



# Form ADV, Part 2A, Appendix 1 Wrap Fee Program Brochure March 31, 2014

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BOSC, Inc. d/b/a  
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This Wrap Fee Program Brochure is effective March 31, 2014 and provides information about the qualifications and business practices of BOSC, Inc. d/b/a BOK Financial Advisors (BOKFA).

If you have any questions about the contents of this Wrap Fee Program Brochure, please contact the Compliance Department at 1-877-781-6889.

The information in this Wrap Fee Program 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 BOKFA is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

BOKFA is an investment adviser registered with the SEC. Registration as an investment adviser with the SEC does not imply a certain level of skill or training.

**IRS Circular 230 Disclosure:** BOKFA, its affiliates, agents and employees are not in the business of providing tax, regulatory, accounting or legal advice. This brochure and any tax-related statements provided by BOKFA are not intended or written to be used, and cannot be used or relied upon, by any such taxpayer for the purpose of avoiding tax penalties. Any such taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

## Material Changes

This section discusses specific material changes that have been made to our previous Wrap Fee Program Brochure dated March 8, 2013 and provides you with a summary of such changes.

- This Wrap Fee Program Brochure has been completely revised and includes a new wrap program, the Portfolio Managers' Directed Program detailed on pages 9 and 15.
- Page 5 shows additional names that you may associate with BOKFA.
- Page 5 includes our updated assets under management totals as of December 31, 2013 as well as our new investment strategies.
- Page 22 shows our new affiliate, **GTrust** Financial Partners, a trust company under the section Other Financial Industry Activities and Affiliations.
- Page 21 shows another new affiliate, MBM Advisors, Inc., an SEC registered investment adviser and full-service retirement and pension plan firm.
- There are additional disclosures regarding compensation that may be shared with our affiliates located on pages 15, 16, 23, and 24.
- We removed some disciplinary actions that occurred more than 10 years ago so are no longer reportable (pages 19 and 20).
- Our privacy policy is included on pages 24 and 25.

We will provide you with a new Wrap Fee Program Brochure as necessary based on SEC Rules or at your request, at any time, without charge.

Our Wrap Fee Program Brochure may be requested by contacting your BOKFA financial advisor or by calling 1-877-781-6889.

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## Services, Fees and Compensation

### *About BOSC/BOKFA*

BOSC, Inc., d/b/a BOK Financial Advisors (BOKFA) is an investment adviser registered with the Securities and Exchange Commission (SEC), as well as a registered broker-dealer and member of the Financial Industry Regulatory Authority (FINRA), the Securities Investor Protection Corporation (SIPC) and the Municipal Securities Rulemaking Board (MSRB). BOSC, Inc. (BOSC) is also an affiliate of BOKF, NA and Cavanal Hill Investment Management, Inc. (CHIM) and a wholly-owned subsidiary of BOK Financial Corporation (BOK Financial), the holding company of BOKF, NA. BOSC, Inc. has been registered as an investment adviser with the SEC since January, 1997.

BOSC is the brokerage affiliate of our principal owner, BOK Financial Corporation, and operates investment centers associated with BOKF, NA. The investment centers operate under the names: BancAlbuquerque Investment Center, BancArizona Investment Center, BancArkansas Investment Center, CSBT Investment Center, BancKansas City Investment Center, BancOklahoma Investment Center, and BancTexas Investment Center. The Investment Centers are located within bank locations operating under the names: Bank of Arizona, Bank of Albuquerque, Bank of Arkansas, Colorado State Bank and Trust, Bank of Kansas City, Bank of Oklahoma, and Bank of Texas. BOSC is also licensed as an insurance agency in some states under the names BOSC, Inc., BOSC Agency, Inc. and BOSC Insurance Services. As an institutional and public finance firm, BOSC serves the financial needs of individuals, corporations, government agencies, foundations, municipalities and institutional clients nationwide. It has a strong history in providing institutional investments, investment banking, public finance and tax exempt leasing services. BOK Financial is a publicly traded stock (BOKF) on the NASDAQ exchange.

BOSC offers clients the ability to create and execute personal investment strategies based on each client's goals and risk tolerance through completion of an Investment Profile Questionnaire and discussions with your Advisor. As one of the Southwest region's largest brokerage firms, BOSC serves the needs of retail investors nationwide and is licensed in all fifty states. With access to major exchanges and state-of-the-art systems, technology and resources, BOSC's experienced professional representatives are also able to provide appropriate transaction services to its clients.

BOKFA offers varied types of advisory services to clients, including investment advice, individual investment advisory management, financial planning, separately managed accounts and mutual fund/exchange traded fund account choices. As of December 31, 2013, BOKFA had \$ 278,726,227 in assets under management in 585 accounts. This includes \$7,630,096 managed on a discretionary basis (66 accounts) and \$271,096,131 managed on a non-discretionary basis (519 accounts).

In this document, BOSC, Inc. is referred to as "BOSC" when describing its activities as a broker-dealer or sponsor of the wrap fee programs. BOK Financial Advisors is used in association with advisory activities and may also be referred to as "BOKFA," "we," "us," or "our" throughout this document. "You" or "your" refers to our current or prospective clients.

### *About Pershing*

Pershing, LLC (Pershing) is a wholly owned subsidiary of The Bank of New York Mellon Corporation (BNY Mellon) and a member of FINRA, the New York Stock Exchange (NYSE), and SIPC. Many of our advisory accounts are custodied at Pershing. Pershing also provides clearing, recordkeeping and reporting services for these accounts. Pershing is a *qualified custodian* as defined under Rule 206(4)-2 of the Investment Advisers Act of 1940 (Advisers Act).

## MANAGED ACCOUNT PROGRAMS

**Customized Portfolio Solutions (CPS)** CPS is a discretionary fee-based investment management solution offering you a choice of investment programs. The CPS Programs include the Mutual Fund/Exchange Traded Fund Wrap Program (MF/ETF Wrap Program); Separately Managed Account Program (SMA Program); and Portfolio Managers' Directed Program (PM Directed Program). Clients are not limited to just one CPS Program.

BOKFA's financial advisors will provide you with an Investment Proposal after completing an Investment Profile Questionnaire ("Questionnaire"). This Questionnaire helps identify appropriate investment strategies for you based on your answers, investment and financial objectives, risk tolerance, and other information you may have shared with your financial advisor. The Questionnaire is designed to allow our financial advisors to (among other things):

- Gain an understanding of your financial situation and investment objectives
- Define your long-range goals, constraints, risk tolerance levels, and time horizons
- Assess growth rates and future contributions needed to work toward your objectives, liquidity needs and spending levels
- Identify any reasonable restrictions you want imposed on your account(s)

For all programs, you will:

- Complete an Investment Profile Questionnaire
- Receive and agree to an Investment Proposal with BOKFA, which identifies your selected Investment Strategy
- Sign/Enter into a BOKFA Client Agreement
- Open a securities brokerage account with BOSC and deposit assets designated for participation in the program
- Receive a copy of our Form ADV, Part 2A and other related documents

**Client Obligations.** In performing our services, we are not required to verify any information you or your other professionals provide to us, and we are authorized to rely on the information you provided. It remains your responsibility to promptly notify us if there is a change in your financial situation or investment objectives. This is one reason we recommend meeting with your financial advisor in person at least one time per year.

**Mutual Fund/Exchange Traded Fund Wrap Program.** The MF/ETF Wrap Program is a computer model-based system that systematically rebalances client accounts to maintain target allocations and remove the emotion from investing. The MF/ETF Wrap Program is professionally managed by a seasoned team of investment managers that monitors target allocations and changing market conditions. BOKFA is the investment adviser for this program but assets are managed by an affiliate, Cavanal Hill Investment Management (CHIM). The opportunity to impose restrictions on the accounts you have in this program is very limited.

**Separately Managed Account Program.** The SMA Program is an actively managed investment account that is managed by an affiliated or non-affiliated investment management firm (SMA Manager) that offers clients access to customized investment solutions tailored to their unique needs. Similar to a mutual fund, clients will pay fees to a money manager for its services in managing their investments. Unlike a mutual fund, an SMA is a portfolio of individually owned securities managed for a specific investor. In a mutual fund, the investments are "pooled" and clients own shares of the mutual fund. In an SMA Program account, you own your own securities and they are segregated from other investors. The SMA Program offers clients the ability to impose reasonable restrictions on their account (including requesting that the manager sell certain individual securities for tax planning purposes) and flexibility in developing a customized portfolio across diversified investment disciplines and strategies.

