

FORM ADV**Part II - Page 1****Uniform Application for Investment Adviser Registration****OMB APPROVAL**

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Name of Investment Adviser:					
Address:	(Number and Street)	(City)	(State)	(Zip Code)	Area Code: Telephone number: ()

**This part of Form ADV gives information about the investment adviser and its business for the use of clients.
The information has not been approved or verified by any governmental authority.**

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(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

**Potential persons who are to respond to the collection of information contained in this form
are not required to respond unless the form displays a currently valid OMB control number.**

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Applicant:

SEC File Number:
801-

Date:

- 1. A. Advisory Services and Fees.** (check the applicable boxes) For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)

Applicant:

- | | | | | |
|--------------------------|-----|---|-------|---|
| <input type="checkbox"/> | (1) | Provides investment supervisory services | _____ | % |
| <input type="checkbox"/> | (2) | Manages investment advisory accounts not involving investment supervisory services | _____ | % |
| <input type="checkbox"/> | (3) | Furnishes investment advice through consultations not included in either service described above | _____ | % |
| <input type="checkbox"/> | (4) | Issues periodicals about securities by subscription | _____ | % |
| <input type="checkbox"/> | (5) | Issues special reports about securities not included in any service described above | _____ | % |
| <input type="checkbox"/> | (6) | Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities | _____ | % |
| <input type="checkbox"/> | (7) | On more than an occasional basis, furnishes advice to clients on matters not involving securities | _____ | % |
| <input type="checkbox"/> | (8) | Provides a timing service | _____ | % |
| <input type="checkbox"/> | (9) | Furnishes advice about securities in any manner not described above | _____ | % |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

- B. Does applicant call any of the services it checked above financial planning or some similar term? Yes No
☐ ☐

- C. Applicant offers investment advisory services for: (check all that apply)

- | | |
|---|--|
| <input type="checkbox"/> (1) A percentage of assets under management | <input type="checkbox"/> (4) Subscription fees |
| <input type="checkbox"/> (2) Hourly charges | <input type="checkbox"/> (5) Commissions |
| <input type="checkbox"/> (3) Fixed fees (not including subscription fees) | <input type="checkbox"/> (6) Other |

- D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

- 2. Types of clients** - Applicant generally provides investment advice to: (check those that apply)

- | | |
|--|---|
| <input type="checkbox"/> A. Individuals | <input type="checkbox"/> E. Trusts, estates, or charitable organizations |
| <input type="checkbox"/> B. Banks or thrift institutions | <input type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies | <input type="checkbox"/> G. Other (describe on Schedule F) |
| <input type="checkbox"/> D. Pension and profit sharing plans | |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

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3. Types of Investments. Applicant offers advice on the following: (check those that apply)

- | | |
|---|---|
| <input type="checkbox"/> A. Equity securities | <input type="checkbox"/> H. United States government securities |
| <input type="checkbox"/> (1) exchange-listed securities | <input type="checkbox"/> I. Options contracts on: |
| <input type="checkbox"/> (2) securities traded over-the-counter | <input type="checkbox"/> (1) securities |
| <input type="checkbox"/> (3) foreign issuers | <input type="checkbox"/> (2) commodities |
| <input type="checkbox"/> B. Warrants | <input type="checkbox"/> J. Futures contracts on: |
| <input type="checkbox"/> C. Corporate debt securities (other than commercial paper) | <input type="checkbox"/> (1) tangibles |
| <input type="checkbox"/> D. Commercial paper | <input type="checkbox"/> (2) intangibles |
| <input type="checkbox"/> E. Certificates of deposit | <input type="checkbox"/> K. Interests in partnerships investing in: |
| <input type="checkbox"/> F. Municipal securities | <input type="checkbox"/> (1) real estate |
| <input type="checkbox"/> G. Investment company securities: | <input type="checkbox"/> (2) oil and gas interests |
| <input type="checkbox"/> (1) variable life insurance | <input type="checkbox"/> (3) other (explain on Schedule F) |
| <input type="checkbox"/> (2) variable annuities | <input type="checkbox"/> L. Other (explain on Schedule F) |
| <input type="checkbox"/> (3) mutual fund shares | |

4. Methods of Analysis, Sources of Information, and Investment Strategies.

A. Applicant's security analysis methods include: (check those that apply)

- | | |
|--|--|
| (1) <input type="checkbox"/> Charting | (4) <input type="checkbox"/> Cyclical |
| (2) <input type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input type="checkbox"/> Technical | |

B. The main sources of information applicant uses include: (check those that apply)

- | | |
|--|--|
| (1) <input type="checkbox"/> Financial newspapers and magazines | (5) <input type="checkbox"/> Timing services |
| (2) <input type="checkbox"/> Inspections of corporate activities | (6) <input type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input type="checkbox"/> Research materials prepared by others | (7) <input type="checkbox"/> Company press releases |
| (4) <input type="checkbox"/> Corporate rating services | (8) <input type="checkbox"/> Other (explain on Schedule F) |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- | | |
|---|--|
| (1) <input type="checkbox"/> Long term purchases
(securities held at least a year) | (5) <input type="checkbox"/> Margin transactions |
| (2) <input type="checkbox"/> Short term purchases
(securities sold within a year) | (6) <input type="checkbox"/> Option writing, including covered options,
uncovered options or spreading strategies |
| (3) <input type="checkbox"/> Trading (securities sold within 30 days) | (7) <input type="checkbox"/> Other (explain on Schedule F) |
| (4) <input type="checkbox"/> Short sales | |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

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5. Education and Business Standards.

