



Form ADV Part 2A

Brochure Cover Page

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March 28, 2012

This brochure provides information about the qualifications and business practices of Franklin Street Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at the address and phone number listed above.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Franklin Street Advisors, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

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Franklin Street Advisors, Inc. (SEC No. 801-39635)

Item 4 Advisory Business

Franklin Street Advisors, Inc. (FSA) was formed in 1991 by Robert C. Eubanks, Jr. to provide independent strategic investment advice. FSA is a wholly owned subsidiary of Franklin Street Partners, Inc. (FSP) a privately owned corporation. Franklin Street Partners, Inc. is the holding company for this entity and four other private corporations all in the wealth management business.

Franklin Street Advisors, Inc. specializes in delivering high touch investment management services to high net worth individuals and institutional investors with unique needs. We combine strong asset allocation skills and experience managing a wide network of clients to construct and deliver customized investment solutions formulated to address client's unique goals and constraints.

FSA employs an open architecture platform to execute asset allocation solutions including equity, fixed income, commodities, real assets and alternative asset classes. FSA also provides managed separate accounts with in-house equity management, taxable and tax-exempt fixed income management.

FSA is the investment advisor for a subsidiary, Franklin Street Trust Company. The combined assets of FSA and FST under advisement are \$2 billion as of December 31, 2011. FSA does not provide investment advice for non-discretionary asset management.

Item 5 Fees and Compensation

FSA charges an Annual Fee based on a percentage of assets under management. The Annual Fee is calculated under an incremental approach, with reduced fees applicable only to those Account assets in excess of the relevant breakpoint. The Annual Fee is assessed quarterly in advance, based on the market value of Account assets as-of the last business day of the previous calendar quarter or at the initial funding of the Account. The Annual Fee is charged at inception on a prorated basis to reflect the number of days remaining in the current calendar quarter. If an Account is terminated for any reason, Client is entitled to a pro-rata refund of any pre-paid Annual Fee based upon the number of days remaining in the calendar quarter after termination.

Where applicable, Account asset values will be determined based on the trade date by an independent pricing service, where available, or otherwise in good faith at the value reflected on Advisor's or the relevant custodian's books and records. The Account asset value(s) used to calculate the Annual Fee may differ from that shown on Client's Account statement(s) due to settlement date accounting, treatment of accrued income, distributions, and/or necessary adjustments.

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Annual Fee based on Assets Under Management (excluding Fixed Income and Cash) is 1.0% for the first \$5 million in Assets, and .75% for assets over \$5 million.

Annual Fee based for Fixed Income and Cash Assets Under Management is .5% for the first \$5 million in Assets, .375% for assets over \$5 million.

Fees are negotiable based on such factors as the size of the account and related accounts, and the relative expense of servicing the account. Clients or Advisor may terminate the relationship at anytime, subject to written notification.

Clients may incur brokerage fees, mutual fund expenses, and other transaction fees in addition to the Annual Fee for asset management services. See section on Brokerage Practices for full explanation.

Item 6 Performance-Based Fees and Side-By-Side Management

FSA is the General Partner for two Hedge Fund of Funds (Franklin Street Multi-Strategy Funds). Both funds are only available to Qualified Purchasers. The General Partner earns a performance fee of 5% of annual "Net Capital Appreciation" of each interest computed on a "High Watermark" basis.

For a select number of clients, FSA is hired to provide due diligence on client directed investments. For this consultive relationship FSA is paid a flat fee or other negotiated fee. FSA may also manage assets on a discretionary basis for the same clients paying a fee for consulting services.

We have addressed potential conflicts of interest through the asset allocation process which eliminates potential for supervised persons to favor certain accounts over others. FSA has an asset allocation structure for clients not qualified for investment in the Franklin Street Multi-Strategy Fund. This allows clients with investment policy and or regulatory restrictions to access investments with similar characteristics. In addition, representatives are not compensated directly by performance fees earned from the Hedge Fund of Funds.

Item 7 Types of Clients

Franklin Street Advisors, Inc. provides investment management services for: High Net Worth Individuals, Institutional Investors, Corporations, Pension Plans, Non Profit Entities, Trusts, and Endowments.

Minimum relationship size is \$1 million.

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Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

The Asset Allocation Committee meets periodically to assess the current global investment environment and to formulate asset allocation strategies for equities, fixed income investments, and alternative investments.

We have three recommended Strategic Asset Allocation models available for clients - Growth, Moderate and Conservative with Strategic allocations and tactical allocations among Global Equities (Domestic/Non US Developed and Non US Emerging), Real Assets (Natural Resources/Commodities, and Real Estate), Diversifying Assets, and Global Fixed Income (Core, High Yield, and Emerging Market).

In addition to our Strategic Asset Allocation models, Franklin Street Advisors also constructs portfolios for clients with specific investment needs. Examples of specific investment portfolios are: Tax-Exempt Bond portfolios and Small Cap Growth Equity portfolio.

