$3,000,000   | 0.75%                                      |
| Next \$5,000,000   | 0.40%                                      |
| Over \$10,000,000  | 0.10%                                      |

## SEI

| SEI<br>All Programs Available through NSLLC  |  |
|--|--|
| Assets Under Management<br>(Household Total) | NSLLC Advisory Fee<br>(Maximums Allowable) |
| \$0 – 250,000                                | 1.50%                                      |
| \$250,001 – 500,000                          | 1.25%                                      |
| \$500,001 – 2,000,000                        | 1.00%                                      |
| Over \$2,000,000                             | 0.75%                                      |

Clients also may bear certain charges imposed by third parties other than the Firm or TAMP Sponsor, including but not limited to mutual fund 12b-1 distribution fees, servicing fees, sub-accounting fees, and IRA and qualified retirement plan fees. In addition, the mutual funds and ETFs held within client accounts pay management fees that are deducted from their net asset value, meaning they are an indirect expense of the TAMP account. The total direct and indirect fees charged to a client through a TAMP may be higher than fees charged by other investment advisers for similar services. Clients may purchase securities directly, without participation in a TAMP, but would not receive the services of NSLLC or the TAMP Sponsor. Additional information along this line may be available in the account agreement with the TAMP Sponsor or the TAMP Sponsor's brochure.

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

NSLLC does not charge any performance-based fees (fees based on a share of capital gains or on capital appreciation of the assets of a client). NSLLC does not engage in side-by-side management.

### **Item 7 – Types of Clients**

NSLLC provides portfolio management services to individuals, including high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, trust programs, and other U.S. institutions. NSLLC does not have any requirements for opening or maintaining an account, such as minimum account size.

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

As discussed in Item 4 (Advisory Business), the Firm's investment advisory business is limited to providing financial planning services and making TAMPs available. The TAMPs

provide management of client assets through wrap fee programs or other asset allocation programs. Whether employing financial planning strategies or participating in a TAMP, clients should keep in mind that investing in securities involves risk of loss that clients should be prepared to bear. There is no guarantee that any investment strategy or financial plan will meet the desired goal.

### ***Financial Planning***

The Firm uses financial planning software (Advicent Profiles Professional and MoneyGuidePro™) to assist in the development of financial plans. Both Advicent Profiles Professional and MoneyGuidePro offer several methods of calculating hypothetical results, each of which provides one outcome from a wide range of possible outcomes in planning for retirement, survivorship, asset allocation, long-term care and disability income needs. Both Advicent Profiles Professional and MoneyGuidePro offer one or more stress tests that illustrate how variations in rates of return each year can influence the probability of success or failure when projecting a client's retirement goals by taking into account various risk factors not considered under methods common in simpler software and publicly accessible calculators.

The projections or other information generated through the software (average returns or stress tests) regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. The simulations are based on assumptions. There can be no assurance that the projected or simulated results will be achieved or sustained. Actual results will vary and may be better or worse than the simulated scenarios. Clients should be aware that the potential for loss (or gain) may be greater than demonstrated in the simulations.

### ***TAMPs***

The Firm conducts annual due diligence of the TAMPs it makes available to clients, based on information provided to the Firm by each TAMP. The Firm assesses this information from investment, business, compliance and legal perspectives and determines whether a TAMP continues to meet the Firm's internal criteria to remain eligible for its advisory representatives and clients. As a result of this process, some TAMPs or strategies offered by a TAMP may be discontinued or new strategies may become available.

TAMPs, including mutual fund asset allocation programs, typically employ their own investment strategies, or strategies of third party money managers, to manage client assets. Please refer to each TAMP Sponsor's disclosure documents for more detail on methods of analysis, investment strategies and risk of loss.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all events regarding any legal or disciplinary events that would be material to the client’s evaluation of the adviser or the integrity of its management. NSLLC is not aware of any legal or disciplinary events that it believes would be material to an evaluation of its advisory business or the integrity of its management.

## **Item 10 – Other Financial Industry Activities and Affiliations**

As noted earlier, the Firm is registered with the SEC as both an investment adviser and a broker-dealer, and is a member of FINRA. It also is registered as a broker-dealer in all states and holds a corporate insurance license in most states. Accordingly, the Firm provides products and services in connection with the functions it performs when acting in these capacities, some of which are offered by companies affiliated with the Firm.