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? ☐ Yes ☐ No
(If yes, describe these standards on Schedule F.)

6. Education and Business Background.

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- year of birth
- formal education after high school
- business background for the preceding five years

7. Other Business Activities. (check those that apply)

- ☐ A. Applicant is actively engaged in a business other than giving investment advice.
- ☐ B. Applicant sells products or services other than investment advice to clients.
- ☐ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

8. Other Financial Industry Activities or Affiliations. (check those that apply)

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- | | |
|--|--|
| <input type="checkbox"/> (1) broker-dealer | <input type="checkbox"/> (7) accounting firm |
| <input type="checkbox"/> (2) investment company | <input type="checkbox"/> (8) law firm |
| <input type="checkbox"/> (3) other investment adviser | <input type="checkbox"/> (9) insurance company or agency |
| <input type="checkbox"/> (4) financial planning firm | <input type="checkbox"/> (10) pension consultant |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer |
| <input type="checkbox"/> (6) banking or thrift institution | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest? . ☐ Yes ☐ No

(If yes, describe on Schedule F the partnerships and what they invest in.)

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9. Participation or Interest in Client Transactions.

Applicant or a related person: (check those that apply)

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☐ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☐ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☐ E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

10. Conditions for Managing Accounts. Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account?

Yes No

☐ ☐

(If yes, describe on Schedule F)

11. Review of Accounts. If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

B. Describe below the nature and frequency of regular reports to clients on their accounts.

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12. Investment or Brokerage Discretion.

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

- | | Yes | No |
|--|--------------------------|--------------------------|
| (1) securities to be bought or sold? | <input type="checkbox"/> | <input type="checkbox"/> |
| (2) amount of the securities to be bought or sold? | <input type="checkbox"/> | <input type="checkbox"/> |
| (3) broker or dealer to be used? | <input type="checkbox"/> | <input type="checkbox"/> |
| (4) commission rates paid? | <input type="checkbox"/> | <input type="checkbox"/> |

B. Does applicant or a related person suggest brokers to clients?

Yes No
☐ ☐

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for product and research services received.

13. Additional Compensation.

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- | | | |
|---|---------------------------------|--------------------------------|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? | Yes
<input type="checkbox"/> | No
<input type="checkbox"/> |
| B. directly or indirectly compensates any person for client referrals? | Yes
<input type="checkbox"/> | No
<input type="checkbox"/> |

(For each yes, describe the arrangements on Schedule F.)

14. Balance Sheet. Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

Has applicant provided a Schedule G balance sheet?

Yes No
☐ ☐

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

Schedule F of		Applicant:	SEC File Number:	Date:
Form ADV				
Continuation Sheet for Form ADV Part II		Arque Advisors, LLC	801 - 68334	March 25, 2009
(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)				
1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:			IRS Empl. Ident. No.:	
Arque Advisors, LLC			26-0683210	
Item of Form				
(identify)	Answer			
Introduction	<p>This document is being offered to you on behalf of Arque Advisors, LLC (“Arque”) so as to provide you with information about the services Arque provides and the manner in which those services are made available to its clients.</p> <p>A copy of this disclosure document shall be provided to the client prior to, or contemporaneously with, the execution of any Client Advisory Agreement (“CAA”) between each client and Arque. Any client who has not received a copy of Arque’s written disclosure statement at least forty-eight (48) hours prior to executing any advisory agreement shall have five (5) business days subsequent to executing the agreement to terminate Arque’s services and to receive a full refund of all client monies already paid without penalty.</p> <p>Prior to engaging Arque to provide investment advisory services, the client will be required to enter into an advisory agreement with Arque and a separate custodial/clearing agreement. The advisory agreement shall set forth the terms and conditions of the engagement, and describes the scope of the services to be provided and the fees for such.</p> <p>In performing its services, Arque shall not be required to verify any information received from the client or from the client’s other professionals, and is expressly authorized to rely thereon. If requested by the client, Arque may recommend and/or engage the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Arque.</p> <p><u>Proxy Voting</u></p> <p>Unless specifically agreed to otherwise, Client shall be responsible for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the Client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other types of events pertaining to the Assets. Adviser assumes no responsibility in connection with client proxy notices or voting thereof.</p>			
Item 1.A.(1) and 1.A.(2)	<p>Arque may provide investment supervisory services. Such service may be provided on a discretionary or non-discretionary basis and would include ongoing monitoring and supervision of the client’s account(s).</p> <p>Arque may also manage investment advisory accounts not involving investment supervisory services. Such service may be provided on a discretionary or non-discretionary basis. For ease of reference, this service type shall be referred to as “asset management” services.</p> <p>In order to determine a suitable course of action for an individual client, Arque shall perform a review of the client’s financial circumstances. Such review may include, but would not necessarily be limited to, investment objectives, consideration of the client’s overall financial condition, income and tax status, personal and business assets, risk profile, and other factors unique to the client’s particular circumstances.</p> <p>Some examples of Arque’s investment advisory services may include the following:</p>			