Information about affiliated and non-affiliated SMA Managers is contained in the SMA Manager's Form ADV, Part 2A and other related documents, which you should receive and review in association with the selection of an SMA Manager.

In the SMA Program, the client agreement is between BOKFA and you. There is no direct agreement between you and the SMA Manager. In the SMA Program, you are providing authority to the SMA Manager for discretionary trading of your account(s) and the authority to vote proxies for your investments. Your taxes and

tax status may not be taken into account by the SMA Manager you choose. If this is important to you, you should seek an SMA Manager and strategy that takes your tax situation into account.

**Portfolio Managers' Directed Program (PM Directed).** The PM Directed program is an actively managed investment account that may be invested in any combination of our wrap fee or non-wrap fee programs. The PM Directed Program accounts may have investments that are managed directly by BOKFA; invested in one or more SMA accounts with affiliated or non-affiliated SMA Managers; or invested in our MF/ETF Wrap Program. You may choose to have multiple accounts and multiple investment strategies in this program.

The PM Directed Program provides the most flexibility to you and the most discretion to BOKFA. This program will also take into account your tax status and situation when managing your account.

**Investment Strategies.** The following investment strategies are available in the CPS Programs. The investment strategy you choose is selected based on the goals and risk tolerance information you provide when answering your Investment Profile Questionnaire.

All advisory programs offered by BOKFA are built primarily around the following investment strategies. This does not mean that all accounts invested in an "Income Conservative" investment strategy will have the same investments as other accounts with the same strategy. Our accounts are tailored to fit your financial profile and will vary based on the manager you choose as well as your individual financial needs.

- **Income-Conservative:** The Income Conservative portfolio emphasizes income and protection. This portfolio should be considered if you seek high current income with preservation of capital and liquidity and are unwilling to accept significant fluctuations in value.
- **Income:** The Income portfolio emphasizes income and protection while retaining an equity component to help outpace inflation. This portfolio should be considered if you need additional current income from your investments and a potential hedge against inflation.
- **Income with Growth:** The Income with Growth portfolio seeks to provide income with a moderate level of long-term capital growth. This portfolio should be considered if you are seeking above-average income returns and are willing to accept fluctuations in value.
- **Balanced:** The Balanced portfolio seeks to provide high total return over the long-term through capital appreciation and current income. This portfolio should be considered if you seek both a reasonable level of income and long-term growth of capital and are willing to accept a moderate level of risk and return.
- **Growth with Income:** The Growth with Income portfolio seeks long-term capital appreciation and growth of income. This portfolio should be considered if you seek long-term growth of capital with moderate volatility and have the ability to withstand moderate fluctuations to achieve potentially higher returns.
- **Growth:** The Growth portfolio seeks long-term capital appreciation with minimal need for income. This portfolio should be considered if you have moderately high expectations for a return on your investments and can tolerate market downturns and volatility for the possibility of achieving greater long-term gains.
- **Growth Aggressive:** The Growth Aggressive portfolio seeks a high level of capital appreciation, without regard to current income. This portfolio should be considered if you seek to maximize long-term growth of capital and can tolerate high degrees of fluctuation for the possibility of higher returns.

### *SMA Manager Investment Strategies*

SMA Managers have varied investment styles across asset classes, industries and geographical areas. The SMA Managers may include such investment strategies as:

Equity	Balanced	Fixed Income
Growth	Equity-Oriented	Total Return
Income Growth	(Value, Income or Growth)	U.S. Government
Market Driven	Fixed Income Oriented	Intermediate Term
Global	(Value or Growth)	Municipal
Technology	Global	International
Value	Socially Responsible	Utility
Small Cap	Multi-Discipline	
Large Cap		
Real Estate		
Mid Cap		
International		
Socially Responsible		
Multi-Discipline		

### *Fees and Compensation*

#### **Program Fee**

The Program Fee includes the Advisory Fee (fees paid to BOKFA) as well as the fees charged by the manager (SMA or other). Other fees are also included in the Program Fee, including clearing, recordkeeping, custody, and sponsor fees for CPS. A portion of the Advisory Fee is kept by BOKFA and a portion is paid to your financial advisor.

The Annual Program Fee is calculated based on the value of assets held in your account. New accounts are billed on a pro-rata basis from the date the account is activated through the end of the billing period. An account may be activated in one of two ways: (i) when approximately 90% of the anticipated assets are in the account; or (ii) when the account is manually activated (less than 90% of your assets are already in place). The fair market value of assets shall be determined in good faith by Pershing by reference to the closing price on the principal exchange on which a security is traded and, if not listed, by consulting other exchange or valuation services.

### *Pricing for Mutual Fund/ETF Wrap Program*

#### **Mutual Fund/ETF Accounts**

Account Value	Annual Advisory Fee	Annual Program Fee
	<i>Maximum</i>	<i>Maximum</i>
\$0 to \$999,999	1.50%	1.90%
\$1,000,000 to \$2,999,999	1.20%	1.59%
\$3,000,000 to \$4,999,999	1.00%	1.38%
\$5,000,000 and above	0.75%	1.12%

Fees are deducted *monthly in arrears* for the MF/ETF Wrap Program and are based on the average daily balance in your account during the previous month. The fee deduction will show on your monthly Pershing statements.

### *Pricing for SMA Program*

**SMA Manager Fees.** If you choose one or more managers in the SMA Program, you will pay fees to the SMA Manager in addition to our Advisory Fee. SMA Manager fees vary by manager and typically range from 0.30% (30 basis points) to 1% (or 100 basis points). Account minimums also differ by SMA Manager and typically range from \$100,000 to \$500,000. Some account minimums are as low as \$50,000 and as high as \$5 million. You should always receive and review the SMA Manager's Form ADV so that you are aware of the total fees you will be paying. One of the advantages of investing with us is that most SMA Managers would require significantly higher minimum account balances if you invest with them directly. The fees paid to the SMA Managers may be more or less than they charge other investment advisers.



### Equity SMA Accounts

Account Value	Annual Advisory Fee	Annual Program Fee
	Maximum	Maximum
\$0 to \$999,999	1.00%	2.50%
\$1,000,000 to \$2,999,999	0.75%	2.25%
\$3,000,000 to \$4,999,999	0.65%	1.90%
\$5,000,000 and above	0.50%	1.75%

### Fixed Income SMA Accounts

Account Value	Annual Advisory Fee	Annual Program Fee
	Maximum	Maximum
\$0 to \$999,999	1.00%	1.75%
\$1,000,000 to \$2,999,999	0.75%	1.50%
\$3,000,000 to \$4,999,999	0.65%	1.40%
\$5,000,000 and above	0.50%	1.25%

Fees are deducted *quarterly in advance* for the SMA Program and are based on the average daily balance in your account during the previous month. The account value is based on the value in your account(s) as of the last business day of the previous quarter. The fee deduction will show on your quarterly statements from Pershing.

### Pricing for PM Directed Program

#### Portfolio Managers' Directed Program Fees

Account Value	Annual Advisory Fee	Annual Program Fee
	Maximum	Maximum
\$0 to \$999,999	0.85%	1.00%
\$1,000,000 to \$2,999,999	0.75%	0.90%
\$3,000,000 to \$4,999,999	0.50%	0.65%
\$5,000,000 and above	0.35%	0.50%

Fees are deducted *monthly in arrears* for the PM Directed Program and are based on the average daily balance in your account during the previous month. The fee deduction will show on your monthly statements from Pershing.

### Other Fee Information

Program fees may be negotiable under certain circumstances, at our sole discretion. You may pay more or less than other clients depending upon certain factors, including the type and size of your account, historical or anticipated transaction activity, and the range of services provided to you. The total relationship assets with BOSC and its affiliates may also be a factor. Employees of BOSC and its affiliates are eligible for lower management fee arrangements for their personal accounts, as allowed by law.

Asset-based advisory fees are calculated based on an incremental pricing schedule. For example, the fee for an account valued at \$1,500,000 in the MF/ETF Wrap Program will be calculated as follows:

First \$999,999 in assets charged at 1.90%	= \$19,000
+ Next \$500,001 in assets charged at 1.59%	= \$ 7,950
<hr/>	
Total Annual Program Fee of	= \$26,950

The Program Fee will be divided by four for quarterly fee deductions from your account and by twelve for monthly fee deductions from your account.

For all programs, you may make deposits and withdrawals at any time, subject to maintenance of the account minimum. No adjustment will be made for appreciation or depreciation in the market value of an account during the billing period.