Investing in securities involves risk of loss that clients should be prepared to bear. FSA uses optimization tools to assist in the magnitude of our strategic and tactical positioning weights to minimize risk. We strive to achieve superior risk-adjusted returns, primarily through decreased portfolio volatility.

Item 9 Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Franklin Street Advisors, Inc. or the integrity of its management. Franklin Street Advisors, Inc. has no information applicable to this item.

Item 10 Other Financial Industry Activities and Affiliations

Franklin Street Securities, Inc., an affiliate of the Registrant, is a FINRA registered introducing broker/dealer utilized for trading flexibility and best execution. Franklin Street Advisors, Inc. may direct security trades to the affiliated Broker Dealer through a clearing agreement with Pershing, LLC in Jersey City, New Jersey. Brokerage details are discussed in section 12.

Franklin Street Trust Company (FST), an affiliate of FSA is a private, non-depository trust bank chartered by the State of North Carolina and fully regulated by the State of North Carolina Banking Commission. Franklin Street Advisors, Inc. is hired by FST to provide investment management services for clients of the Trust Co.

Franklin Street Advisors, Inc. and its subsidiary Franklin Street Advisors, LLC are managing members, respectively of Franklin Street Multi-Strategy Fund LLC, and Franklin Street Multi-Strategy Fund L.P. A select group of clients that are qualified investors have become limited partners.

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Richard V. Fulp is the General Partner of Franklin Street Ventures L.P. Franklin Street Ventures is a limited partnership involved in making venture capital investments. Some existing Franklin Street Advisors clients have become limited partners, but Franklin Street Advisors does not solicit its customers to become limited partners and they do not do so as customers of Franklin Street Advisors.

Franklin Street Trust Company is the Managing Member of FSP Manager of Managers LLC1 and FSP Manager of Managers LLCII. A select group of clients that are accredited investors and qualified investors have become limited partners.

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

Franklin Street Advisors, Inc. (FSA) has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Franklin Street Advisors, Inc. must acknowledge the terms of the Code of Ethics annually, or as amended.

Franklin Street Advisors, Inc. may in appropriate circumstances, consistent with clients' investment objectives, recommend to investment advisory clients, the purchase or sale of securities in which Franklin Street Advisors, Inc., or its affiliates have a position or interest. FSA's employees and persons associated with FSA are required to follow Franklin Street Advisors, Inc.'s Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of FSA and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for FSA's clients.

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

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Certain affiliated accounts may trade in the same securities with client accounts when consistent with FSA's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. FSA will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

FSA's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting compliance@franklin-street.com.

It is FSA's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. FSA will also 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. 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

Clients authorize Franklin Street Advisors, Inc., among other things, to select brokers for execution of transactions, including an affiliated broker dealer, Franklin Street Securities, Inc. (FSS). FSA uses Franklin Street Securities to execute trades for many accounts. When the FSS executes trades, client commission charges vary from \$.03 to \$.06 a share with a minimum of \$25.00 per trade. Pershing LLC is the clearing broker for FSS and charges between \$16 a trade up to \$.02 a share depending on execution. FSS is rebated the difference between the execution fee and the commission charged to the client.

Franklin Street Advisors, Inc. has a fiduciary obligation to seek and obtain the best execution for clients' under the circumstances of the particular transaction. FSA must execute securities transactions for clients in such a manner that the clients' total cost or proceeds in each transaction is the most favorable under the circumstances.

FSA considers a number of factors, including the execution capabilities required by the transactions; the importance to the account of speed efficiency and confidentiality; the broker dealer's apparent familiarity with sources from or to whom particular securities might be purchased or sold; the reputation and perceived soundness of the broker dealer, as well as other matters relevant to the selection of a broker dealer for portfolio transactions.

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FSA has centralized its investment decision making and order placement practices in a manner designed to obtain consistent treatment across client accounts and best execution of client orders. The practice of "bunching" or block client orders is also practiced and is another means in which best execution is obtained.

Commissions will vary between \$.03 to \$.06 per share for any broker trade executed directly with a third party broker or through Franklin Street Securities. Note: Lower commissions than those quoted above may be available. FSA has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular portfolio transaction. FSA generally seeks competitive commission rates; it will not necessarily pay the lowest commission. Transactions may involve specialized service on the part of the broker or dealer involved and thereby entail higher commissions than would be the case with other transactions requiring more routine services.

FSA obtains certain investment management related services from a variety of firms. These services include security research material, portfolio analysis software, security market technical data, similar services and other items that are permissible under Section 28(e) of the Securities Exchange Act. Compensation for these services may be in the form of commission dollars, indirect hard dollar payment to suppliers of these services made on our behalf from commission dollars, and direct payments by us from revenue generated by Franklin Street Securities and fee income received by FSA and FST. Occasionally mixed-use (partial research, partial non-research) items are purchased. An allocation of research percentage is calculated and paid by soft-dollar commission and Registrant pays the balance from its own funds. There may be conflicts of interests in making allocations for mixed-used products. Clients who grant complete discretion over broker selection may be paying for research services used for servicing accounts other than themselves.

