



# Form ADV, Part 2A Firm Brochure September 21, 2016

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Compliance Department  
BOK Financial Advisors  
P.O. Box 2300  
Tulsa, OK 74172  
[securities.bokfinancial.com](http://securities.bokfinancial.com)

This Firm Brochure is effective September 21, 2016 and provides information about the qualifications and business practices of BOK Financial Advisors (BOKFA).

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

The information in this Firm 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.

Securities, insurance and advisory services offered through BOK Financial Securities, Inc., member FINRA/SIPC and a subsidiary of BOK Financial Corporation. Services may be offered under our trade name, BOK Financial Advisors. **NOT FDIC INSURED | NO BANK GUARANTEE | MAY LOSE VALUE**

## **Item 2. Material Changes**

This section discusses specific material changes that have been made to our Firm Brochure dated March 30, 2016 and provides you with a summary of such changes.

Changes to our firm brochure since July 25, 2016:

- On September 9, 2016, BOKF, NA ("BOKF"), an affiliate of BOK Financial Securities, Inc., entered into a consent decree (the "Consent Decree") with the Securities Exchange Commission (the "SEC"). BOKF neither admitted nor denied the findings of the Consent Decree. This matter relates to BOKF's relationship with Christopher Brogdon, a former customer who has been accused by the SEC of violating antifraud provisions of the federal securities laws. BOKF served as indenture trustee and dissemination agent for several conduit municipal bond offerings for which Mr. Brogdon's entities acted as borrower since 2000. The Consent Decree states that BOKF, primarily through the actions of a former employee, allowed Mr. Brogdon to perpetuate his fraud by failing to perform disclosure and notice obligations it owed to bondholders. BOKF agreed to pay disgorgement of \$984,200.73 of the fees it collected from its work with Mr. Brogdon. Additionally, BOKF also agreed to pay interest totaling \$83,520.63 and a penalty of \$600,000. BOKF has also undertaken to enhance its policies, procedures and training in order to prevent such an event from occurring again.

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

Our Firm Brochure may be requested by contacting your BOKFA Advisor or by calling 1-877-781-6889.

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#### **Item 4. Advisory Business**

##### ***About BOK Financial Securities/BOKFA***

BOK Financial Securities, 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). BOK Financial Securities, Inc. (BOKFS) 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. BOKFS (formerly BOSC, Inc.) has been registered as an investment adviser with the SEC since January, 1997 and goes under the trade name, BOK Financial Advisors

BOKFS is the brokerage affiliate of our principal owner, BOK Financial Corporation, and has locations associated with BOKF, NA under the banking names of: 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. BOKFS also offers investments, insurance and advisory services inside Ciera Bank locations throughout the Dallas area. BOKFS is also licensed as an insurance agency in some states under the names BOK Financial Securities, Inc., BOSC Agency, Inc. and BOSC Insurance Services. As an institutional and public finance firm, BOKFS 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.

BOKFA 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, BOKFS 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, BOKFS' 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.

In this document, BOK Financial Securities, Inc. is referred to as "BOKFS" 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.

##### ***Assets under Management***

As of June 30, 2016, BOKFA had \$ 568,342,033 in assets under management in 1682 accounts. This includes \$170,841,010 managed on a discretionary basis (930 accounts) and \$397,501,023 managed on a non-discretionary basis (752 accounts).

##### ***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).

##### ***Advisory Services Program***

BOKFA offers a variety of choices within our Advisory Services Program (Program). These include non-discretionary asset management, financial planning and consulting and private equity funds (closed to new

investors). Important information on each is provided in this Brochure.

**General Information.** BOKFA Advisors will review your investment profile with you. The program and investments chosen will be based on your answers, investment and financial objectives, risk tolerance, and other information you may have shared with your financial advisor. The process 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)

**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 BOKFA Advisor in person at least one time per year.

**Types of Investments.** BOKFA may offer advice on (or recommend) bonds, other fixed income products, mutual funds (load-waived, and no-load), stocks, real estate investment trusts (REITs), fixed and variable insurance products, unit investment trusts (UITs), exchange-traded products, certificates of deposit, private partnerships and others. We do not offer advice on futures and commodities. This may not be a comprehensive list of product types, nor are all products listed suitable for an advisory account.