The Firm does not have business arrangements with any of its affiliated entities that are material to the Firm’s advisory business or clients (although it does have such arrangements that are material to its brokerage business).

### *Firm Management*

Certain directors, officers, and/or employees of the Firm are also directors, officers and/or employees of one or more affiliated entities (and vice versa). In particular, the Firm’s Chief Compliance Officer (CCO) serves as CCO of, and is registered with, NSLLC (in its broker-dealer capacity) and several affiliated broker-dealers, and also serves as CCO of an affiliated investment adviser and affiliated insurance companies. As well, the Firm’s Financial and Operations Principal (FINOP) serves as FINOP of, and is registered with, an affiliated broker-dealer.

### *Certain Compensation Arrangements*

If requested by clients in connection with implementing a financial plan, advisory representatives of the Firm will execute securities purchases and sales with the Firm in its capacity as a broker-dealer and in their capacity as registered representatives. The financial planning agreement entered into by clients discloses potential conflicts of interest and advises clients that they are free to obtain brokerage services from any source in order to implement the Firm’s financial planning recommendations. When acting as a broker-dealer, the Firm receives commissions, sales loads, concessions or other payments, including revenue from third parties, in connection with the products it

sells. This compensation is separate from the fee that the Firm charges for financial planning services and may vary by product and over time. When acting in its capacity as a broker-dealer, the Firm has an incentive to recommend products based on the compensation it receives rather than on a client's needs, which presents a conflict of interest.

The solicitation or co-advisory fee that NSLLC receives varies by TAMP. Accordingly, NSLLC has an incentive to refer clients to programs from which it would receive higher compensation, which presents a conflict of interest. The decision to invest in a TAMP is solely that of the client. Clients are given a full description of the services and fees provided under a TAMP before investing. The Firm, in the exercise of its fiduciary duty, requires that each account be reviewed when it is opened to ensure that it is suitable for the client in view of matters such as financial circumstances and investment objectives. As explained in Item 11 below, the Firm has adopted a Code of Ethics which makes clear that advisory representatives must act in the best interests of clients.

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

NSLLC has adopted a Code of Ethics in accordance with SEC Rule 204A-1 under the Advisers Act for all supervised persons of NSLLC reflecting its high standard of business conduct, and the fiduciary duty owed to its clients. "Supervised persons" generally includes a firm's officers, directors, employees, and other persons who provide investment advice on its behalf and subject to its supervision. For NSLLC, this would include its advisory representatives.

The Code of Ethics includes, among other things:

- Provisions relating to the confidentiality of client information;
- A prohibition on insider trading;
- A prohibition on rumor mongering;
- Restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items; and
- Personal securities trading procedures.

All supervised persons at NSLLC must acknowledge the terms of the Code of Ethics on an annual basis.

NSLLC anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it could recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which NSLLC, its affiliates or clients, directly or indirectly, have a position of interest. NSLLC's employees and persons associated with NSLLC are required to follow NSLLC's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of NSLLC and its affiliates may trade for their own accounts in securities that are recommended to or purchased for NSLLC's clients. The Code of Ethics is designed to ensure that the personal securities transactions, activities and interests of the employees of NSLLC will not interfere with:

- Making decisions in the best interest of advisory clients; and
- Implementing these decisions while, at the same time, allowing employees to invest for their own accounts.

Under the Code of Ethics certain classes of securities have been designated as exempt transactions, because these classes of securities would not interfere with the best interest of NSLLC's clients. Nonetheless, because the Code of Ethics 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 also held by an employee. Employee trading is continually monitored under the Code of Ethics in an effort to prevent conflicts of interest between NSLLC and its clients.

NSLLC's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting James Severson, Centralized Supervision Director, by phone at 1-877-233-3370 or by email at [asknslc@nationwide.com](mailto:asknslc@nationwide.com).

It is NSLLC's policy that the firm will not effectuate any principal or agency cross securities transactions for client accounts. NSLLC also will not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also occur if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## **Item 12 – Brokerage Practices**

### ***Financial Planning***

As mentioned above, NSLLC's financial planning service is completed upon the delivery of a financial plan to a client. Clients are under no obligation to implement any recommendation made in a financial plan, and, if they choose to implement a recommendation, are not obligated to use the Firm to implement it. If a client chooses to obtain brokerage services through NSLLC to implement a financial plan, the Firm, in its capacity as an introducing broker-dealer, will provide these services through its agreement with Pershing. Pershing currently acts as custodian, clearing agent, and executing broker-dealer with respect to general securities transactions. Please see Items 4 (Advisory Business) and 10 (Other Financial Industry Activities and Affiliations) for additional information regarding the Firm's responsibilities when acting as a broker-dealer rather than an investment adviser.