<p>Item 1.A.(1) and 1.A.(2) (continued)</p>	<ul style="list-style-type: none"> • Arque’s investment advisory services involve the management of investment assets on behalf of certain pooled investment vehicles, such as hedge funds. • Arque may utilize services of sub-advisers and established third-party research services to assist Arque with formulating asset allocation, industry and sector selection, and individual investment recommendations in constructing and maintaining custom portfolios. • Arque may also recommend products or services managed or offered by other investment advisers or other parties (third parties) that may or may not be affiliated with Arque. Such products or services may include, but would not be limited to, “separately managed account programs” as well as “wrap fee programs.” <p>A “separately managed account program” is essentially a traditional brokerage account managed by an investment adviser. In the context of Arque’s services, Arque may refer its clients to outside investment advisers who would perform specific investment advisory or portfolio management services over clients’ accounts. Arque may recommend outside investment advisers to perform such services for its clients’ accounts and in turn, Arque will monitor such outside investment advisers’ performance with respect to such separately managed account programs. Specific services and fees related to such programs will be available in the outside investment adviser’s current disclosure document(s).</p> <p>A “wrap fee program” is a program that offers participants a suite of services such as asset allocation; portfolio management; trade execution; and certain administration activities, all for a single fee – typically an annual percentage of the client’s total assets under the investment adviser’s management. A wrap fee program(s) is designed to assist clients in obtaining professional asset management services for a convenient single "wrapped" fee.</p> <p>Currently, Arque sponsors a wrap fee program, the ArqueManager. Arque shall offer a wrap fee brochure or other appropriate disclosure document to any advisory clients who are recommended to participate in a wrap program(s). The wrap fee brochure provides clients with disclosure information about the wrap fee program itself. Arque shall also provide a copy of current disclosure document for the specific investment manager(s) selected to manage a client's assets in a wrap program(s). A wrap program participant should consider all of the information within the wrap fee brochure and the selected investment manager's disclosure document before participating in a wrap fee program recommended by Arque.</p> <p>The selection of investment managers may be provided on a discretionary or non-discretionary basis where Arque has the authority to hire or fire the investment manager. The decision to hire or fire a particular investment manager will be based upon continued suitability and performance of a client’s account.</p> <p>In making investment decisions on behalf of the client, Arque shall rely on a client profile document or client questionnaire, which would be completed by the client.</p> <p>Fees for Arque’s advisory services described in this section may involve the following fee type:</p> <ul style="list-style-type: none"> • Percentage of Assets Under Management • Performance Fees <p>Please refer to Item 1.D below for specific details related to the fees Arque may charge for its investment supervisory or asset management services.</p>
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<p>Item 1.A.(3)</p>	<p>Arque may furnish investment advice through consultations not included in any of the services described above. Arque may prepare a written financial plan as part of its advisory services. Arque's written financial plan services may involve consultation, analysis, and recommendations in the six areas of financial planning, which include (1) financial situation; (2) income taxes; (3) insurance; (4) investments; (5) retirement planning; and (6) estate planning.</p> <p>In order to determine a suitable course of action for an individual client, Arque shall perform a review of the variables that are presented. Such review may include, but would not necessarily be limited to, investment objectives, consideration of the client's overall financial condition, income and tax status, personal and business assets, risk profile, and other factors unique to the client's particular circumstances.</p> <p>Arque shall review the client's present financial situation and issue a written analysis and report of recommendations in accordance with the client's goals and objectives. This service may include an initial consultation and subsequent follow-up visits. Arque, unless engaged separately to do so, will not be responsible for the implementation of the plan. The client assumes full responsibility for the implementation of the plan. The services provided in this regard may include but would not be limited to the following:</p> <ul style="list-style-type: none"> • Preparation of an annual net worth statement; • Create a cash flow statement; • Review current investments and make recommendations thereon; • Review client's most recent tax returns and provide tax planning advice or tax preparation services; • Review client's life insurance and disability insurance and make recommendations thereon; • Review client's estate plan and make recommendations thereon; • Review of third party service providers; • Complete a retirement analysis; and • Provide education planning advice. <p>Arque's fees for a written financial plan may be affected by several factors such as the complexity of pertinent circumstances, the responsibility assumed by Arque, the potential benefit resulting to the client and the perceived probability of certain anticipated complications that may arise. Although not an all-inclusive list, the following factors may impact the fee(s) charged to a client.</p> <ul style="list-style-type: none"> • investment objectives; • consideration of the client's overall financial condition, including current financial holdings; • net worth; • income and tax status, personal and business assets; • marital status; • number of dependents; • risk profile; • previous investment experience; and • other factors unique to the client's particular circumstances. <p>It should be noted that the above listed factors are NOT intended to represent prospective examples of ALL factors that may contribute to the ultimate fee determination for any given client, however, any of these factors COULD contribute to such. Further, no single one of these factors should be solely relied upon in a client's fee arrangement(s) determination.</p> <p>Fees for Arque's advisory services described in this section may involve the following fee types:</p> <ul style="list-style-type: none"> • Fixed/Flat Fees • Hourly fees
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Item 1.A.(3) (continued)	Please refer to Item 1.D below for specific details related to the fees Arque may charge for its services described in this section.										
Item 1.A.(7)	<p>On more than an occasional basis, individuals associated with Arque may furnish advice to the client on matters not involving securities. Such matters may involve issues related to tax planning and/or preparation, insurance-related products, and general consulting services.</p> <p>As part of these services, the client may or may not engage Arque to provide to him/her with any written documentation that supports recommendations or conclusions reached in advising the client. If the client wishes to engage Arque for some type of service not specifically mentioned or referred to in the services noted above, he/she must then provide Arque with guidance as to the scope of the engagement.</p> <p>Fees for Arque’s advisory services described in this section may involve the following fee types:</p> <ul style="list-style-type: none"> • Fixed/Flat Fees • Hourly fees <p>Please refer to Item 1.D below for specific details related to the fees Arque may charge for its services described in this section.</p>										
Item 1.D	<p>The following information shall address the fees that Arque may charge for the services described in the previous sections. Information noted below shall address the general fee ranges, calculation methods, billing frequency, and manner of billing.</p> <p><i>Annual Asset-Based Fee:</i></p> <table border="1" data-bbox="412 1083 1370 1320"> <thead> <tr> <th>Account(s) Value</th><th>Annual Percentage</th></tr> </thead> <tbody> <tr> <td>Less than \$1,000,000</td><td>1.10 %</td></tr> <tr> <td>\$1,000,001– \$3,000,000</td><td>1.00%</td></tr> <tr> <td>\$3,000,001 and up</td><td>Negotiable</td></tr> <tr> <td colspan="2">This schedule is used as a guideline only; all fees are subject to negotiation at the sole discretion of Arque.</td></tr> </tbody> </table> <p>Assessment of Annual Asset-Based Fees:</p> <p>Arque shall bill client on a quarterly (calendar) basis. The first bill (“inception bill”) shall be calculated and prorated according to the date (“inception date”) of execution of the CAA and shall be payable at the end of the calendar quarter in which the initial meeting between the client and Arque takes place. The inception bill shall be based upon a percentage of assets in client’s account(s) as of the inception date. This fee portion shall be referred to as the “inception fee.”</p> <p>At the same time the inception fee is calculated, Arque shall also calculate, in advance, the next quarter’s fee based upon a percentage of the assets contained in client’s account(s) as of the last business day of that calendar quarter. This fee amount shall be calculated by assessing one quarter (1/4) of the total annual percentage charged against the assets in client’s account(s). Client’s first bill shall include the inception fee and the first full quarter’s fee (advanced). Thereafter, each subsequent quarterly fee shall be calculated, in advance, based upon the dollar amount of assets in client’s account(s) as of the last business day of each calendar quarter.</p> <p>In the event of termination, the client will receive a pro rata refund of any pre-paid fees attributable to any</p>	Account(s) Value	Annual Percentage	Less than \$1,000,000	1.10 %	\$1,000,001– \$3,000,000	1.00%	\$3,000,001 and up	Negotiable	This schedule is used as a guideline only; all fees are subject to negotiation at the sole discretion of Arque.	
Account(s) Value	Annual Percentage										
Less than \$1,000,000	1.10 %										
\$1,000,001– \$3,000,000	1.00%										
\$3,000,001 and up	Negotiable										
This schedule is used as a guideline only; all fees are subject to negotiation at the sole discretion of Arque.											