**Investment Strategies.** The following investment strategies are available in the Program. The investment strategy you choose is selected based on the goals and risk tolerance information you provided your Financial Advisor.

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.

### *Non-Discretionary Investment Management*

If you choose to have your assets managed by BOKFA or one of its affiliates in a non-discretionary manner, you may do so. This will mean your assets are held at Pershing and your BOKFA Advisor will contact you before initiating trades in your account(s). You will be actively engaged in the management process along with BOKFA and you will pay an annual asset under management fee, quarterly in advance. You will receive trade confirmations as transactions occur and statements from Pershing on at least a quarterly basis. All fees will be deducted from your account(s) and will appear on your Pershing statements.

You may impose reasonable restrictions on investing in certain securities or investing in certain types of securities.

### *Financial Planning and Consulting*

Some clients of BOKFA may have particular investment and financial questions about their situation which may be met with either a financial planning or consulting engagement. These types of engagements differ from client to client based on individual circumstances and requests and are very personalized. In many cases, you will receive a financial plan covering one or more areas of particular interest to you. In others, the services you receive may be less formal, i.e., you and your BOKFA Advisor will have conversations discussing specific topics of interest to you and research may be done or answers provided to you that are not incorporated into a financial plan. You will discuss your needs with your BOKFA Advisor to determine what delivery method fits.

Areas that may be covered include such topics as:

- Risk tolerance analysis
- Review and prioritizing of your goals and objectives
- Investment planning and asset allocation strategy
- Insurance needs analysis
- Education needs
- Retirement planning
- Budgeting and cash flow analysis

In some instances these services are provided to you at no additional charge to the engagement you already have with your BOKFA Advisor (i.e., an advisory account with one of our SMA Managers) as these questions become the next logical step in your relationship with BOKFA. In other cases, you may only want a financial plan at the onset. Then, as you feel more confident choosing your next financial steps, you will have a plan for guidance. You and your BOKFA Advisor will decide whether you want an “all encompassing” financial plan or simply the answers to a few questions. The breadth of this decision will help determine how you compensate BOKFA.

Should you choose a financial plan, you will be given the choice of implementing the proposed action steps with BOKFA and its affiliates; going elsewhere for help with implementation; or doing it yourself. This is your decision. BOKFA stands ready to help but will have financial incentives for recommending the services and products of BOKFA and its affiliates.

### *Private Equity Funds – Closed to New Investors*

BOKFA does advise private equity funds that in turn invest in various underlying private equity funds across all private equity asset classes and major geographies. These private equity funds are sometimes referred to as a “Fund of Funds”.

BOKFA is the investment adviser to the BOKF Private Equity Limited Partnership (PELP) and BOKF Private Equity Limited Partnership II (PELP II). BOKF Equity LLC (BOKF Equity) is the general partner in the PELP and PELP II. BOKF Equity is an affiliate of BOKFA. Clients of BOKF, NA were solicited by BOKF Equity to invest in PELP I and PELP II. Clients of BOKFA may be invested in PELP I or PELP II but are not currently being solicited to invest. Both funds are closed to new investors.

BOKFA provides private equity portfolio management services on a non-discretionary basis. This service includes investment selection, private equity monitoring, and reporting services to the general and limited partners. Monitoring and reporting services include, but are not limited to, portfolio tracking and monitoring, database development and maintenance for document retention and performance data, portfolio analysis, review and reporting, review of amendments to governing documents, and general research.

BOKFA tailors its private equity portfolio management services to the specific investment objectives and restrictions of the private equity partnership pursuant to the investment guidelines and restrictions set forth in the partnerships’ respective confidential private placement memorandum, limited partnership or limited liability company agreement, investment advisory contract and other governing documents, as well through ongoing discussions with the general partner.

Assets for the Private Equity Funds are custodied at BOKF, NA, dba Bank of Oklahoma, and an affiliate of BOKFA.