Section 28(e) permits FSA, under certain circumstances to cause a client's account(s) to pay a commission to a broker in excess of the amount that would have been paid to another adequately qualified broker. In this circumstance, FSA would have determined in good faith that such commission is reasonable in relation to the value of brokerage and research services received. Brokerage and research services that may be provided under Section 28(e) include: advice as to the value of securities, the advisability of investing, purchasing or selling securities; analyses and reports concerning issuers, industries, securities, economic factors and trends.

The following are a selection of investment related services which we may compensate companies for with commission dollars:

Equity and Fixed Income Research and Opinion

Value Line

Bank Credit Analysis

System Based Investment Analytical Tools

Bloomberg

Bond Edge

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Economic and Technical Analytical Services
ISI - Daily Economic Report
Exchange Quote Market Data
Reuters
New York Stock Exchange

Item 13 Review of Accounts

Accounts are under a continual review via a portfolio management system that values each portfolio. Each account is reviewed regularly by the client portfolio strategist (CPS) responsible for the relationship to determine that investment objectives are being met. The CPS receives monthly evaluations of accounts and quarterly statistical performance comparisons with market indices.

All clients will receive at most monthly and at least quarterly account statements mailed directly from a qualified custodian. On a quarterly basis, each client will receive a market outlook letter and a report detailing the performance of their account(s). Clients may also review account activity and holdings via a secure internet connection.

Client meetings will be held quarterly, semi-annually or annually based on the client's preference, and will be devoted to reviewing performance, strategy, and any changes in goals and objectives with a supervised relationship manager. Additionally, special reports such as gain and loss, cash flows, capital appreciation, etc. will be available occasionally or regularly to any client with an expressed need for such reporting.

Item 14 Client Referrals and Other Compensation

Franklin Street Advisors sometimes compensates third party investment advisors who are unrelated to FSA for client referrals. Under this circumstance the fee paid to the investment advisors making the referral is negotiated, but is never more than 1/4 of the fee paid by the client.

In cases where clients are referred by supervised individuals related to brokerage firms, Franklin Street Advisors agrees to use the brokerage firm for transactions, if directed to do so by the client. Clients may pay higher commissions than otherwise incurred if FSA is directed to use a designated brokerage firm. A percentage of the annual advisory fees are remitted by FSA as compensation to the broker referring the client.

These arrangements are fully disclosed to all parties involved and comply with Investment Advisors Act Rule 206(4)-3. Clients will not pay additional advisory fees as a result of a referral payment arrangement. No differential exists between the advisory fees payable to FSA for a referred client and the advisory fees payable by other clients.

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Item 15 Custody

Clients receive a monthly statement from a qualified custodian that provides account information detailing all activity in related account(s). At least quarterly Franklin Street Advisors sends portfolio accounting based on the same accounts using a different presentation. We urge you to compare the custodial statement with the portfolio appraisal you receive from Franklin Street. There are several notable differences that will cause the reports to differ in total Market Value.

Below are explanations for typical differences between the reporting methodologies:

Timing differences - Franklin Street Advisors reports are provided on a trade date basis versus the settlement date reporting on the custodial reports. When a purchase or sale occurs on either of the last two business days of the month, that transaction is reported on the Franklin Street reports. Due to the regular three business day lag time for trade settlement, these trades will not be reflected on the monthly custodial statements.

Accrued Interest - Franklin Street Advisors reports accrued interest earned on bonds held in the account. Custodial statements do not include accrued interest.

Valuation differences – Franklin Street Advisors may use a different security pricing service than is used by the qualified custodian. Occasionally this creates a market value with a slightly different price. We see this more commonly with bond pricing.

Item 16 Investment Discretion

Investment advisory accounts are only accepted with full investment discretion. Therefore, FSA will make all decisions with respect to the selection and amount of securities bought and sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Franklin Street Advisors observes the investment policies, limitations and restrictions of the clients for which it advises. Each investment solution is formulated to address the individual client's goals and constraints.

Investment guidelines and restrictions must be provided to Franklin Street Advisors in writing.

Item 17 Voting Client Securities

Franklin Street Advisors is normally delegated the authority to vote proxies for client securities. Except where prohibited by law, FSA may in its reasoned discretion delegate some or all of the authority to third-parties, including the authority to vote upon Corporate Events. FSA currently contracts with Glass Lewis & Co., a leading institutional proxy analysis and recommendation firm. We vote in accordance with the recommendations of Glass Lewis & Co. unless we or our

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client expressly directs otherwise. If there is not a recommendation provided by Glass Lewis and & Co. our policy is to vote with management unless otherwise directed.

Clients may obtain a copy of Franklin Street Advisors' complete proxy voting policies and procedures upon request. Clients may also obtain information about how Franklin Street Advisors voted any proxies on behalf of their account(s) by contacting our Compliance Department.

Item 18 Financial Information

Registered investment advisers are required in this section to provide certain financial information and disclosures about the financial condition of the Advisor should certain conditions exist.

Franklin Street Advisors, Inc. has no financial commitments that are likely to impair its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.