Item 1.D
(continued)

period after the date of termination.

Annual Asset-Based Fees (third-party adviser):

Outside managers recommended or selected by Arque charge their own advisory fees for managing client assets/accounts. Such fees shall generally be based on a percentage of the assets under management. Arque's fees are subject to negotiation and are separate from the fees charged by such outside money managers. Additional details related to fees charged by outside investment advisers will be explained in any such adviser's disclosure document.

Assessment of Annual Asset-Based Fees (third-party adviser)

The fees charged by other investment advisers shall be assessed by such parties. Such fees may be charged in advance or in arrears; monthly, quarterly, or annually. Further, fees may be collected via the custodian or by way of direct billing by such investment adviser. Regardless of the other investment adviser's billing practices, Arque's compensation shall be received by Arque from the other adviser in accordance with the normal and customary billing practices as outlined in the outside investment adviser's disclosure document.

Fixed Fees:

Arque may charge a fixed fee for its advisory services. Arque's fixed fee range is from \$1,000 to \$75,000 on an annual basis, depending upon the level and scope of the services required. Alternatively, Arque may charge a one-time fixed fee for its advisory services, which could include or be limited solely to financial planning services.

The services that may correspond to the designated fixed fee amount may vary. Arque is unable to forecast the exact services that may be involved for the client who is charged \$1,000 or one who is charged \$75,000 for Arque's services on a fixed-fee basis. As such, the determination of the fixed-fee amount will vary based upon any number of factors which may be specific to each individual client's set of circumstances. Advisory services that are anticipated to be more complex will generally warrant a higher fixed-fee amount. Less complex services may generally result in a lower fixed-fee amount.