### **Item 5. Fees and Compensation**

#### *Non Discretionary Investment Management Services*

Clients will compensate BOKFA for the transaction services provided under this program by paying an annual asset-based fee (the Fee), according to this schedule:

<b>Eligible Assets</b>	<b>Annual Fee Rates</b>
\$1 - 999,999	1.50%
\$1,000,000 -1,999,999	1.00%
\$2,000,000+	0.75%

The Fee charged to each non-discretionary investment advisory account is based on the value of *eligible assets* held in the program and may be negotiable. *Eligible assets* consist of the following: cash, listed and unrestricted stocks, fixed income instruments (bonds), options, Unit Investment Trusts (UITs), and certain mutual funds (no-load and front-end load waived), exchange traded products (ETFs or ETPs), and others. Certain variable annuity products may also be available for advisory accounts. These will be load-waived or have a special share class specifically designed for advisory accounts. Any security or other asset that is not an *eligible asset* is an *ineligible asset*. *Ineligible assets* were probably subject to normal and customary commissions. *Ineligible assets* include, but are not limited to securities for which you paid a commission within the recent past including, but not limited to, fixed and variable annuities, other insurance products, and REITs (private and traded). (This is usually determined as 1-2 years.) *Ineligible assets* may be transferred into your advisory account but you will not be charged an annual fee until an agreed upon point in the future.

There is a minimum annual Fee of \$1,000. The annual fee may be waived by a designated supervisor in certain cases. For clients with assets in the Program of less than \$75,000, you may pay a rate that is greater than the rate specified in the annual Fee schedule (above). The initial Fee will be prorated according to the number of days

remaining in the calendar quarter and will be due one business day after the account meets the qualifying minimum value. Thereafter, the Fee will be paid every calendar quarter *in advance*.

This Program is not recommended for clients with less than \$100,000 in assets to invest. Clients authorize their custodian to pay the Fee and any other fees due under the Agreement by debiting the client's account directly. Payment of the advisory Fee will be reflected on client's statement(s). The advisory Fee will be paid every calendar quarter in advance, based on the value of *eligible assets* as of the last business day of the prior quarter.

Financial planning and consulting fees may be charged hourly (typically \$50-\$350/hour); as a flat fee that typically ranges from \$50 to \$10,000; or as an annual retainer that ranges from \$2000 - \$10,000. The annual retainer fees are billed quarterly in arrears (\$500 to \$2500 per quarter). Some clients with complicated financial situations may pay fees that exceed these but they will be agreed upon in advance.

#### *Other Fee Information*

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 BOKFA and its affiliates may also be a factor. Employees of BOKFA 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 will be calculated as follows:

First \$999,999 in assets charged at 1.50%	= \$14,999.99
+ Next \$500,001 in assets charged at 1.00%	= \$ 5,000.01
<hr/>	
Total Annual Fee of	= \$20,000.00

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.

***Financial planning and consulting fees are paid by personal check made payable to BOK Financial Securities, Inc. or BOK Financial Advisors. You should never make a check payable to your BOKFA Advisor.***

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

Accounts 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 Fee for Program accounts, and you do not pay separately for them.

**Client Statements.** In the case of clients with investments in the Non-Discretionary Investment Management program choice, you will receive quarterly account statements from Pershing. You will also receive trade confirmations and prospectuses directly from Pershing.

Clients invested in the Private Equity Funds will receive, at least, annual audited financial statements once a year. They should be sent to you on or around June 30<sup>th</sup>. Quarterly statements may be provided by the Bank of Oklahoma as well. You will not receive trade confirmations or prospectuses.

Financial planning and consulting engagement clients will not receive statements, trade confirmations or prospectuses as you have no accounts invested with us in this program.



### *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 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. Terminated accounts will be converted to a commission-based brokerage account. Should the account be terminated due to the death of the account holder, fees will stop being charged as of the date of death. Fees paid in advance beyond this date will be refunded. Transactions may occur in discretionary accounts until the Advisor is notified of the account holder's death.

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

**Other Items.** Some accounts may be actively traded, which means you may receive many confirmations and prospectuses. You will also receive monthly or quarterly statements showing all transactions done in your account. Of course, you should always review your statements to be sure all deposits and withdrawals were requested by you.

The percentage of the fee paid to your BOKFA Advisor for this Program may be more than he/she would receive if you participated in one of our other advisory programs or if you paid commissions in a brokerage account or traditional mutual fund account. Thus, your BOKFA Advisor may have a financial incentive to recommend one of the programs outlined in this Firm Brochure.