### **Custody, Clearing and Reporting Services**

Accounts in CPS are custodied at Pershing who provides clearing, record keeping and reporting services for our advisory accounts. Pershing is a “qualified custodian” as defined under Rule 206(4)-2 of the Investment Advisers Act of 1940 (Advisers Act), and they will provide regular statements on all accounts. These services are included in the Program Fee for wrap accounts, and you do not pay extra for them.

**Client Statements.** The reports and statements provided to you will differ based on the CPS Program you have chosen. For example, if you choose an SMA Manager on the Pershing platform you receive different quarterly reports than if you chose the Mutual Fund/ETF Wrap or PM Directed Programs. In all cases, you will receive quarterly account statements from Pershing. As indicated in the tables above, the fees charged for each of these programs will also differ as well as the amount of customized services offered by BOKFA.

### ***Termination of Client Agreements***

You may end your managed account relationship with us without penalty because we do not impose termination fees. If you end this relationship or close any of your accounts, any fees you paid in advance that are unearned by us will be promptly refunded to you. Fees will be calculated on a pro-rata basis for the calculation of refunds or additional fees that may be due BOKFA, if the account is closed within the billing period. You shall be responsible for termination fees imposed by Pershing (or an SMA Manager) if any are charged to your account.

We reserve the right to terminate, at our sole discretion, any client account that we feel has engaged in excessive, extreme or unsuitable trading. These advisory accounts are not designed for day trading or other extreme trading activity, including excessive options trading or trading in mutual funds based on market timing. We may also terminate any account that we feel no longer meets our compliance requirements.

Should you transfer your accounts from one manager to another within the CPS Program, you will receive a credit for any prepaid-asset based fees not earned by the previous manager, and you will be billed for the remainder of the period under the new manager.

**Other Items.** Trade confirmations and prospectuses are sent to the manager or financial advisor and not to you for the CPS Programs. Since these accounts are discretionarily managed and may be actively traded, you will receive monthly or quarterly statements showing all transactions done in your account but not the individual trade confirmations and prospectuses. Of course, you should always review your statements to be sure all deposits and withdrawals were requested by you.

### ***Wrap Fee Pricing Compared to Alternative Options***

A “wrap fee program” is one where you pay one combined fee for your advisory and management services as well as trading and custody fees. The fees are “wrapped” into one fee. You may pay more or less than if you purchase the services separately. For accounts with little trading activity, for example, you may pay more than if you choose a non-wrap investment advisory program or a brokerage account with no investment advice. For accounts with a high level of trading, you may pay less in a wrap fee program.

The percentage of the fee paid to your financial advisor may be more than he/she would receive if you participated in one of our non-wrap advisory programs or if you paid separately for investment advice, brokerage and other services. Thus, your financial advisor may have a financial incentive to recommend one of the CPS Programs outlined in this Wrap Fee Program Brochure.

### *Additional Expenses You May Pay*

The Program Fee includes all execution and clearing charges except:

- Certain dealer markups and odd-lot differentials
- Taxes
- Exchange fees charged to clients to offset fees we pay to exchanges and/or regulatory agencies on certain transactions
- Other charges imposed by law with regard to any transactions in the account
- Offering concessions and related fees for purchases of public offerings of securities as more fully disclosed in the prospectus
- Expenses associated with trades affected by broker-dealers other than Pershing

**Mutual Fund Fees.** As a shareholder in a mutual fund, you will pay a pro-rata share of the fund's advisory, administrative, distribution and shareholder servicing fees. Distribution and shareholder servicing fees may be referred to as service fees, 12b-1 fees or trail commissions. BOSC may receive these service fees for the mutual funds held in your account in addition to the advisory fees we receive. You will not pay other commissions or sales charges on the mutual funds in your advisory account(s). For IRA and ERISA accounts, the service fees received by BOSC will be rebated to you or waived, except for those received on Cavanal Hill Funds, a family of mutual funds that BOSC and its affiliates provide distribution and other services (CH Funds). This presents a conflict of interest.

If you intend to hold mutual funds for an extended period of time, you may find it more economical to buy fund shares that do not charge 12b-1 or service fees. You may be able to purchase mutual funds directly from a mutual fund family without incurring our advisory fee. When buying directly from a mutual fund family, you may incur front- or back-end sales charges, and you will not receive our management experience.

**ETF Fees.** You should be aware that exchange traded funds (ETFs) incur a separate management fee, typically 0.20% - 0.40% of the fund's assets on an annual basis. Individual ETFs may have higher or lower expense ratios. These fees are assessed by the ETF and not by BOKFA. This fee is in addition to our on-going advisory fee and may result in higher fees to you if you choose an SMA Manager or advisory program that invests in ETFs.

**Cavanal Hill Fund Fees.** Your account may be invested in the Cavanal Hill Funds (Cavanal Hill). Cavanal Hill money market funds are the default sweep vehicle for CPS Accounts. BOSC and certain of its affiliates receive fees for providing services to CH Funds. Please refer to the section below entitled "Investment Companies and Pooled Investment Vehicles" for more information about these service and fee arrangements. A full description of the CH Funds and their fees and expenses are available in each fund's prospectus. The prospectus for each CH Fund may be viewed at <http://www.cavanalhillfunds.com/FormsReports/Index.aspx>.

**IRA/ERISA Account Fees.** IRA and certain ERISA accounts will be subject to the following fees:

Account Type	Annual Maintenance Fee	Termination or Transfer Fee
Traditional IRA, Roth IRA, Cloverdell Education Savings Accounts, and IRS Model		
5305 SEP Accounts	\$35.00	\$75.00
Mutual Fund Only IRA, Mutual Fund Only		
Roth IRA	\$10.00	\$75.00
SAR-SEP/Prototype SEP, SIMPLE IRA, Qualified Retirement Plans	\$50.00	\$75.00

A fee of \$50.00 will apply for conversions to a Mutual Fund Only Traditional IRA from a Traditional IRA or conversions to a Mutual Fund Only Roth IRA from a Roth IRA.

**Administrative Fees.** Certain administrative fees charged by Pershing are passed on to you as separate charges that are not covered by the Program Fee. Currently there is a paper delivery surcharge for statements and confirms of up to \$1.00 per document. This charge may be adjusted to reflect changes in postage or other cost factors.

You may also pay for administrative and transaction fees not related to the management of your account(s). These include such fees as charges for returned checks or wires sent at your request that are not related to the opening or servicing of your account. All charges outlined in this section are subject to change without prior notice.

### *Account Requirements*

The CPS Programs are most appropriate for clients that want managed money solutions but are not interested in being involved in day-to-day investment selections. BOKFA generally imposes the following minimum account size of \$10,000 for Mutual Fund/ETF Wrap Program accounts, a minimum of \$100,000 for SMA accounts, and a minimum of \$500,000 for PM Directed accounts. BOKFA may, in its sole discretion, accept clients with smaller accounts or aggregate the accounts of family members to meet the minimum average account size or to apply a higher breakpoint. The account minimum may be waived at our discretion. Account minimums differ by SMA Manager and typically range from \$100,000 to \$500,000. Some account minimums for SMA Managers are as low as \$50,000 and some as high as \$5 million.

Account minimums are designed to be set at a dollar amount that makes it economically feasible for you to participate in the Program.

### *Types of clients*

The CPS Programs are available to individuals, trusts, corporate entities, pension and retirement plans, IRA accounts, and others. The PM Directed Program is most appropriate for high net worth clients with a minimum of \$500,000 to invest. Some of these clients have long-term relationships with our affiliated bank, BOKF, NA, and have relied on their portfolio managers and financial advisors to handle many of the decisions related to their financial affairs.

## **Methods of Analysis, Investment Strategies & Risk of Loss**

The Mutual Fund/ETF Wrap Program is managed by Cavanal Hill Investment Management, an affiliate of BOKFA. The SMA Program involves the utilization of non-affiliated or affiliated SMA Managers for the management of your account. CHIM is an SMA Manager option available under the SMA Program and is an Affiliated Manager.) The PM Directed Program utilizes the expertise of The Private Bank, a specialized investment management and oversight group within BOKF, NA, with individuals appropriately licensed through BOKFA.

We do not verify the accuracy of performance information provided to you by affiliated or non-affiliated investment managers, nor do we verify its accuracy or compliance with presentation standards. We also do not hire a third party to verify performance calculations. Performance information may be calculated in different manners by different investment managers, thus the information you receive may not be calculated on a uniform or consistent basis between managers.

### *MUTUAL FUND/EXCHANGE TRADED FUND WRAP PROGRAM DESCRIPTION*

The MF/ETF Wrap Program is a computer model-based system that systematically rebalances client accounts to maintain target allocations and remove the emotion from investing. The MF/ETF Wrap Program is professionally managed by a seasoned team of portfolio managers at Cavanal Hill Investment Management

that monitors target allocations and changing market conditions.

