

**FORM ADV PART 2A - APPENDIX 1
WRAP FEE PROGRAM BROCHURE**

April 8, 2015

**Hermening Advisory Services LLC
dba Hermening Financial Group LLC**

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This brochure provides information about the wrap fee program offered by Hermening Advisory Services LLC. If you have any questions about the contents of this brochure, please contact us at (715) 842-1916 or via e-mail at kevinh@hermeningfinancialgroup.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.

Additional information about Hermening Advisory Services LLC is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Hermening Advisory Services LLC is 134927.

Hermening Advisory Services LLC is a registered investment adviser. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

Item 2 Material Changes

Form ADV requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last Annual Updating Amendment on March 12, 2014 we have made certain material changes to our Brochure.

We revised the management styles for the Wrap Fee Program as disclosed in Item 4 as follows:

Aggressive - Objective: The strategy, generally, is an equity only portfolio. It has the flexibility to invest in any publicly-traded asset, including stocks, bonds, liquid alternative investments - including commodities and currency holdings, ETFs (Exchange Traded Funds), UITs (Unit Investment Trusts), mutual funds, or cash. The strategy normally follows a momentum trading approach, but may hold certain positions as core components of the portfolio. The strategy has no restrictions on the percentage of the portfolio which may be invested in international, including emerging markets or alternative investment options.

- *Benchmark Composite: 18.8% Russell 2000, 15.6% Russell Midcap Growth, 15.6% MSCI EM TRG USD, 14.8% Russell 2000 Growth, 8% HFRX Global Hedge Fund Index, 8% Nasdaq 100, 7.2% Russell Midcap, 4% S&P 500 TR, 4% MSCI EAFE, 2% Russell 2000 Value, 2% Citigroup Treasury Bill - 3 Month.*

Dividend Growth - Objective: The strategy, generally, is an equity only portfolio. It has the flexibility to invest in any publicly-traded asset, including stocks, bonds, liquid alternative investments - including commodities and currency holdings, ETFs (Exchange Traded Funds), UITs (Unit Investment Trusts), mutual funds, or cash. The strategy normally invests in stocks and equity mutual funds of dividend paying companies which have demonstrated a history of increasing dividend levels. The strategy has no restrictions on the percentage of the portfolio which may be invested in international or alternative investment options.

- *Benchmark Composite: 20% Russell 1000 Value, 18% Nasdaq 100, 17% S&P 500 TR, 11% Russell Midcap Value, 11% Barclays Capital U.S. Aggregate Bond Index, 6% MSCI EAFE, 6% Russell Midcap Growth, 6% MSCI EM TRG USD, 3% Russell 2000 Value, 2% Citigroup Treasury Bill - 3 Month*

Moderate - Objective: The strategy, generally, is a balanced portfolio of 50% equities and 50% fixed income investments. The portfolio has the flexibility to invest in any publicly-traded asset, including stocks, bonds, liquid alternative investments - including commodities and currency holdings, ETFs (Exchange Traded Funds), UITs (Unit Investment Trusts), mutual funds, or cash. The equity component of the portfolio normally follows a momentum trading approach, but may hold certain positions as core components of the portfolio. The fixed income component will rarely invest in individual bonds, but will make regular use of bond ETFs and bond mutual funds. The strategy has no restrictions on the percentage of the portfolio which may be invested in international or alternative investment options.

- *Benchmark Composite: 12% Barclays Capital 1-3 Govt/Credit Bond, 12% Barclays Capital U.S. Corporate High Yield Index, 12% Barclays Capital U.S. Aggregate Bond Index, 10% MSCI EAFE, 10% MSCI EM TRG USD, 8% Russell 2000, 8% Nasdaq 100, 6% S&P/LSTA Leveraged Loan, 6% Barclays Capital Global Aggregate Bond Index, 4% S&P 500 TR, 4% Russell Midcap Value, 4% Russell Midcap Growth, 2% Russell 2000 Value, 2% Citigroup Treasury Bill - 3 Month*

Conservative - Objective: The strategy, generally, is a portfolio which is designed for principal preservation. The portfolio has the flexibility to invest in any publicly-traded asset, including stocks, bonds, liquid alternative investments - including commodities and currency holdings, ETFs (Exchange Traded Funds), UITs (Unit Investment Trusts), mutual funds, or cash. The strategy has no restrictions on the percentage of the portfolio which may be invested in international or alternative investment options.