You may be able to purchase mutual funds and other investments and advisory services directly from another properly registered individual or company without incurring our advisory fee. You may pay more or less than you pay if buying from us and you will not receive our management experience. It is your choice.

### *Additional Expenses You May Pay*

Other fees not covered by the Program Fee include:

- 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

If applicable, you will pay these separately from the Program Fee.

**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. If paid, BOKFS will receive these service fees for the mutual funds held in your account in addition to the advisory fees you pay to us. 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 BOKFS will be rebated to you or waived.

**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 will 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). BOKFA and certain of its affiliates receive fees for providing various services to Cavanal Hill. Please refer to the section entitled "Investment Companies and Pooled Investment Vehicles" for more information about these service and fee arrangements. A full description of the Cavanal Hill Funds and their fees and expenses are available in each fund's prospectus. The prospectuses may be found on their website, [www.cavanalhill.com](http://www.cavanalhill.com).

**IRA/ERISA Account Fees.** IRA and certain ERISA accounts will be subject to the following fees in addition to your Program Fee:

Account Type	Annual Maintenance Fee	Termination or Transfer Fee
Traditional IRA, Roth IRA, Self Directed IRA, and Education Savings Accounts, and IRS Model		
5305 SEP Accounts	\$40.00	\$75.00
Mutual Fund Only IRA, Mutual Fund Only Roth IRA	\$10.00	\$75.00
SAR-SEP/Prototype SEP, SIMPLE IRA, and 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.

Some fees charged by Pershing to you may be "marked-up" by BOKFS and that mark-up will be paid to BOKFS. We feel these fees are still within normal industry practices. These include items such as:

- Account transfer fees
- Fed fund wire fees
- IRA custodial fees
- Stop payment and returned check fees
- Inactive account fees
- Mandatory reorganization fees
- Tax lot fees
- Foreign received and deliver fees

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 non-discretionary investment management program is most appropriate for clients that want managed money solutions and do not want to pay commissions. There is no minimum account size for financial planning or consulting clients.

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

### *Private Equity Accounts*

BOKFA Private Equity Accounts are pooled investment vehicles and are not included in the BOKFA Advisory Program. BOKFA has no basic fee schedule for private equity accounts. All fees are negotiated on a client-by-client basis and are payable in accordance with the terms of the investment advisory agreement. The fees charged for private equity accounts are performance based fees.

### **Item 6. Performance-Based Fees and Side-by-Side Management**

Performance-based fee arrangements may create an incentive for BOKFA to recommend investments that may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities.

BOKFA has segregated its fee-based accounts from its Private Equity accounts and has a dedicated team of investment professionals that solely manage these Private Equity accounts. Since the Private Equity accounts are subject to a performance-based fee this ensures all clients are treated fairly and equitably and prevents this conflict from influencing the allocation of investment opportunities among clients. A performance-based fee is only applicable to Private Equity Accounts.

BOKFA has procedures designed and implemented to ensure that all clients are treated fairly and equitably, and to prevent this conflict from influencing investment selection. Annually, BOKFA representatives meet with clients in fee-based accounts to discuss these account options and the cost factors, and the client determines which account type is preferred moving forward (brokerage or advisory).

### **Item 7. Types of Clients**

BOKFA may manage assets for a broad and diverse client base that could include individuals, corporations, government agencies, trusts, foundations, municipalities, institutional clients, and pooled investment vehicles nationwide. In most cases, financial planning or consulting clients will be individuals, including high net worth individuals. They may have financial situations that range from simple to very complex in nature.

BOKFA Advisory Services Program clients are typically individuals, high net worth individuals, and certain retirement plans. The Program is designed for clients who plan to hold and trade a portfolio of securities within the Program. The Program is not designed for clients who experience unusually high turnover of their portfolio holdings; substantial options trading; or market timing. The minimum Program investment amount is \$100,000. The Program minimum may be waived by a Designated Supervisor at BOKFA's sole discretion.

### **Item 8. Methods of Analysis, Investment Strategies & Risk of Loss**

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.

## 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 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 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.

## Client Contact with Portfolio Managers

You have access to your portfolio manager or BOKFA Advisor, within reason, at any time.