The MF/ETF Wrap Program employs both a passive and active investment approach with allocations using selected ETFs and mutual funds that represent multiple asset classes and styles. After establishing the initial asset allocation mix, client accounts will be reallocated, or rebalanced if allocation percentages remain the same, in accordance with the then current asset allocation recommendations for a particular strategy. Resulting allocation changes are directed by BOKFA on a discretionary basis, without prior notice to the client.

Because the MF/ETF Wrap Program is a computer model-based system, BOKFA's ability to tailor the program is limited; however, clients may impose reasonable restrictions on investing in certain securities or types of securities to the extent the model can accommodate these requirements. Clients with specific investment restrictions or requirements must first communicate this information to their financial advisor, in writing, in order to determine if the Firm can accommodate their request(s).

### *Methods of Analysis*

Mutual Fund/ETF Wrap Program Methods of Analysis

In reviewing and/or managing investment options for you, we utilize a two-prong approach to the research of securities for inclusion in the MF/ETF Wrap Program. Mutual funds in the Program are selected through a quantitative screening process that is conducted on a quarterly basis.

### **Selection Process**

The initial universe for mutual funds is the Morningstar mutual fund database, with the universe limited to include those fund families that currently have a selling agreement with BOSC and an established business relationship with BOKFA. We may pursue selling agreements with fund companies that meet our criteria but for which we do not yet have a business relationship.

Our screening process checks such quantitative areas as the fund's history, manager tenure, amount of assets under management, ranking compared to other funds in their peer category and the 5 and 10 year performance of the fund as compared to others in their peer category. Qualitative areas we review may include the investment philosophy of the fund and any legal or compliance issues they may have had in the past.

We may choose other mutual funds, including CH Funds, as appropriate for inclusion in the MF/ETF Wrap Program. Any such mutual funds will be reviewed through a qualitative selection process to ensure the exercise of reasonable care, skill and caution. This process will include a review of historical performance, risk attributes, manager tenure, the length of time for the investment strategy, performance relative to a benchmark and relevant peer category, among other factors. Additionally, we will review the investment team, the investment philosophy, and the process and methodology used for ongoing portfolio management. We will include only those mutual funds for which we believe in the investment management firm's ability to effectively manage the mutual fund on behalf of our clients.

Although most mutual funds chosen have a performance history of at least three years, there may be occasions when a new mutual fund is presented to us without this history. These funds may still be eligible for our approved product list if other, more subjective, criteria are met. These criteria may include:

- Performance history of other funds in the family of funds
- Investment philosophy of the fund and family of funds: Is it unique enough for it to be a viable alternative even without a long track record?
- Risk attributes of the fund
- Is a similar investment philosophy/fund available elsewhere or is this one unique?
- Manager tenure, experience and track record with other funds

### **Ongoing Monitoring/Due Diligence**

The screen will be run on a quarterly basis, with each of the mutual funds selected based on the quantitative criteria above on an ongoing basis. Reports will be generated showing the screened funds and data points for each criterion. Any mutual fund that does not meet the screening criteria for any given quarter will be noted accordingly.

### **Removal Process**

Any mutual fund that no longer meets these criteria for two consecutive quarters will be removed from the list. You have the opportunity to retain the mutual fund in your account(s), if you choose, by signing a letter with your financial advisor. We will no longer manage that asset and will move it into a separate account.

### ***SEPARATELY MANAGED ACCOUNT PROGRAM DESCRIPTION***

An SMA is an actively managed investment account that is managed by an investment management firm ("SMA Manager") that offers individual investors access to customized investment solutions that can be tailored to their unique needs. Similar to a mutual fund, clients will pay fees to a money manager for its services in managing their investments. Unlike a mutual fund, an SMA is a portfolio of individually owned securities managed for a specific investor. In an SMA Program account, you own your own securities and they are segregated from other investors. The SMA Program offers clients the ability to impose reasonable restrictions on their account (including requesting that the manager sell or hold certain securities for tax planning purposes) and flexibility in developing a customized portfolio across diversified investment disciplines and strategies.

### **SMA Strategies**

The SMA strategies vary by SMA Manager and vary in scope. Because the list of SMA Managers and strategies may change on a regular basis, there is no specific list provided. Before you invest in our SMA Program though, you should receive and read the SMA Manager's Form ADV and related documents. This will help you understand the fees they charge as well as how they invest your money

### **SMA Manager Selection and Evaluation**

The purpose of the SMA Manager selection and evaluation process is to ensure the exercise of reasonable care, skill and caution in selecting an SMA Manager strategy. This process establishes the scope and terms of the delegation and the review of SMA Managers' investment decisions and performance for adherence to our required standards.

SMA Managers and their strategies are selected through a quantitative screening process that is conducted quarterly.

### **Selection Process**

The initial universe for SMA Managers is the list of available SMA Managers included on the Pershing PMAS Command List. Our screening process checks such areas as the discipline's history, manager tenure, amount of assets under management, ranking compared to others in their peer category and the 5 and 10 year performance as compared to others in their peer category. Qualitative areas we review may include the investment philosophy of the manager and any legal or compliance issues the advisor may have had in the past.

We may deem other SMA Managers appropriate for inclusion in the SMA Program. Any such SMA Managers will be reviewed through a qualitative selection process to ensure the exercise of reasonable care, skill and caution. This process will include a review of historical performance, risk attributes, manager tenure, the length of history for the investment strategy, performance relative to a benchmark and relevant peer category, among other factors. Further, we will review the investment team, the investment philosophy, and the process and methodology used for ongoing portfolio management. We will seek to include only those SMA Managers for which we believe in the investment management firm's ability to effectively manage the SMA on behalf of our clients. Cavanal Hill SMA Managers are evaluated and monitored in the same manner.

### **On-Going Monitoring Process**

The screen will be run on a quarterly basis, with each of the SMA Managers selected based on the quantitative criteria above on an on-going basis. Reports will be generated showing the screened SMA Managers and data points for each criterion. Any SMA Manager that does not meet the screening criteria for any given quarter will be noted accordingly.

### **Removal Process**

Any SMA Manager that no longer meets these criteria for two consecutive quarters will be removed from the list. You have the opportunity to retain the SMA Manager for your account(s), if you choose, by signing a letter with your financial advisor. We will no longer manage that asset and will move it into a separate account.

## ***PORTFOLIO MANAGERS' DIRECTED PROGRAM DESCRIPTION***

### **PM Directed Strategies**

The PM Directed Program is an actively managed investment account that may be invested in any combination of our CPS Programs. The PM Directed Program accounts may have investments that are managed directly by our portfolio managers; invested in one or more SMA accounts with affiliated or non-affiliated SMA Managers; or invested in our MF/ETF Wrap Program. You may have multiple accounts and multiple investment strategies if you choose this Program.

### **Methods of Analysis**

Portfolio managers and financial advisors have access to various research databases, technology and internally and externally prepared analysis and research reports to guide their investment decisions. Portfolio construction is based on a portfolio manager search and selection process; a disciplined security selection process; and portfolio risk management.

### **Selection Process**

Portfolio managers and financial advisors are chosen for their years of experience in the investment and banking fields and are all employees of BOKF, NA. They are not selected based on the rankings and quantitative criteria used in other selection processes, nor do we calculate the performance record of these individuals.

### **On-Going Monitoring Process**

Account performance is monitored against other accounts with similar objectives as well as related benchmarks. Accounts that have performance numbers considered to be an "outlier" will be monitored more closely to ensure no undue risks are being taken.

### **Removal Process**

Should accounts in this Program have performance not in line with other accounts with similar investment objectives (outliers), a more seasoned individual may be assigned to the accounts. First, the accounts will be reviewed to see if other factors caused the performance differential, such as restrictions placed on the account by the client or a risk tolerance by the client that is not in line with the investment strategy. Appropriate steps will be taken to get the client in another investment strategy or to work with the portfolio manager.

### **Other Information Applicable to All Programs**

In all programs, we may, from time to time, take temporary defensive positions that are inconsistent with the program's description as we attempt to respond to adverse market, economic, political, or other conditions. In all cases, the program may not achieve its investment objective. At any time, up to 100% of the assets may be invested in cash equivalents, cash, or money market funds, including Cavanal Hill money market funds.