There is no set group of services that may be obtained at the \$1,000 level nor any particular set of services that may be obtained at the \$75,000 level. The fixed-fees will be based on the complexity of the service that is anticipated to be necessary for the particular client.

Arque's fixed fee for providing advisory services is determined based on anticipated work to be done. Since Arque cannot accurately determine the fee amount until learning about the client's financial circumstances, it is Arque's practice to provide an initial, no obligation, no cost meeting in order to become familiar with the client's circumstances. Arque will obtain information from the client verbally and on any current information gathering documents approved for use by Arque. The information gathered during this session will assist Arque in determining the fee amount for the client's advisory services.

Assessment of Fixed Fees :

Upon the determination of a one-time fixed fee arrangement, Arque may request advance payment of one half of the entire fixed fee amount prior to performing the agreed upon advisory services. Upon completion of the services any unpaid portion of the initially agreed upon fixed fee shall be due within 15 calendar days of the date of the invoice provided to the client.

In the event of termination of the CAA, the client will receive a pro rata refund of any pre-paid fees attributable to any period after the date of termination.

Item 1.D
(continued)

Hourly Fees:

Arque may charge an hourly fee for its advisory services. Arque's hourly fees are negotiable, but generally range from \$350 to \$500 on an hourly basis, depending upon the level and scope of the services required.

Arque's hourly rate is determined based on anticipated work to be done. Since Arque cannot accurately determine the hourly fee amount until learning about client's financial circumstances, it is Arque's practice to provide an initial, no obligation, no cost meeting in order to become familiar with the client's circumstances.

The services that may correspond to the designated hourly fee amount may vary. Arque is unable to forecast the exact services that may be involved for a client who is charged \$350 as opposed to \$500 for Arque's services on an hourly-fee basis. As such, the determination of the hourly-fee amount will vary based upon any number of factors that may be specific to each individual client's set of circumstances. Advisory services that are anticipated to be more complex will generally warrant a higher hourly-fee amount. Less complex services may generally result in a lower hourly-fee amount.

There is no set group of services that may be obtained at the \$350 level nor any particular set of services that may be obtained at the \$500 level. The hourly-fees will be based on the complexity of the service that is anticipated to be necessary for the particular client(s).

Arque will obtain information from the client verbally and on any current information gathering documents approved for use by Arque. The information gathered during this session will assist Arque in determining the most appropriate course of action for the client's financial and investment activity.

Assessment of hourly fees:

Hourly fees will be billed in arrears, as specific services are performed. Hourly fees shall be calculated by multiplying the number of hours of service performed by the designated hourly rate (i.e. # of hours times designated hourly rate). Arque shall bill in increments of fifteen (15) minutes.

In most cases, an invoice shall be presented to the client at the point of service and payment shall be due and payable at that time. In cases where the client does not satisfy an outstanding hourly fee amount at a point of service, an invoice shall be generated and submitted to the client. Such invoices shall generally be prepared not later than the fifth business day of the calendar month following the month in which the service(s) was performed that resulted in the fee. The invoice shall be payable by the twentieth business day of the calendar month following the month in which the service(s) was performed that resulted in the fee.

Performance-Based Compensation

In consideration of the investment management services provided by Arque, Arque may offer a performance-based fee arrangement. This fee arrangement shall be comprised of two components.

- 1) An annual percentage of assets under management; and
- 2) An annual (12-month rolling period) performance-based fee.

Arque's performance-based fee arrangement will be limited to those individuals who can be defined as a "qualified client," as defined by Rule 205-3 of the Investment Advisers Act of 1940. The term, "client" shall refer to (1) an individual or (2) a company. The term, "company," shall be understood to mean a corporation, a partnership, an association, a joint-stock company, a trust, or any organized group of persons, whether incorporated or not; or any receiver, trustee in a case under USC Title 11 (Bankruptcy), or similar official, or any liquidating agent for any of the foregoing, in his capacity as such. The term company does NOT include a company that is required to be registered under the Investment Company Act of 1940 but is

Item 1.D
(continued)

not so registered.

In its efforts to determine whether a client meets the qualifying criteria of a “qualified client,” Arque shall request certain information from its clients in order to obtain a complete understanding of the client’s current financial situation and position. In accordance with its obligations under Rule 205-3, Arque may require its clients to provide records relating to certain financial information of its clients. Clients who do not meet the criteria of a “qualified client” may be unable to engage Arque as their investment adviser.

Assessment of Annual Fees in Connection with Performance-Based Compensation:

Arque shall bill client on a quarterly (calendar) basis. The first bill (“inception bill”) shall be calculated and prorated according to the date (“inception date”) of execution of the CAA and shall be payable at the end of the calendar quarter in which the initial meeting between the client and Arque takes place. The inception bill shall be based upon a percentage of assets in client’s account(s) as of the inception date. This fee portion shall be referred to as the “inception fee.”

At the same time the inception fee is calculated, Arque shall also calculate, in advance, the next quarter’s fee based upon a percentage of the assets contained in client’s account(s) as of the last business day of that calendar quarter. This fee amount shall be calculated by assessing one quarter (1/4) of the total annual percentage charged against the assets in client’s account(s). Client’s first bill shall include the inception fee and the first full quarter’s fee (advanced). Thereafter, each subsequent quarterly fee shall be calculated, in advance, based upon the dollar amount of assets in client’s account(s) as of the last business day of each calendar quarter.