### ***Third Party Asset Management***

NSLLC does not choose or recommend broker-dealers for client transactions in the third-party asset management programs that it offers. TAMP Sponsors are responsible for establishing the brokerage practices that govern their advisory programs. The Firm does not participate in the execution of transactions for TAMP clients. Please refer to each TAMP Sponsor's disclosure documents for more information regarding its brokerage practices, including factors that affect the selection of broker-dealers to execute transactions in TAMP client accounts and fees associated with these services.

### ***Firm Policies***

No representative of the Firm exercises discretionary authority over client accounts.

From time to time, the Firm's advisory representatives may buy or sell securities for themselves that they also recommend to clients. The Firm has established suitability standards and requirements for its advisory representatives as well as regulatory and compliance rules and procedures designed to supervise these trades and address the conflicts of interest presented by them.

Internal controls have been implemented to ensure advisory representatives do not trade ahead of client accounts or take other inappropriate actions when implementing financial plans in their registered representative capacity. In addition, the Firm conducts periodic regulatory and compliance inspections that review, among other things, the sales practices of its advisory representatives.

NSLLC does not have any soft dollar arrangements.

## **Item 13 – Review of Accounts**

### ***Financial Plans***

A financial plan is generally a one-time transaction. Once delivered, the Firm's obligation to the client ends. Additional analysis would entail a new advisory agreement and the possibility of additional fees in order for the advisory representative to update, modify, or supplement the plan.

### ***Third Party Asset Management***

The Firm's advisory representatives will contact all clients at least once per year to review the client's account and inquire about life changing events (such as retirement, divorce, birth of a child, etc.) to determine if changes are necessary. Topics for discussion may include investment objectives, account restrictions (if any), investment programs, or asset allocation models.

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

From time to time, NSLLC enters into so-called solicitors' agreements with third-party asset management firms under which NSLLC refers clients to them. Solicitor arrangements are conducted in accordance with all applicable federal and state laws. Clients that are referred by NSLLC will receive a written solicitor disclosure statement that describes the solicitation arrangement with the TAMP Sponsor, including the compensation, if any, that NSLLC receives for solicitation services. Currently, NSLLC's compensation is paid out of the advisory fee that the client pays the TAMP Sponsor.

NSLLC's compensation is based on a percentage of the account size and can vary by TAMP. In general, and in accordance with standard industry practice, the larger the dollar value of the account, the smaller the percentage. See Item 5 (Fees and Expenses) for more information.

NSLLC does not receive any economic benefit, including sales awards and other prizes, from non-clients for providing investment advice or other advisory services to its advisory clients.

## **Item 15 – Custody**

NSLLC does not maintain custody of advisory client assets. Assets of clients participating in TAMPs will be maintained by the custodian selected for the program by the TAMP Sponsor, or as otherwise agreed to by the client and the TAMP sponsor in the

TAMP account agreement or other account opening documentation. Clients should receive TAMP account statements at least quarterly from the qualified custodian that maintains the client's investment assets. Clients should review all account statements carefully.

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

The Firm does not accept discretionary authority to manage securities accounts on behalf of its clients. (Discretionary accounts are those in which the client grants an investment adviser authorization to trade securities without obtaining specific client consent for each transaction.) As described elsewhere in this brochure, the Firm offers clients a number of third-party asset management programs. All of these programs involve one or more discretionary asset managers who determines the investments to be bought and sold in client accounts, as described in the applicable disclosure document(s) for such programs.

#### **Item 17 – Voting Client Securities**

NSLLC does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Clients will receive their proxies or other solicitations directly from the custodian or transfer agent for the third-party asset management program in which they are participating. Clients participating in TAMPs may contact the TAMP Sponsor for additional information regarding proxy voting procedures that apply to their program accounts.

#### **Item 18 – Financial Information**

NSLLC 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. In addition, the Firm does not require prepayment of advisory fees of more than \$1,200 per client, six months or more in advance.