### ***Affiliated Managers***

Cavanal Hill Investment Management is the investment manager for our Mutual Fund/ETF Wrap Program. BOKFA may also choose CHIM to manage some SMA Program accounts. MF/ETF Wrap and SMA Manager services provided by CHIM do create a conflict of interest. Other CPS accounts are managed directly by BOKFA or by non-affiliated SMA Managers. BOKFA has an incentive to recommend Programs where the entire client fee is retained

by us and our affiliates. Thus, BOKFA and our affiliates may receive higher total compensation than if you choose a non-affiliated manager. For more information about these potential conflicts of interest and how BOKFA addresses them, please see “Additional Information Other Financial Industry Activities and Affiliations” and “Code of Ethics, Participation or Interest in client Transactions and Personal Trading” below.

CHIM may not be subject to the same selection or monitoring process as non-affiliated managers. All strategy performance is reviewed on a quarterly basis by the Strategic Investment Advisory Group (SIAG), a due diligence committee within BOKF, NA. Due diligence is performed on a quarterly basis. The monitoring process for CHIM may include examination of the following: performance, risk/return attributes, adherence to style, and relationship with the firm, management and assessment of competitiveness and appropriateness. Performance numbers for CHIM are based on Lipper’s research, methodology and ratings.

### **BOKFA Managers**

Because BOKFA acts as the sponsor and investment adviser of our wrap fee programs, and is also a broker-dealer (BOSC) for your accounts, there is a conflict of interest. BOKFA understands we owe you a fiduciary duty and that your interests come first. With that in mind, we strive to choose the program and investment manager that best fits your needs.

BOKFA offers discretionary advisory services through CPS. This means you delegate investment discretion (through a limited power of attorney) to us over your CPS account(s). If you have chosen to invest in an SMA account, your SMA Manager will also have investment discretion over the investments in your account(s). A limited power of attorney does not give us authorization to withdraw funds (other than for payment of your fees) or to send funds to any place other than your address of record without your signature.

If you choose the PM Directed Program, your portfolio manager and financial advisor will have full investment discretion over your account(s). This means they may choose the investment managers that will select your investments; open new accounts without your signature; and have withdrawals issued at your request to be sent to your address of record. This may also mean the portfolio managers and financial advisors will have the ability to choose affiliated managers to select your investments, thus causing a conflict of interest. The investment discretion you allow under the PM Directed Program gives your portfolio manager and financial advisor the same authority they currently have over managed accounts with The Private Bank.

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

We do not charge performance-based fees or conduct side-by-side management for any accounts in our CPS Programs. BOKFA does have accounts that are charged performance-based fees in its two private equity limited partnerships (PELPs). The PELPs are closed to new investors.

### **Risk of Loss**

Investing in securities involves the risk of loss, including the principal amount invested, and you should be prepared to bear this loss. Because of these risks, the value of the securities held in CPS Programs will fluctuate. The more risk you are comfortable with in your portfolio, the more susceptible to these risks your investments will be. If you have a very conservative portfolio, many of these risks will not be applicable to your investments, although you may still face the possible loss of some of your principal. No CPS Program or investment strategy is guaranteed to be successful or profitable.

- **Alternative Strategy Mutual Funds.** Certain mutual funds available invest primarily in alternative investments and/or strategies. Investing in alternative investments and/or strategies may not be suitable for all investors and involves special risks, such as risks associated with commodities, real estate, leverage, selling securities short, the use of derivatives, potential adverse market forces, regulatory changes and potential illiquidity. There are special risks associated with mutual funds that invest principally in real estate securities, such as sensitivity to changes in real estate values and interest rates and price volatility because of the fund’s concentration in the real estate industry. These types of funds tend to have higher expense ratios than more traditional funds. They also tend to be newer with less of a track record.



- **Business Risk.** These are risks associated with a particular industry or company. A company or industry may need to go through a lengthy process before realizing a profit or may be particularly affected by political events in foreign countries. A utility company, for example, generates income from a steady stream of customers who need its product, no matter what the economy is like.
- **Closed-End Funds.** Closed-end funds may not be readily marketable. In an effort to provide investor liquidity, the funds may offer to repurchase a certain percentage of shares at NAV on a periodic basis. Clients may be unable to liquidate all or a portion of their shares in these types of funds.
- **Credit Risk.** The risk that the issuer of a security, or the counterparty to a contract, will default or otherwise become unable to honor a financial obligation. Credit risk is generally higher for non-investment grade securities. The price of a security can be adversely affected prior to actual default as its credit status deteriorates and the probability of default rises. Credit risk includes the risk that performance may be affected by political and economic factors at the state, regional or national level, including budgetary problems and declining tax bases.
- **Currency Risk.** Fluctuations in the value of the dollar against the currency of the investment's originating country will cause fluctuations in the price of the investment. This may also be referred to as exchange rate risk.
- **Exchange Traded Funds (ETFs).** ETFs are typically investment companies legally classified as open-end mutual funds or unit investment trusts (UITs). They differ from traditional mutual funds, since ETF shares are listed on a securities exchange and can be bought and sold throughout the trading day. ETF shares may trade at a discount or premium to their net asset value (NAV). The difference between the bid price and the ask price is often referred to as the "spread," and the spread varies over time based on the ETF's trading volume and market liquidity. Some ETFs are registered under the Investment Company Act of 1940 like more traditional mutual funds, but some do not.
- **Exchange Traded Notes (ETNs).** An ETN is a senior unsecured debt obligation designed to track the total return of an underlying market index or other benchmark. ETNs may be linked to a variety of assets such as commodity futures, foreign currency or equities. ETNs are similar to ETFs because they too are listed on an exchange and can be bought or sold throughout the trading day. But an ETN does not have an NAV and trades at the prevailing market price. The repayment of principal, interest (if any), and the payment of any returns at maturity or upon redemption are dependent upon the ETN issuer's ability to pay. The ETN may be traded on the secondary market and the trading price may be adversely affected if the issuer's credit rating is downgraded. The index or asset class for performance replication in an ETN may or may not be concentrated in a specific sector, asset class or country and therefore carry specific risks associated with that sector or asset class.
- **Income Risk.** Income risk involves the possibility that the Fund's yield will decrease due to a decline in interest rates.
- **Inflation Risk.** With inflation, a dollar today will not buy as much as a dollar next year. Purchasing power is eroded at the rate of inflation.
- **Interest Rate Risk.** Fluctuations in interest rates may cause investment prices to fluctuate. For example, there is an inverse relationship between the yields on bonds and interest rates. When interest rates rise, the yields on bonds you own may become less attractive, causing market values to decline.
- **Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by BOKFA will be profitable or equal any specific performance level(s).
- **Issuer Specific Risk.** The value of a security may decline for a number of reasons which directly relate to the issuer, such as management performance, earnings and sales trends, investor perceptions, financial leverage and reduced demand for the issuer's goods or services.
- **Leveraged and Inverse ETFs, ETNs, and Mutual Funds.** Leveraged ETFs, ETNs and mutual funds, are designed to provide a multiple of the underlying index's return, typically on a daily basis. These products are different from and can be far riskier than a traditional ETF, ETN or mutual fund. These products are designed to replicate the performance of the underlying index but they may not be able to exactly replicate because of underlying fund expenses and other factors. In highly volatile markets with large

positive and negative swings, return distortions are magnified over time. To accomplish their objectives, these products use a range of strategies, including swaps, futures contracts and other derivatives. These products may have higher expense ratios and be less tax-efficient than more traditional ETFs, ETNs and mutual funds.

- **Liquidity Risk.** Liquidity refers to the ability to readily convert the investment into cash. A money market account is highly liquid but turning your real estate into cash will take more time and have some costs associated with the transaction. Thus real estate is not considered a liquid investment.
- **Market Risk.** The risk that the market value of a security may move up and down, sometimes rapidly and unpredictably. This type of risk is caused by external factors independent of the security's underlying circumstances. Examples include political, economic and social conditions that may trigger market events. This is particularly applicable to foreign investments.
- **Options.** Certain types of option trading are permitted in order to generate income or hedge a security held in the account. The types of option trading generally permitted include the selling (writing) of covered call options or the purchasing of put options on a security held in the account. The use of options involves additional risks. The risks of covered call writing include the potential for the market to rise sharply. If this happens, the security may be called away and the account will no longer hold the security. The risk of buying long puts is limited to the loss of the premium paid for the purchase of the put if the option is not exercised or otherwise sold by the account.
- **Prepayment/Call Risk.** The risk that the principal repayment of a security will occur at an unexpected time. Prepayment risk is the chance that the repayment of certain types of securities (e.g., asset-backed securities, mortgage-backed securities and collateralized mortgage obligations) will occur sooner than expected. Call risk is the possibility that during periods of falling interest rates, a bond issuer will "call" — or repay — their high-yielding bonds before the bond's maturity date. Changes in prepayment/call rates can result in greater price and yield volatility. Prepayments/calls generally accelerate when interest rates decline. When mortgage and other obligations are pre-paid, a Fund may have to reinvest in securities with a lower yield. In this event, the Fund would experience a decline in income — and the potential for taxable capital gains. Further, with early prepayment, a Fund may fail to recover any premium paid, resulting in an unexpected capital loss. Prepayment/call risk is generally low for securities with a short-term maturity, moderate for securities with an intermediate-term maturity, and high for securities with a long-term maturity.
- **Reinvestment Risk.** This is the risk that proceeds received in the future from investments may need to be reinvested at a potentially lower rate of return or interest rate. This risk relates primarily to fixed income securities.