In the event of termination, the client will receive a pro rata refund of any pre-paid fees attributable to any period after the date of termination.

If any advisory relationship begins after the first day of a quarter or terminates before the last day of a quarter, fees are prorated accordingly, and, in the event of termination, the client will receive a refund of any pre-paid fees attributable to any period after the termination.

Assessment of Annual Performance Fee:

Arque’s performance fee shall be calculated no less frequently than on a quarterly basis but shall cover a rolling, 12-month period of time. The quarterly performance fee shall be calculated as 10% of net profits, before the assessment of Arque’s monthly management fees. The quarterly beginning and ending account balances as reflected by the custodian shall be the account value figures upon which the performance fees will be based. The account balances include the net value of any open trades as well as any realized/unrealized gains and/or losses and cash balances reflected as of the date indicated on statement itself. The quarterly performance fees shall be calculated based on the beginning net asset value and ending net asset value reported by the custodian each quarter. The difference between these two amounts shall be adjusted by subtracting deposits and adding back withdrawals made during that period. The quarterly performance figure shall then be applied against that adjusted difference amount, before the assessment of Arque’s monthly management fees.

If there were losses in a quarter, those losses will be carried forward into the next quarter for the purpose of calculating the profit figure(s) on which Arque’s performance-based fees shall be calculated. Losses carried forward will have to be recovered by way of realized/unrealized gains in the account before any quarterly performance fees will be assessed. These values will be calculated each quarter.

The annual (rolling, 12-month period) performance fee shall be based on the net equity increase in market value of the client’s total assets under management by Arque. The annual net equity increase shall be understood to be the percentage difference between the net equity market value of a client’s total assets

Item 1.D
(continued)

(plus/minus additions or withdrawals) under Arque's management on the last business day of a calendar quarter compared to the net equity market value of a client's total assets under Arque's management on the first business day of that same calendar quarter.

Performance-Based Fee schedule:

Annual Management Fee	
Account(s) Value	Annual Percentage
Greater than \$0.00	0.60% - 1.00%
PLUS	
Annual Performance Fee	
Annual Percentage Change In Net Equity	Annual Performance Percentage Assessment
0.00 % or less	0.00 %
Greater than 0.00 %	10.00 %
This schedule is used as a guideline only; all fees are subject to negotiation at the sole discretion of Arque.	

Arque, in its sole discretion, may charge a lesser (or no) management fee based upon certain criteria (i.e. existing financial planning client relationship, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

Arque shall not collect a quarterly performance-based fee from a client until any previous losses to the client's account(s) have been recovered. Annual management fees shall continue to be assessed regardless of quarterly performance. No increase in Arque's fee(s) shall be effective without prior written notification of at least thirty (30) days to the Client.

Other Fee Considerations:

Billing by custodian. Contemporaneously with the execution of the CAA, the client may be asked to sign an authorization that will allow the custodian of any of his/her accounts to debit such account(s) the amount of certain service fees owed to Arque and remit such to Arque. The authorization shall remain valid until a written revocation of the authorization is received by Arque. In connection with this fee deduction process, the custodian shall send to the client a statement, at least quarterly, indicating:

- all amounts disbursed from the account, and
- the amount of advisory fees paid directly to Arque.

Via direct billing. If so desired, the client may choose to be billed directly by Arque for Arque's fees. If so chosen, the client shall be invoiced by the fifth business day of the month subsequent to the most recently ended calendar quarter. Payments shall be due on or by the final business day of the month in which the invoice is generated.

Arque, in its sole discretion, may charge a lesser or no advisory fee based upon certain criteria (i.e. anticipated future earnings capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with the client, etc.). No increase in Arque's fee(s) shall be effective without prior written notification of at least thirty (30) days to the client.

In addition to Arque's investment advisory fee(s), the client may be assessed other fees by parties independent from Arque. The client may also incur, relative to certain investment products (such as mutual