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Our disclosure concerning our Customized Model has not changed.

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Item 4 Services, Fees and Compensation

Hermening Advisory Services LLC (doing business as Hermening Financial Group LLC; hereinafter referred to as "HAS" or "Advisor") is a registered investment adviser primarily based in Wausau, Wisconsin. We are organized as a limited liability company under the laws of the State of Wisconsin in 2005. We have been providing investment advisory services since 2006. Kevin J. Hermening is our principal owner.

As used in this brochure, the words "we", "our" and "us" refer to Hermening Advisory Services LLC and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person or Investment Adviser Representative throughout this brochure. As used in this brochure, our Associated Persons or Investment Adviser Representatives are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

We offer discretionary services through the Asset Management Program (Wrap Fee Program) as described in this wrap fee program brochure to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities. We are both the sponsor and portfolio manager for the Program. A wrap fee program is a type of investment program that provides clients with asset management and brokerage services for one all-inclusive fee. If you participate in our wrap fee program, you will pay our firm a single fee and you will not pay separate transaction charges imposed by the custodian of your account as we will absorb those charges. We also offer non-wrap fee programs that are described in another disclosure brochure that is available upon request.

Prior to becoming a client under the Program, you will be required to enter into a separate written agreement with us that sets forth the terms and conditions of the engagement and describes the scope of the services to be provided, and the fees to be paid.

Client Investment Process

Our investment advice in the Program is tailored to meet our clients' needs and investment objectives. At the beginning of our relationship, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information (the "suitability information"). We will use the suitability information we gather from our meeting to develop a strategy that enables our firm to give you continuous and focused investment advice and to make investments on your behalf. As part of our asset management services, we may customize an investment portfolio for you in accordance with your risk tolerance and investing objectives and/or we may also invest your assets according to one or more model portfolios developed by our firm. Once we construct an investment portfolio for you, or select a model portfolio, we will monitor your portfolio's performance on an ongoing basis, and will rebalance the portfolio as required by changes in market conditions and in your financial circumstances.

Under the Program, you will grant our firm discretionary authority to manage your account. Discretionary authorization will allow our firm to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, or trading authorization forms.

Transactions for your account must be executed by First Allied Securities, Inc. ("FASI"), an unaffiliated securities broker-dealer, member of Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). FASI uses Pershing, LLC as the clearing firm for your accounts. Envestnet Asset Management, Inc. ("Envestnet") provides the account management technology platform for the Program. We believe that FASI provides quality execution services for you

at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by FASI, including the value of the firm's reputation, commission rates, and responsiveness to our clients and our firm. In recognition of the value of the services FASI and Envestnet provide, you may pay higher commissions and/or trading costs than those that may be available elsewhere. HAS, FASI and Envestnet are not affiliated entities.

To compare the cost of the wrap fee program with non-wrap fee portfolio management services, you should consider the frequency of trading activity associated with our investment strategies and the brokerage commissions charged by FASI or other broker-dealers, and the advisory fees charged by investment advisers.

Management Styles for the Program

Aggressive - Objective: The strategy, generally, is an equity only portfolio. It has the flexibility to invest in any publicly-traded asset, including stocks, bonds, liquid alternative investments - including commodities and currency holdings, ETFs (Exchange Traded Funds), UITs (Unit Investment Trusts), mutual funds, or cash. The strategy normally follows a momentum trading approach, but may hold certain positions as core components of the portfolio. The strategy has no restrictions on the percentage of the portfolio which may be invested in international, including emerging markets or alternative investment options.

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Customized Model - Objective: To provide customized allocations for assets which may be requested by the client to be held in the account.

The Program Fee

We charge an annual "wrap-fee" for participation in the Program based on the following fee schedule:

| <u>Assets Under Management</u> | <u>Maximum Annualized Flat Fee</u> |
|--------------------------------|------------------------------------|
| Up to \$249,999 | 1.80% |
| Up to \$499,999 | 1.50% |
| Up to \$999,999 | 1.20% |
| \$1,000,000 and up | 0.90% |

You are not charged separate fees for the different components of the services provided by the Program. Our firm pays all trade expenses of trades placed on your behalf. This includes SEC charges, brokerage commissions, and custodial expenses and fees. It also includes annual IRA custodial charges. Additional management fees will not be charged for additional deposits made to your account in the prior quarter; conversely, no credit will be applied when a withdrawal is taken from your managed account.