### *Voting Client Securities*

Your participation in one or more CPS Programs delegates your right to vote proxies on the securities in your account(s) to us (or to your SMA Manager) unless we have both agreed that you will retain this authority.

It is our policy, that absent compelling reasons why a proxy should not be voted, all proxies relating to client securities should be voted and voted in the best interests of client accounts. We determine this by the effect the proposal could have on the current or future value of the investment, if any.

Cavalier Hill Investment Management monitors and votes all proxies related to BOKFA wrap-fee programs. They do this on our behalf and maintain all appropriate documentation as required by the SEC. You may obtain a copy of our proxy voting policies and procedures upon request. You may also obtain information from us about how proxies were voted on your behalf.

### **Client Information Provided to SMA Managers**

BOKFA collects certain nonpublic personal identifying information about you from information you provide on investor questionnaires, applications and other forms as well as communications with our authorized representatives. We also collect information about your account and related transactions.

We do not disclose the nonpublic personal information we collect about you to anyone except to service our business relationship with you, to market possible services that may be of interest to you, and as required by law. Our privacy policy, which may be amended from time to time, is provided in Exhibit A.

Information that is material to the management of your account(s) is shared with your investment managers. This may include your risk tolerance, investment objectives, financial information as it relates to the account you are opening, your name, address, Social Security number, etc. Different investment managers may require different information.

## **Client Contact with Portfolio Managers**

You may contact your portfolio manager or financial advisor at BOKFA, within reason, at any time. Direct contact with your SMA Managers may be limited and is based on their policies. Further details are available in your SMA Manager's Form ADV.

## **Additional Information**

### *Disciplinary Information*

BOSC or its management persons have been found to have been involved in violation of a self-regulatory organization's (SRO) rules and was fined more than \$2,500. Details of these disciplinary events are provided below:

- On or about January 10, 2012, the Financial Industry Regulatory Association (FINRA) resolved a proceeding against BOSC. The allegations related to this regulatory action involved MSRB Rules G-17 and G-30(a). The FINRA alleged that BOSC sold municipal securities for its own account to a customer at an aggregate price (including any markup) that was not fair and reasonable, taking into consideration all relevant factors, including the best judgment of the broker, dealer or municipal securities dealer as to the fair market value of the securities at the time of the transaction and of any securities exchanged or traded in connection with the transaction, the expense involved in effecting the transaction, the fact that the broker, dealer or municipal securities dealer is entitled to a profit, and the total dollar amount of the transaction. Without admitting or denying the findings, BOSC consented to the described sanctions and to the entry of finding. The Firm was censured and was fined \$75,000 and required to pay \$25,141 in interest in restitution to investors.
- On or about April 29, 2009, the Financial Industry Regulatory Association (FINRA) resolved a proceeding against BOSC. The allegations related to this regulatory action involved SEC Rule 17a-3, NASD Rules 2110, 3010, 6230(a), 6230(c)(8), MSRB Rules G-8(a), G-14, G-17, G-27, G-27(a), G-27(c), and G-30(a). The FINRA alleged that BOSC purchased municipal securities for its own account from a customer and/or sold municipal securities for its own account to a customer at an aggregate price (including any markdown or markup) that was not fair and reasonable, taking into consideration all relevant factors, including the best judgment of the broker, dealer or municipal securities dealer as to the fair market value of the securities at the time of the transaction and of any securities exchanged or traded in connection with the transaction, the expense involved in effecting the transaction, the fact that the broker, dealer or municipal securities dealer is entitled to a profit and the total dollar amount of the transaction. The Firm failed to show correct terms and conditions on municipal securities transaction memoranda for the account of the firm executed with a customer other than a broker or dealer, by failing to include time stamps that showed the date and time of receipt and failing to include certain terms and conditions (to identify the orders as day, limit, market or good-till-cancelled orders). The Firm failed to enforce its written supervisory procedures that prohibited markdowns/markups on zero-coupon municipal securities in excess of four percent of the principal amount invested. The Firm failed to report information regarding purchase and sale transactions effected in municipal securities to the real-time transaction reporting system (RTRS) in the manner prescribed by Rule G-14, RTRS Procedures, and the RTRS Users manual. The Firm failed to report such transactions within 15 minutes of time of trade to an RTRS Portal. The Firm failed to report to the Trade Reporting and Compliance Engine (TRACE) the correct time of trade execution for TRACE-eligible securities transactions and failed to report TRACE-eligible securities transactions within 15 minutes of the time of execution. This conduct

constitutes separate and distinct violations of NASD Rule 6230(a) and a pattern or practice of late reporting without exceptional circumstances is a violation of NASD Rule 2110. The firm Failed to show the correct execution time on memoranda of TRACE-eligible transactions for the account of the Firm executed with another broker or dealer. The Firm's Supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations, NASD Rules and MSRB Rules concerning municipal bond fair pricing, municipal securities trade reporting and TRACE reporting. Without admitting or denying the allegations, BOSC consented to the described sanctions and to the entry of findings. The Firm was censured, fined \$80,000, required to pay \$18,402, plus interest, in restitution to investors and to revise its written supervisory procedures regarding municipal bond fair pricing, municipal securities trade reporting and TRACE reporting within 30 business days of acceptance of the Acceptance, Waiver and Consent (AWC).

- On or about September 6, 2005, the National Association of Securities Dealers (NASD) resolved a proceeding against BOSC. The allegations related to this regulatory action involved NASD Rules 2110, 3010, and 6230(A). The NASD alleged that (1) BOSC failed to Report to TRACE transactions in TRACE-eligible securities within 75 minutes after execution, and (2) the Firm's supervisory system did not provide supervision reasonably designed to ensure compliance with respect to applicable securities laws and regulations, and the rules of the NASD with respect to TRACE trade reporting. Without admitting or denying the allegations, BOSC consented to the sanctions and to the entry of findings. The Firm was censured and fined \$15,000.
- On or about June 28, 2005, the National Association of Securities Dealers (NASD) resolved a proceeding against BOSC. The allegations related to this regulatory action involved MSRB Rule G-14 and G-27. The NASD alleged that BOSC failed to timely report its municipal securities customer transactions to the MSRB. The Firm failed to monitor its trade reporting to ensure compliance with MSRB Rule G-14. Without admitting or denying the allegations, BOSC consented to the sanction and the entry of findings. The Firm was censured and fined \$30,000.
- On or about May 25, 2004, the NASD resolved a proceeding against BOSC. The allegations related to this regulatory action involved NASD Conduct Rule 2110 and Rule 15c3-1 of the Securities Exchange Act of 1934 (Rule). The NASD alleged that BOSC engaged in a securities business when the Firm's net capital was below the required minimum as prescribed by the Rule. Without admitting or denying the allegations, BOSC consented to the sections described below and to the entry of findings. The Firm was censured and fined \$7,500.

### *Other Financial Industry Activities and Affiliations*

BOSC engages in a number of financial industry activities and is affiliated with other firms in the financial industry. Following is a description of material relationships and affiliations that are important to us and to you. In each category, the relationships and affiliations are identified and material conflicts of interest are discussed.

**Broker-Dealer.** The principal business of BOSC is that of a general securities broker-dealer, government securities seller and municipal securities underwriter. BOSC is a registered broker-dealer, member FINRA and SIPC. Many of our principal executive officers, investment committee members, and the individuals who determine general investment advice may also be registered representatives with the broker-dealer. In this capacity, these registered representatives may recommend investments and insurance products outside of CPS for which they receive reasonable and customary compensation. The opportunity to receive additional compensation for effecting securities transactions or selling insurance products outside of CPS or purchasing securities in CPS that pay additional compensation to us or our affiliates (e.g., 12b-1 fees, etc.) represents a conflict of interest. Other conflicts of interest are disclosed throughout this brochure.