Item 1.D (continued)	<p>funds), charges imposed directly at the investment product level (e.g. advisory fees, administrative fees, and other fund expenses). Brokerage fees/commissions charged to the client for securities trade executions may be billed to the client by the broker-dealer or custodian of record for the client account, not Arque. Any such fees are exclusive of, and in addition Arque’s compensation. The client acknowledges he/she will be solely and directly responsible for fees, including other than Arque’s fees billed directly to the client.</p> <p>Termination</p> <p>Either party may terminate the services described above, with written thirty-day notice to the other. Any charges incurred prior to termination will be charged pro rata based upon the period covered. Termination requests may be sent to Arque at the following address:</p> <p style="text-align: center;">Arque Advisors, LLC 101 Milton Road Rye, New York 10580</p>																																													
Item 3.(K)(3) and Item 3.(L)	From time to time, Arque may provide investment advisory services in regard to investment-related partnerships or other pooled investment vehicles. Typically, such products shall be products such as Direct Participation Programs or privately placed securities that are typically exempt from registration under the Securities Act of 1933 in reliance on an exemption such as the provisions set forth under Regulation D.																																													
Item 4.A.(5)	In addition to the methods selected in Item 4.A, Arque utilizes statistical/analytical models and algorithms as a means of analyzing certain managed portfolios.																																													
Item 4.B.(8)	In addition to the sources selected in Item 4.B, Arque also utilizes due diligence filings as information gathering tools.																																													
Item 5	Any associated person of Arque providing investment advice to be delivered to or used on behalf of a client is required to meet the specific state registration and licensing/examination requirements in order to provide such advice. This licensing typically involves the Series 65 or the combination of the Series 66 plus the Series 7.																																													
Item 6	<table><tr><td colspan="3">Education and Business Background</td></tr><tr><td>Name:</td><td colspan="2">David Bullock</td></tr><tr><td>Year of Birth:</td><td colspan="2">1949</td></tr><tr><td colspan="3">Formal education after high school.</td></tr><tr><td>Institution</td><td>Degree / Major</td><td>Years</td></tr><tr><td>University of Chicago</td><td>MBA, International Finance and Statistics</td><td>1972-1974</td></tr><tr><td>Princeton University</td><td>BA, Economics</td><td>1968-1972</td></tr><tr><td colspan="3">Business background for the preceding five years.</td></tr><tr><td>Entity</td><td>From</td><td>To</td></tr><tr><td>Arque Advisors, LLC</td><td>07/2007</td><td>Present</td></tr><tr><td>Milbank Roy Securities, LLC</td><td>01/2008</td><td>Present</td></tr><tr><td>Milton Associates, LLC</td><td>01/2002</td><td>Present</td></tr><tr><td>Arque & Co. Inc.</td><td>01/2005</td><td>01/2008</td></tr><tr><td>Arque Capital, Ltd.</td><td>12/2005</td><td>01/2008</td></tr><tr><td>Lyster Watson & Co.</td><td>10/2001</td><td>06/2006</td></tr></table>	Education and Business Background			Name:	David Bullock		Year of Birth:	1949		Formal education after high school.			Institution	Degree / Major	Years	University of Chicago	MBA, International Finance and Statistics	1972-1974	Princeton University	BA, Economics	1968-1972	Business background for the preceding five years.			Entity	From	To	Arque Advisors, LLC	07/2007	Present	Milbank Roy Securities, LLC	01/2008	Present	Milton Associates, LLC	01/2002	Present	Arque & Co. Inc.	01/2005	01/2008	Arque Capital, Ltd.	12/2005	01/2008	Lyster Watson & Co.	10/2001	06/2006
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Item 6 (continued)	Name:		Peter Bullock
	Year of Birth:		1979
	Formal education after high school.		
	Institution	Degree / Major	Years
	Union College	BA, History	1998-2002
	Business background for the preceding five years.		
	Entity	From	To
	Arque Advisors, LLC	07/2007	Present
	Arque & Co. Inc.	09/2006	01/2008
	NYSE Regulation	05/2005	08/2006
	Cadwalader, Wickersham & Taft	01/2003	04/2005
	Name:		Andrew Lampert
	Year of Birth:		1955
	Formal education after high school.		
	Institution	Degree / Major	Years
	Northwestern University, Kellogg Graduate School of Business	MBA	1982
	Northwestern University	BA	1973-1977
	Business background for the preceding five years.		
	Entity	From	To
Arque Advisors, LLC	11/2007	Present	
Valuation Associates LLC	07/2007	11/2007	
Lampert and Associates	09/2005	11/2007	
Icon International	03/2002	04/2004	
Item 8.C(12) and Item 8.D	Arque is affiliated with Milton Associates, LLC (“Milton”). Milton is the General Partner of an investment-related limited partnership to which Arque provides investment advisory services, the Arque Constellation Fund, LP.		
Item 9	<p><u>Code of Ethics</u></p> <p>At Arque, we take great pride in our commitment to serving our clients’ needs and the integrity with which we conduct our business. In our recent history, the financial services industry has come under significant scrutiny, especially in the area of the inherent responsibility of financial professionals to behave in the best interests of their clients.</p> <p>Pursuant to Rule 204A-1 under the Investment Advisers Act of 1940, Arque has developed a Code of Ethics (“Code”) as a means of memorializing our vision of appropriate and professional conduct in carrying out the business of providing investment advisory services. Our Code addresses issues such as the following:</p> <ul style="list-style-type: none">• Standards of conduct and compliance with applicable laws, rules, and regulations• Protection of material non-public information		