The annual fee for the Program is billed quarterly in arrears based on the market value of the assets on the last day of the preceding quarter. Applicable fees, fee payment arrangements, and the terms of the engagement will be clearly set forth in the Client Agreement executed between us prior to services being rendered.

If the wrap fee program agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client.

We will send you an invoice for the amount of our advisory fee, or the fee will be deducted directly from the investment account. Written authorization is required for fees to be paid directly from an alternate

investment account. Further, the custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. We will also receive a duplicate copy of your account statements.

We encourage you to reconcile our invoices with the statement(s) you receive from the custodian. If you find any inconsistent information between our invoice and the statement(s) you receive from the custodian please call our main office number located on the cover page of this brochure.

Additional Fees and Expenses

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses.

There may be other costs which are not included in the Program fee, such as national securities exchange fees; charges for transactions not executed through Pershing, costs associated with exchanging currencies; wire transfer fees; or other fees required by law. Typically, we will offset our advisory fee in the amount of such fees if such fees are charged to your account.

Termination of Advisory Relationship

Either party to the wrap fee program agreement may terminate the agreement within five days from the date of acceptance without incurring HAS fees (your account(s) is still subject market fluctuation). After the five-day period, either party may terminate the wrap fee program agreement via written notice to the other party. The wrap fees will be prorated for the quarter in which the termination notice is given.

Upon termination of accounts held at Pershing, Pershing will deliver securities and funds held in the account per your instructions unless you request that the account be liquidated. After the wrap fee program agreement has been terminated, transactions are processed at the prevailing brokerage rates/fees.

Wrap Fee Program Disclosures

- You should be aware that participating in a wrap fee program may cost more or less than the cost of purchasing advisory, brokerage, and custodial services separately and/or from other advisers or broker-dealers.
- Our firm and associated persons receive compensation as a result of your participation in the wrap-fee program. This compensation may be more than the amount our firm or our associated persons would receive if you paid separately for investment advice, brokerage, and other services. Accordingly, a conflict of interest exists because our firm and our associated persons may have a financial incentive to recommend the Program.
- The Program may create a potential conflict of interest between you and our firm. You should be aware that we may have a disincentive to purchase or sell securities in your account because we pay the transaction costs associated with trades directed to the custodian.

Item 5 Account Requirements and Types of Clients

We offer investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities. We require a minimum of \$50,000 per account to open and maintain a wrap-fee program account. At our discretion, we may waive this minimum account size. We have the right to terminate your Account if it falls below a minimum size which, in our sole opinion, is too small to effectively manage.

Item 6 Portfolio Manager Selection and Evaluation

Performance-Based Fees and Side-by-Side Management

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees.

Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the "Services, Fees and Compensation" section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

Our Methods of Analysis and Investment Strategies

Please refer to the *Services, Fees and Compensation* section above for a detailed discussion of the various investment strategies associated with the Program.

Certain strategies employed by our firm may incur more risk than others may incur. You are encouraged to evaluate the risk involved with these specific strategies with your Advisory Representative prior making any investment in order to ensure that your goals, objectives, and financial situation are such that you can bear the risks inherent in these investment strategies.

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

IRS regulations now require custodians and broker-dealers to report the cost basis of equities acquired in client accounts. Your custodian will default to the FIFO (First-In First-Out) accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

Specific Strategy Risks

Certain strategies employed by the firm may incur more risk than others may incur. The risk involved with these specific strategies should be evaluated by the client and the IAR prior to any investment being made in order to ensure that the client's goals, objectives, and financial situation is such that he or she is able to bear the risks inherent to these investments.

Certain investment strategies may utilize a concentrated investment strategy. Concentrated portfolios generally hold the securities of a limited number of companies and, therefore, may be more volatile because the risk specific to each company may represent a larger portion of assets. It is likely that the performance of these portfolios will differ significantly from that of the broad equity market.

We do not guarantee the future performance of the account or any specific level of performance, the success of any investment decision or strategy that it may use, or the success of its overall management of the account. You understand that the investment decisions we make for the account are subject to various market, currency, economic, political and business risks, and that investment decisions will not always be profitable.

Risk of Loss

Certain strategies we use have more risk than other strategies. The risk involved with these specific strategies should be evaluated prior to any investment being made in order to ensure that your goals, objectives, and financial situation is such that you are able to bear the risks inherent to these investments.