### Item 9. Disciplinary Information

BOKFS (formerly known as BOSC, Inc.) or its management persons have been found to have been involved in violation of rules of an applicable self-regulatory organization (SRO) or other regulator and received a fine of more than \$2,500. Details of these disciplinary events are provided below:

- On September 9, 2016, BOKF, NA ("BOKF"), an affiliate of BOK Financial Securities, Inc., entered into a consent decree (the "Consent Decree") with the Securities Exchange Commission (the "SEC"). BOKF neither admitted nor denied the findings of the Consent Decree. This matter relates to BOKF's relationship with Christopher Brogdon, a former customer who has been accused by the SEC of violating antifraud provisions of the federal securities laws. BOKF served as indenture trustee and dissemination agent for several conduit municipal bond offerings for which Mr. Brogdon's entities acted as borrower since 2000. The Consent Decree states that BOKF, primarily through the actions of a former employee, allowed Mr. Brogdon to perpetuate his fraud by failing to perform disclosure and notice obligations it owed to bondholders. BOKF agreed to pay disgorgement of \$984,200.73 of the fees it collected from its work with Mr. Brogdon. Additionally, BOKF also agreed to pay interest totaling \$83,520.63 and a penalty of \$600,000. BOKF has also undertaken to enhance its policies, procedures and training in order to prevent such an event from occurring again.
- On October 21, 2015, FINRA signed an Acceptance, Waiver and Consent (AWC) issued to BOSC. BOSC consented to the AWC without admitting or denying the findings. FINRA's Department of Market Regulation reviewed BOSC's compliance with FINRA rules governing markup/markdown during the period from July 1, 2013 through September 30, 2013. As a result of its reviews, the Department of Market Regulation determined that BOSC violated NASD Conduct Rules 2440, IM-2440-1 and IM-2440-2, and FINRA Rule 2010. During the review, BOSC bought or sold corporate bonds to or from customers and failed to buy or sell such bonds at a price that was fair, taking into consideration all relevant circumstances, including market conditions with respect to each bond at the time of the transaction, the expense involved and that the firm was entitled to a profit. The transactions resulted in a censure; a fine to BOSC of \$12,500 and restitution for eight transactions totaling \$4873.96 (including interest). The fine was paid by BOSC to FINRA on 11/10/2015 and the restitution to clients was sent on 11/23/2015.
- On June 18, 2015, the SEC filed an order instituting administrative and cease-and-desist proceedings against BOSC (the "Order"). BOSC consented to the Order without admitting or denying the findings. This matter involves violations of an anti-fraud provision of the federal securities laws in connection with BOSC's underwriting of certain municipal securities offerings. The SEC found that BOSC conducted inadequate due diligence in certain offerings and, as a result, failed to form a reasonable basis for believing the truthfulness of certain material representations in official statements issued in conjunction with those offerings. This resulted in BOSC offering and selling municipal securities on the basis of materially misleading disclosure documents. As a result, the SEC has found that BOSC willfully violated Section 17(a)(2) of the Securities Act. The violations were self-reported by BOSC to the SEC pursuant to the Division of Enforcement's Municipalities Continuing Disclosure Cooperation Initiative. BOSC paid civil money penalty of \$250,000.00 to the SEC. In addition, BOSC has agreed to retain an independent consultant, approved by the SEC, to conduct a review of BOSC's policies and procedures as they relate to municipal securities underwriting due diligence. The independent consultant shall prepare a written report of its findings and submit it to the SEC, which shall include the independent consultant's recommendations for changes in or improvements to BOSC's policies and procedures. All agreed-upon recommendations from the independent consultant shall be adopted by BOSC within 90 days of the date of the report. The independent consultant shall submit a final certification, in writing, to the SEC of BOSC's compliance with the required undertakings no later than 365 days from June 18, 2015. The final certification showing compliance with the required undertakings was submitted to the SEC on June 16,



2016.

- 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).

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

BOKFA 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.

Most individuals registered as investment adviser representatives (IARs) with BOKFA are also registered representatives (RRs) with BOKFS. Many will earn a substantial percentage of their compensation based on the sale of investments that pay commissions. Recommended products and investment strategies for your financial plan may include investments that pay commissions (including insurance) and advisory services (which pay an on-going fee). This represents a conflict of interest but our intent is always to provide and recommend a product or service that is in your best interest and meets your suitability requirements.