A BOKFA financial advisor may have an economic incentive for recommending CPS. The amount of the incentive may be more than what the financial advisor would receive if you participated in other programs offered by BOKFA; paid separately for investment advisory services, brokerage, and other services; or invested in other types of investments; therefore, the financial advisor may have a financial incentive (a conflict of interest) to recommend CPS over other offerings or services.

**Investment Company or Other Pooled Investment Vehicle.** BOSC serves as the distributor and principal underwriter to each of the Cavanal Hill Funds pursuant to a Distribution Agreement with the CH Funds and receives certain fees for its services. Shares in each CH Fund are sold on a continuous basis by BOSC, and BOSC has agreed to use appropriate efforts to solicit purchases. Customers purchasing shares of CH Funds may include officers, directors, or employees of BOSC and its affiliates. For the provision of distribution and shareholder services, BOSC will receive 12b-1 and shareholder servicing fees from CH Funds.

Cavanal Hill Investment Management serves as the investment adviser and administrator to the CH Funds. CHIM receives investment advisory and administrator fees for the services it provides to the CH Funds. In addition, BOKF, NA serves as CH Fund's custodial bank and also provides shareholder services to CH Funds. BOKF, NA receives custody and shareholder services fees for these services. The CH Funds are managed, and transactions are executed, side-by-side with CPS accounts. CH Fund and client accounts are afforded equal treatment in investment management, transaction, and allocation decisions.

It is possible that CH Funds may be included as investments in client accounts and certain CH Funds serve as the sweep vehicle for CPS accounts. In this instance, CH Funds, CHIM, and its affiliates, would earn the aforementioned fees in addition to the fees charged to the client for participation in the CPS Program. A more detailed description of the available CH Funds and other fees and expenses are available in each fund's prospectus.

**Investment Adviser or Financial Planner.** Cavanal Hill Investment Management is a registered investment adviser affiliate of BOSC. BOSC may receive compensation if BOSC or one of its representatives introduces a client to CHIM. Such a fee will be paid in accordance with Rule 206(4)-3 of the Advisers Act and any state or other regulatory requirements. BOSC employees are required to disclose the status of their relationship with CHIM at the time of the solicitation or referral. For more information on referral and solicitation arrangements, see the "Client Referrals and Other Compensation" section of this Wrap Fee Program Brochure.

**Investment Adviser or Financial Planner.** The Milestone Group (Milestone) is a registered investment adviser affiliate of BOSC, and is a wholly-owned subsidiary of BOK Financial Corporation.

**Investment Adviser or Financial Planner.** MBM Advisors (MBM) is an SEC registered investment adviser and a full-service retirement and pension plan firm. This is a recent acquisition pending regulatory approval which is expected to be received within about 90 days.

**Investment Adviser or Financial Planner.** Stepstone Group LP (Stepstone) is a registered investment adviser with the SEC. We are not under common control with Stepstone.

**Trust Company.** GTrust Financial Partners (GTrust) is a registered trust company and offers fee-only financial planning as well as asset management.

**Banking or Thrift Institution.** BOK Financial Corporation, a financial holding company, owns all of the capital stock of BOSC. BOKF, NA is the wholly-owned national banking association subsidiary of BOK Financial Corporation. Customers of BOKF, NA may also be customers of BOSC.

The BOSC account documents and other communications with customers clearly disclose that investments made through BOSC are not obligations of, or guaranteed by, BOSC, or any bank affiliate and that investments made through BOSC are not deposits of any bank or insured by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. In addition, all investments may lose money, and you are not guaranteed a profit. Some employees of BOSC are also employees of or registered with our affiliates.

**Insurance Company or Agency.** Some registered representatives of BOSC are licensed to sell insurance products through BOSC Agency, Inc. or BOSC, Inc., affiliated insurance agencies. Fixed insurance products are not included in CPS program accounts although some programs may allow for the inclusion of variable annuity investments.

Variable annuities allowed in the CPS Program will typically be of the “no load” variety. Properly licensed individuals may present insurance products to you that they believe will meet your financial objectives and liquidity needs. If purchased, these individuals will receive reasonable and customary commissions outside of any advisory fees they may earn on your CPS Program accounts.

**Sponsor or Syndicator of Limited Partnerships.** BOKF Equity LLC (BOKF Equity) is an affiliate of BOSC. BOKF Equity is the general partner and manager of private equity limited partnerships, Private Equity Limited Partnership I (“PELP I”) and Private Equity Limited Partnership II (“PELP II”). Clients of BOKF, NA were solicited by BOKF Equity to invest in PELP I and PELP II. Clients of BOSC were not solicited to invest in either PELP I or PELP II. BOSC serves as the non-discretionary investment advisor to PELP I and PELP II and receives fees for this service. Both limited partnerships are closed to new investors.

No affiliated limited partnerships are included as investment options under CPS Programs.

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

BOKFA has adopted a Code of Ethics describing its standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to prohibitions on insider trading, restrictions on the acceptance of gifts and the requirement to report certain gifts and personal securities trading, among other things. All employees of BOKFA must acknowledge the terms of the Code of Ethics annually. BOKFA will provide a free copy of its Code of Ethics to clients and prospective clients upon request.

BOKFA anticipates that securities may be purchased or sold in CPS accounts in which BOKFA, its employees and affiliates, and clients, directly or indirectly, also own. BOKFA employees are required to follow BOKFA’s Code of Ethics in conducting their personal securities transactions. Subject to satisfying this policy and applicable laws, officers, directors and employees of BOSC may trade for their own accounts in securities that are also recommended to and/or purchased for BOKFA clients.

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of employees of BOKFA will not interfere with (i) making decisions in the best interest of 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 such securities would not materially interfere with the best interest of BOKFA’s clients.

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 monitored under the Code of Ethics in an effort to reasonably prevent conflicts of interest between BOKFA and its clients.

BOSC, as broker-dealer and as principal, buys securities for itself from, or sells securities it owns to, its non-advisory clients. We will generally not act as principal in a transaction involving advisory accounts participating in CPS Programs. Transactions initiated by non-affiliated SMA Managers may be executed from time to time on a principal basis by BOKFA consistent with SEC “No Action” guidance.

If BOKFA conducts a principal brokerage transaction with an advisory client, we will obtain consent from you in accordance with the requirements of Rule 206(3)-3T or Section 206(3) of the Advisers Act. If consent is obtained from you, we will provide you with certain disclosures as required by law. BOKFA will not place trades through BOSC’s broker-dealer registration on behalf of clients subject to ERISA.

As an SEC registered introducing broker-dealer, BOSC routes orders through Pershing for its advisory clients. We are obligated to seek best execution pursuant to our fiduciary duty as an SEC registered investment adviser and under FINRA Conduct Rule 2320 for all trades executed. Better executions may be available via another broker-dealer based on such factors as volume, order flow and the market making activity of Pershing. We endeavor to put the interests of our advisory clients first but you should be aware that the receipt of economic benefits by

BOSC (or its related persons) creates a conflict of interest.

On occasion, we may effect a transaction in which BOSC acts as a broker for both the advisory client and the other party to the transaction. If this occurs, we will obtain consent from you, and will disclose all material information regarding the transaction to you, as required under Rule 206(3)-2 of the Advisers Act.

### *Review of Accounts*

BOKFA advisers will review your accounts at least once every calendar year. The typical review will consist of performance review reporting, including evaluation of any changes in your investment philosophy, objectives and risk tolerance. This evaluation may require changes to your current portfolio and investment plan. Should market or other circumstances warrant, or you request, more frequent account reviews may be conducted.

We rely on you to provide accurate information on the Investment Profile Questionnaire and to provide updates when changes to your financial situation or investment objectives occur. You will make the final decision with respect to the investment strategy and CPS Program, often after reviewing several options provided by your financial advisor. We shall periodically contact you to request updated information or confirm the information we have on file, and we rely on you to provide us this information.

### *Client Reporting*

At a minimum, clients will receive quarterly account statements from Pershing. Pershing will provide quarterly statements that include a summary of account activity and an inventory of holdings. The statements for taxable accounts include a summary of realized gains, dividends, interest and Program Fees deducted from your account(s). Clients should always review their statements for unauthorized withdrawals. Quarterly performance statements may be prepared by Lockwood or by your SMA Managers. These are provided as additional information, but they do not replace the quarterly account statements you receive from Pershing. Because your fees are based on average daily balance (and not the account value listed on your statement as of the end of the billing period), you will notice differences.

The average daily balance is defined as: "The average amount that exists in an account over a period of time. The number is calculated by adding the daily balances over a period of time and dividing by the total number of days in that period." (InvestorWords.com) The average daily balance is often seen as a more accurate reflection of the total funds in your account when calculating the total fees for a billing period.