	<ul style="list-style-type: none"> • The addressing of conflicts of interest • Employee disclosure and reporting of personal securities holdings and transactions • The firm's IPO and private placement policy • The reporting of violations of the Code • Educating employees about the Code • Enforcement of the Code <p>Each of Arque's representatives has been furnished with a copy of our Code and has signed their names to a written acknowledgement attesting to their understanding of the Code and acceptance of its terms. A copy of our Code is available to all clients upon request.</p>
Item 10	<p>Generally, Arque shall impose a minimum account size of \$250,000 for its investment advisory services. Exceptions may be made at Arque's discretion.</p>
Item 11.A	<p>The Firm will review the client's account(s) monthly. The Designated Supervisor or his/her designee shall review the client accounts for best execution, suitability, and service. The Designated Supervisor will review the performance and cost basis for the client's transactions. The client's objectives are used to review for suitability. Monthly, transactions are reviewed referencing clients' objectives for any transaction that may not fit the client's stated objectives, or Arque's understanding of the client's objectives will be flagged and reviewed with the investment adviser representative placing the trade.</p> <p>Events that may trigger further client account reviews in addition to the standard quarterly review process may include, but would not be limited to, a notable increase in the volume of requests by the client to effect transactions in his/her account(s), where such transactions may appear to be inconsistent with the client's previously stated investment objectives. Other factors may include requests by the client to liquidate certain securities positions/contracts where such transactions may appear to be inconsistent with the client's previously stated investment objectives. Additional triggering factors could be the performance on an individual account being an outlier to the performance of accounts with similar investment objectives, and a very important trigger would be customer complaints. This last trigger would be a prime example of a trigger for an intermittent review of a client account.</p> <p>Number of reviewers: 1. Name and title of Designated Supervisor: Peter Bullock, Assistance Vice President/Chief Compliance Officer. Mr. Bullock will employ the procedures noted above for the client's account(s) subject to Arque's investment advisory services.</p>
Item 11.B	<p>Statements will be provided no less frequently than quarterly by the custodian (not by Arque) of the account identifying the account positions by cost basis, current price, and gains/(losses) for all securities transactions. Upon the client's request, a quarterly account appraisal may be created for the client as well as an annual year-end statement.</p> <p>For any pooled investment vehicles to which Arque may provide investment advisory services, the general partner or managing member of any such pooled investment vehicles shall ensure that all investors are provided a copy of the annual audit report within 120 days of the fiscal year-end of the pooled investment vehicle. Please refer to the offering materials for the pooled investment vehicle for further details.</p>
Item 12.A	<p>Arque may exercise discretion over the following areas:</p> <ol style="list-style-type: none"> 1) 12.A.(1): The specific securities to be bought or sold on the client's behalf; and 2) 12.A.(2): The amount of securities to be bought or sold on the client's behalf. <p>Arque will have authority to exercise its full discretion on the above named factors without restriction. If done so on a non-discretionary basis, Arque shall make certain recommendations that must be authorized</p>

	<p>by the client prior to Arque’s facilitation of any such transactions that may have been recommended. Arque shall observe any other specific limitations that may be imposed by the client in relation to this discretionary authority.</p> <p>Transactions for the client’s account generally will be effected independently, unless Arque decides to purchase or sell the same securities for several clients at approximately the same time. Arque may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable transaction rates. To the extent that Arque elects to aggregate client orders for the purchase or sale of securities, including securities in which Arque’s principal(s) and/or associated person(s) may invest, Arque shall generally do so in accordance with the parameters set forth in SEC No-Action Letter, <i>SMC Capital, Inc.</i> Arque shall not receive any additional compensation or remuneration as a result of the aggregation.</p>		
Item 12.B	<p>From time to time, Arque may refer the client to broker-dealers for the purposes of the effecting of securities transactions. For details as to what factors Arque may consider in selecting such broker-dealers, see below. Arque is not a broker-dealer. Unless the client directs otherwise, Arque shall generally recommend that all the client’s accounts be maintained at, by, or through certain other firms that are not affiliated with Arque. Such firms shall generally be broker-dealers that may also maintain registrations that allow such firms to engage in other types of businesses outside of their broker-dealer activities.</p> <p>Although not all-inclusive, Arque shall generally recommend the following custodian:</p> <table><tr><th>Custodian</th></tr><tr><td>Charles Schwab & Co., Inc.</td></tr></table> <p>Factors which Arque considers in recommending certain broker-dealers or custodians to clients may include such entity’s financial strength, reputation, execution, pricing, and service. In return for effecting securities transactions through certain broker-dealers/custodians, Arque or certain of its representatives may receive certain support services that may assist Arque in its investment decision-making process for all of Arque’s clients.</p> <p>In seeking best execution, the determinative factor is not always the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of brokerage services, including factors such as execution capability, commission rates, and responsiveness. Accordingly, although Arque will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for the client’s account transactions.</p> <p>The client may direct Arque to use a particular broker-dealer (subject to Arque’s right to decline and/or terminate the engagement) to execute some or all transactions for the client’s account. In such an event, the client will negotiate terms and arrangements for the account with that broker-dealer, and Arque will not seek better execution services or prices from other broker-dealers or be able to “batch” the client’s transactions for execution through other broker-dealers with orders for other accounts managed by Arque. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.</p>	Custodian	Charles Schwab & Co., Inc.
Custodian			
Charles Schwab & Co., Inc.			
Item 13.B	<p>Arque may enter into agreements with various independent solicitors that refer clients to the advisor. Arque does not charge clients introduced by third-parties fees or costs greater than the fees or costs Arque charges its advisory clients who were not introduced by the third-party solicitors, and have similar portfolios under management with Arque. Any such agreements must and be handled in accordance with the provisions of Rule 206(4)-3 under the Investment Advisers Act of 1940. For more information on our solicitor arrangements, please call (914) 316-8800.</p>		