### *Affiliated Managers*

Cavanal Hill Investment Management is not 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 Advisors (SIA), 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 as Manager*

Because BOKFA acts as the sponsor and investment adviser of the Programs, and is also a broker-dealer (BOKFS) 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.

A BOKFA Advisor may have an economic incentive for recommending our advisory programs. The amount of the incentive may be more than what the BOKFA 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 BOKFA Advisor has a financial incentive (a conflict of interest) to recommend our advisory programs over other offerings or services.

### *Our Affiliates*

BOKFA 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 BOKFS is that of a general securities broker-dealer, government securities seller and municipal securities underwriter. BOKFS is a registered broker-dealer, member FINRA, SIPC and the MSRB. Many of our principal executive officers, investment committee members, and the individuals who determine general investment advice are registered representatives with the broker-dealer. In this capacity, these registered representatives are able to recommend investments and insurance products outside of the Program for which they receive reasonable and customary compensation. The opportunity to receive additional compensation for effecting securities transactions or selling insurance products outside of the Program or purchasing securities in the Program 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.

**Investment Company or Other Pooled Investment Vehicle.** BOKFS serves as the distributor and principal underwriter to each of the Cavanal Hill Mutual 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 BOKFS, and BOKFS has agreed to use appropriate efforts to solicit purchases. Customers purchasing shares of CH Funds include officers, directors, or employees of BOKFS and its affiliates. For the provision of distribution and shareholder services, BOKFS will receive 12b-1 and shareholder servicing fees from CH Funds.



Caval 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 (under the name Bank of Oklahoma) 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 the Program accounts. CH Fund and client accounts are afforded equal treatment in investment management, transaction, and allocation decisions.

Caval Hill Funds are included as investments in some client accounts and certain CH Funds serve as the sweep vehicle for Program 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 Program. A more detailed description of the available CH Funds and other fees and expenses are available in each fund's prospectus.

**Investment Company or Other Pooled Investment Vehicle.** BOK Equity, LLC is the manager of the private equity funds described in this brochure. It is owned by BOK Capital Services, and a wholly owned subsidiary of BOK Financial Corporation.

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

**Investment Adviser or Financial Planner.** Caval Hill Investment Management is a registered investment adviser affiliate of BOKFA. BOKFA may receive compensation if BOKFS, BOKFA or 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. BOKFA 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 Firm Brochure.

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

**Investment Adviser or Financial Planner.** BOK Financial Asset Management, Inc. is an SEC registered investment adviser and a full-service retirement and pension planning firm. BOK Financial Asset Management is a wholly owned subsidiary of BOKF, NA. BOK Financial Asset Management operated under the name MBM Advisors prior to December 6, 2015.

**Investment Adviser or Financial Planner.** Stepstone Group LP (Stepstone) is a registered investment adviser with the SEC. BOKFA and Stepstone are related parties through a common, indirect control person, George Kaiser.

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

The BOKFA account documents and other communications with customers clearly disclose that investments made through BOKFA are not obligations of, or guaranteed by, BOKFA, or any bank affiliate and that investments made through BOKFA 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 BOKFA are also employees of or registered with our affiliates.

**Insurance Company or Agency.** Some BOKFA Advisors are licensed to sell insurance products through BOSC Agency, Inc. or BOK Financial Securities, Inc., affiliated insurance agencies. Fixed insurance products are not included in the Program although some programs may allow for the inclusion of variable annuity investments. Variable annuities allowed in the 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 managed accounts.

**Municipal Advisors.** BOK Financial Securities, Inc. is registered as a municipal advisor with the SEC and the MSRB.

**Sponsor or Syndicator of Limited Partnerships.** BOKF Equity LLC (BOKF Equity) is an affiliate of BOKFA. 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 BOKFA were not solicited to invest in either PELP I or PELP II. BOKFA 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.

**Item 11. 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 advisory 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 BOKFA 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.

Our Code of Ethics does not have “black-out dates” so our employees may buy or sell the same security as you at a better price on occasion. We endeavor to watch this and normally prohibit the employee from receiving a better price than you do for transactions involving the same security within a 24 hour time period. If the difference is non-material in nature (usually defined as \$10 or less in total and not price per share), then no adjustments are made to either account.