**IRS Circular 230 Disclosure:** BOKFA, its affiliates, agents and employees are not in the business of providing tax, regulatory, accounting or legal advice. This brochure and any tax-related statements provided by BOKFA are not intended or written to be used, and cannot be used or relied upon, by any such taxpayer for the purpose of avoiding tax penalties. Any such taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

### *Client Referrals and Other Compensation*

**Referrals to BOKFA.** You may have been introduced to BOKFA by either a non-affiliated, affiliated, or employee solicitor, and we may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any state or other regulatory requirements. The referral fee shall be paid solely from the Program Fee and shall not result in any additional charges to you. If you are introduced to BOKFA by a non-affiliated solicitor, they should provide you with a copy of BOKFA's solicitor's disclosure statement containing the terms and conditions of the referral arrangement, including compensation. Any affiliated or employee solicitor of BOKFA shall disclose the nature of his/her relationship to prospective clients at the time of the referral and provide all prospective clients with a copy of BOKFA's solicitor's disclosure statement at or prior to the time a client agreement is executed.

**Mutual Fund Fees.** BOKFA may retain all or a portion of any 12b-1 and shareholder servicing fees paid by mutual funds held in your account(s). No 12b-1 fees will be kept by BOSC with respect to assets in an ERISA or IRA account

of a client; except shareholder servicing fees received from Cavanal Hill Funds will be retained for such accounts. This is a conflict of interest that was addressed when determining our advisory fees. They may be lower or higher than other firms impose but we believe they are well within the industry norm.

**BOKFA Referrals to Cavanal Hill Investment Management.** In addition, BOSC and Cavanal Hill Investment Management have entered into a Solicitation Agreement where CHIM agreed to pay BOSC a fee for the referring, soliciting and ongoing client servicing of CHIM clients. The fee is based on CHIM's revenues attributable to the client account placed with them. This is a revenue sharing fee that continues until the client is no longer a client of CHIM. The fee will be paid in accordance with relevant regulatory requirements, including Rule 206(4)-3 of the Advisers Act, and any state or other regulatory requirements.

A conflict of interest exists because BOSC is incented to refer its clients to an affiliate, who in turn shares the revenues associated with the referred account with BOSC. You are under no obligation to use CHIM as an SMA Manager and may decline to do so at any time by telling your financial advisor. BOSC may refer you to other Investment Managers in addition to, or instead of, CHIM.

**Other Referrals.** Employees of BOKF, NA and BOSC may introduce clients to other services offered within BOKF, NA or its affiliates. As a result of this referral, the employee may receive a fee. This fee may range from a nominal amount (\$20) to a percentage of the anticipated revenue for the account over a set period of time. These payments are not added to your fees, but are deducted from BOKF, NA's, BOSC's or the affiliate's revenue. These referral payments are paid according to banking regulations.

**Intercompany Payments between Affiliates.** BOKFA and its affiliates make certain intercompany payments to compensate each other for performing various administrative services. These may be amended or terminated at any time and are outlined in service agreements between the various affiliates.

#### *Research and Other Soft Dollar Benefits*

BOKFA does not participate in soft dollar benefits. Although our affiliate, Cavanal Hill Investment Management, does participate in soft dollar benefits for some of its transactions and clients, they will not engage in this activity for clients of BOKFA, regardless of Cavanal Hill's role in placing the trades.

#### *Financial Information*

BOKFA does not require or solicit prepayment of more than \$1,200 in fees per client more than six months in advance; therefore, a balance sheet is not being provided. We have not been the subject of a bankruptcy petition at any time.

### **Business Resumption**

BOSC's Business Resumption Plan has been developed in order to respond and recover should a disaster occur at one or more of our offices. The plan is designed for all of our business units to be able to resume business with the least amount of interruption to the many valuable services, which we provide to our customers.

Our plan outlines the actions BOSC will take in the event of a building, city-wide, or regional incident, including relocating technology and operational personnel to pre-assigned alternate regional facilities. Technology data processing can also be switched to an alternate regional data center.

All BOSC operational facilities are equipped for resumption of business and are regularly tested. Our recovery time objective for business resumption, including those involving a relocation of personnel or technology, is typically three (3) business days. This recovery objective may be negatively affected by the unavailability of external resources and circumstances beyond our control.

In the event of a significant business interruption, customers may call the toll-free contact numbers listed on our website, [www.boscinc.com](http://www.boscinc.com)



## **Client Personal Information**

## FACTS

### WHAT DOES BOSC, INC. DO WITH YOUR PERSONAL INFORMATION?

#### WHY?

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

#### WHAT?

The types of personal information we collect and share depend on the product or service you have with us.

**This information can include:**

- Social Security number and income
- Account balances and payment history

#### HOW?

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons BOSC, Inc. chooses to share; and whether you can limit this sharing.

REASONS WE CAN SHARE YOUR PERSONAL INFORMATION	DOES BOSC, INC. SHARE?	CAN YOU LIMIT THIS SHARING?
<b>For our everyday business purposes —</b> such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	<b>YES</b>	<b>NO</b>
<b>For our marketing purposes —</b> to offer our products and services to you	<b>YES</b>	<b>NO</b>
<b>For joint marketing with other financial companies</b>	<b>YES</b>	<b>NO</b>
<b>For our affiliates' everyday business purposes —</b> information about your transactions and experiences	<b>YES</b>	<b>NO</b>
<b>For our affiliates' everyday business purposes —</b> information about your creditworthiness	<b>NO</b>	<b>NO</b>
<b>For our affiliates to market to you</b>	<b>YES</b>	<b>YES</b>
<b>For nonaffiliates to market to you</b> (only applies to our Mortgage Division)	<b>YES</b>	<b>YES</b>

#### TO LIMIT OUR SHARING

- Call **1-877-781-6889**
- Visit us online: **[www.boscinc.com](http://www.boscinc.com)**
- Mail the form below

**Please note:**

If you are a *new* customer, we can begin sharing your information 30 days from the date we sent this notice. When you are *no longer* our customer, we continue to share your information as described in this notice.

However, you can contact us at any time to limit our sharing.

#### QUESTIONS?

Call **1-877-781-6889** or go to **[www.boscinc.com](http://www.boscinc.com)**.

WHAT WE DO	
How does BOSC, Inc. protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does BOSC, Inc. collect my personal information?	<p><b>We collect your personal information, for example, when you</b></p> <ul style="list-style-type: none"> <li>• open an account or deposit money</li> <li>• create transactions</li> <li>• request information</li> </ul> <p>We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.</p>
Why can't I limit all sharing?	<p><b>Federal law gives you the right to limit only</b></p> <ul style="list-style-type: none"> <li>• sharing for affiliates' everyday business purposes—information about your creditworthiness</li> <li>• affiliates from using your information to market to you</li> <li>• sharing for nonaffiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing.</p>
What happens when I limit sharing for an account I hold jointly with someone else?	Your choices will apply to everyone on your account.

DEFINITIONS	
Affiliates	<p><b>Companies related by common ownership or control. They can be financial and nonfinancial companies. Our affiliated companies include:</b></p> <ul style="list-style-type: none"> <li>• Financial institution</li> <li>• Banks</li> <li>• Investment advisory</li> <li>• Trust companies</li> </ul>
Nonaffiliates	<p><b>Companies not related by common ownership or control. They can be financial and nonfinancial companies. The nonaffiliated third parties may include:</b></p> <ul style="list-style-type: none"> <li>• Trust companies</li> <li>• Check printing and data processing</li> <li>• Financial service providers</li> <li>• Companies that provide services for us</li> <li>• Insurance companies</li> <li>• Financial institutions with whom we have a joint marketing agreement</li> <li>• Mortgage bankers</li> <li>• Credit bureaus</li> <li>• Securities broker-dealers</li> <li>• Nonfinancial companies</li> </ul>
Joint Marketing	<p><b>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</b></p> <ul style="list-style-type: none"> <li>• Credit card companies</li> <li>• Insurance companies</li> <li>• Trust companies</li> </ul>

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MAIL-IN FORM		
<b>Mark any/all you want to limit:</b>  <input type="checkbox"/> Do not allow your affiliates to use my personal information to market to me.  <input type="checkbox"/> Do not share any of my information with any nonaffiliates to market their products and services to me.		
Name		<b>Mail to:</b> BOSC, Inc.  Attn: Compliance P.O. Box 2300, Plaza Tulsa, OK 74192-0002
Address		
City, State, Zip		
Account #		