Certain investment strategies may utilize a concentrated investment strategy. Concentrated portfolios generally hold the securities of a limited number of companies and, therefore, may be more volatile because the risk specific to each company may represent a larger portion of assets. It is likely that the performance of these portfolios will differ significantly from that of the broad equity market. Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

Recommendation of Particular Types of Securities

As disclosed under the "Advisory Business" section in this Brochure, we primarily recommend equities, mutual funds and exchange traded funds, however we may recommend other types of investments as appropriate for you since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

Equities: There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to: the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the economy. In general, larger, more well established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

Mutual Funds and Exchange Traded Funds: Mutual funds and exchange traded funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. Exchange traded funds differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely.

Proxy Voting

We will not vote proxies on behalf of our advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of common stock or mutual funds, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

Class Action Lawsuits

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

Item 7 Client Information Provided to Portfolio Managers

This section does not apply to our firm because we are the sponsor and portfolio manager to the Program.

Item 8 Client Contact with Portfolio Managers

This section does not apply to our firm because we are the sponsor and the portfolio manager to the Program.

Item 9 Additional Information

Disciplinary Information

Neither our firm nor our principal owners or management persons have any reportable disciplinary information.

Other Financial Industry Activities and Affiliations

Persons providing investment advice on behalf of our firm are also registered representatives with FASI. In their capacity as registered representatives, these persons will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees, for the sale of investment company products. Compensation earned by these persons in their capacities as registered representatives is separate from our advisory fees. For information on the conflicts of interest this presents, and how we address these conflicts, please refer to the "Fees and Compensation" section of our ADV Part 2A brochure.

Persons providing investment advice on behalf of our firm are licensed as insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate from our advisory fees. For information on the conflicts of interest this presents, and how we address these conflicts, please refer to the "Fees and Compensation" section of our ADV Part 2A brochure.

Description of Our Code of Ethics

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written

policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm. Our Code of Ethics is available upon request. To obtain a copy of our Code of Ethics, contact us at the telephone number or email address listed on the cover page of this brochure.

Participation or Interest in Client Transactions

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

Personal Trading Practices

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over your account in the purchase or sale of securities. Under certain circumstances, exceptions to the trading policy may be made.

In the case of mutual funds, we believe that effecting transactions in funds recommended to you cannot conflict with your interest in the same funds because open-end mutual funds are purchased or redeemed at a fixed net asset value price per share specific to the date of purchase or redemption. As such, our personal transactions in mutual funds are not likely to have an impact on the prices of the fund shares in which you invest.

Reviews of Accounts

If you participate in the Program, your assigned Investment Adviser Representative may meet with you annually, semi-annually, quarterly, or monthly, depending on your needs. A review will be performed of your account holdings, objectives, changes to your financial circumstances, and any other relevant issue pertaining to your account(s). Triggering factors that may stimulate an additional account review include, but are not limited to, changes in economic conditions, changes in your financial situation or investment objectives, large deposits or withdrawals from the account, and/or your request for an additional review.

You will receive a quarterly statement from Pershing, the clearing firm for FASI. This statement will show total portfolio value, change in portfolio value during the prior period, the securities holdings, and detailed activity in the account. You will also receive transaction confirmations on all transactions in your account on a trade-by-trade basis as well as periodic reports from our firm showing the investment performance of your account (reported on a "net of fees" basis).

Client Referrals and Other Compensation

We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

As disclosed previously, persons providing investment advice on behalf of our firm are registered representatives with FASI and may also be licensed insurance agents. For information on the conflicts of interest this presents, and how we address these conflicts, please refer to the "Fees and Compensation" section of our ADV Part 2A brochure.

Brokerage Practices

We recommend the brokerage services of FASI, a securities broker-dealer and a member of the FINRA and SIPC and the custodial services of Pershing LLC, a securities broker-dealer and a member of FINRA and SIPC. We believe that FASI provides quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the

quality of the brokerage services provided by FASI, including the value of research provided, the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of research services and additional brokerage products and services FASI provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

Brokerage for Client Referrals

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

Block Trades

We combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

Trade Errors

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, you will keep the profit.

Financial Information

We are not required to provide financial information to our clients because we do not:

- require the prepayment of more than \$500 in fees and six or more months in advance, or
- take custody of client funds or securities, or
- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.