BOKFS, as broker-dealer and as principal, buys securities for itself from, or sells securities it owns to, its non-advisory clients. We will not act as principal in a transaction involving advisory accounts.

As an SEC registered introducing broker-dealer, BOKFS 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 BOKFS (or its related persons) creates a conflict of interest.

In rare circumstances, we may effect a transaction in which BOKFS 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.

### *Client Reporting*

At a minimum, clients in the non-discretionary investment management program 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 Fees deducted from your account(s). Clients should always review their statements for unauthorized withdrawals. 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.

### **Item 12. Brokerage Practices**

BOKFA advisory clients are responsible for making their own investment selections along with guidance and advice from their BOKFA Advisor. Client orders are initiated by BOKFA and are executed and cleared through Pershing. BOKFA does not receive research or services (e.g., soft dollar benefits) other than execution in connection with client securities transactions.

BOKFA does not direct client transactions to a particular broker-dealer (directed brokerage) in return for client referrals. BOKFA clients are not permitted to direct brokerage through a client-specified broker-dealer. All BOKFA client security transactions are executed and cleared through Pershing.

Client transactions in *ineligible assets* are not included in the assets under management when calculating the annual fee. *Ineligible assets* will remain part of the client's BOKFS brokerage account and non-advisory fees and commissions will be charged in accordance with BOKFS brokerage fee schedule.

### **Item 13. Review of Accounts**

BOKFA advisers will review your accounts at least once every calendar year. The typical review will consist of an 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 to us 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 program chosen, often after reviewing several options provided by your financial advisor. We shall periodically contact you (sometimes by mail) to request updated information or confirm the information we have on file, and we rely on you to provide us this information.

**Private Equity Accounts.** SIA reviews the performance of the two private equity funds currently managed by BOKFA on a quarterly basis. SIA reviews each of the individual underlying funds in each private equity fund, its

performance, anticipated capital requirements distributions, strategy of the fund to its stated objectives and any personnel or operational changes in the underlying funds' management. BOKF provides written reports to limited partners four times a year and conducts an annual information presentation. This presentation alternates between an in person meeting and a conference call and web presentation each year.

#### **Item 14. 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 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 BOKFA with respect to assets in an ERISA or IRA account of a client.

**BOKFA Referrals to Cavanal Hill Investment Management.** In addition, BOKFA and Cavanal Hill Investment Management have entered into a Solicitation Agreement where CHIM agreed to pay BOKFA 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 BOKFA is incented to refer its clients to an affiliate, who in turn shares the revenues associated with the referred account with BOKFA. BOKFA is solely responsible for paying such solicitation and/or referral fees and the client will not incur any additional charges.

**Other Referrals.** Employees of BOKF, NA and BOKFA 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 the revenue received by BOKF, NA, BOKFA or the affiliate. 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.

#### **Item 15. Custody**

BOKFA does not provide custody services directly; however, such services may be provided by its affiliate bank, BOKF, NA (PELP I and PELP II), or Pershing depending upon the type of account.

**Advisory Services Program.** BOKFA Advisory Service Program accounts are custodied at Pershing. Pershing is a "qualified custodian" as defined under Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended (the 1940 Act). Pershing will provide confirmations of all securities transactions executed through it and regular statements on all accounts. Clients should carefully review these statements and notify BOKFA if you have any questions.

**Private Equity Accounts.** BOKFA does not provide account statements for private equity accounts. At least quarterly, limited partner clients should receive statements from BOKF, NA d/b/a Bank of Oklahoma, the qualified custodian that holds and maintains their assets. BOKF, NA is an affiliate of BOKFA. BOKFA urges clients to carefully review such statements and compare such official custodial records to any account report that we may provide to you. Our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

#### **Item 16. Investment Discretion**

BOKFA does not have discretion on the programs described in this Firm Brochure, except the Private Equity Funds (as described elsewhere). BOKFA does have investment discretion on other advisory programs described in our Wrap Fee Program Brochure. You may ask for a copy of this at any time.

#### **Item 17. Voting Client Securities**

BOKFA does not vote client security proxies for the Advisory Services Program nor does it have any obligation to vote client securities. Such BOKFA clients are responsible for voting their own security proxies, should they choose.

Clients will receive proxies or other solicitations directly from the custodian. BOKFA will not vote the proxies and cannot provide any advice, recommendations, or answer questions about any particular solicitation for Advisory Services Program accounts.

#### **Item 18. 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.

#### **Item 19. Requirements for State-Registered Advisers**

BOKFA is not a state-registered adviser.

#### **Business Resumption**

BOKFA'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 BOKFA 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 BOKFA operational facilities are equipped for resumption of business and are regularly tested. Our recovery time for business resumption, including those involving a relocation of personnel or technology is typically three 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, [securities.bokfinancial.com](http://securities.bokfinancial.com).

#### **Privacy Notice**

Please refer to the BOKFA Privacy Policy to find out more about what we do with your personal information. The Privacy Notice is provided at the end of this Brochure.

## FACTS

### WHAT DOES BOK FINANCIAL SECURITIES 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. When you are no longer our customer, we may continue to share your information as described in this notice.

#### **This information can include:**

- Information we receive from you on applications or other forms
- Information about your transactions with us, our affiliates and others
- Information we receive from a consumer reporting agency

#### 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 BOK Financial Securities chooses to share; and whether you can limit this sharing.

REASONS WE CAN SHARE YOUR PERSONAL INFORMATION	DOES BOK FINANCIAL SECURITIES 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>NO</b>	<b>We do not share</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>We do not share</b>
<b>For our affiliates to market to you</b>	<b>YES</b>	<b>YES</b>
<b>For non-affiliates to market to you</b>	<b>NO</b>	<b>We do not share</b>

### OTHER IMPORTANT INFORMATION:

- **Nevada customers** — In response to Nevada law, we are providing this notice to you. You may be placed on our internal Do Not Call list by following the directions in the To Limit Direct Marketing section.

For more information contact us at **1-877-781-6889** or submit the Opt Out notice to us via US Mail. You may also contact the **Bureau of Consumer Protection, Office of the Nevada Attorney General, 555 E. Washington St., Suite 3900, Las Vegas, NV 89101; 702-486-3132** or by email at **BCPINFO@ag.state.nv.us**

- **Do Not Call Policy.** This privacy policy constitutes BOK Financial Securities' Do Not Call Policy under the Telephone Consumer Protection Act for all consumers. BOK Financial Securities maintains an internal Do Not Call list. Do Not Call requests will be honored within 30 days and will be effective for at least five years from the date of the request. No telemarketing calls will be made to residential or cellular phone numbers that appear on the BOK Financial Securities' Do Not Call list. You may continue to receive marketing information in regular account mailings and statements, when you visit us online or at an ATM. You may also be contacted to service your account or participate in surveys. If you

have an assigned advisor or team, they may continue to contact you to assist you in managing your portfolio or account relationship.

- For clients of BOK Financial Securities and advisors also affiliated with a bank, credit union or other financial institution: If your account was opened in our offices located at a non-affiliated financial institution, such as a bank, thrift or credit union, and that financial institution decides to enter into a relationship with a new financial services provider, we may share your information with the new financial services provider so that your account can continue to be serviced.

### TO LIMIT OUR SHARING

- Call **1-877-781-6889**
- Mail the opt-out form provided

#### **Please note:**

If you are a *new* customer, we can begin sharing your information 30 days from the date we sent this notice.

However, you can contact us at any time to limit our sharing. To limit our direct marketing to you by mail or telephone, call 1-877-781-6889 or return the opt-out form provided.

### QUESTIONS?

Who is providing this brochure? BOK Financial Securities and its affiliates and BOKF, NA dba Institutional Investments, Bank of Oklahoma.

WHAT WE DO	
<b>How does BOK Financial Securities protect my personal information?</b>	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. Our online environment uses security technologies that meet or exceed regulatory requirements to control access to your personal information.
<b>How does BOK Financial Securities collect my personal information?</b>	<p><b>We collect your personal information, for example, when you</b></p> <ul style="list-style-type: none"> <li>• seek advice about your investments</li> <li>• open an investment advisory or brokerage account</li> <li>• tell us about your investments or retirement needs</li> </ul> <p>We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.</p>
<b>Why can't I limit all sharing?</b>	<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 non-affiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing.</p>
<b>What happens when I limit sharing for an account I hold jointly with someone else?</b>	Your choices will apply to everyone on your account.

DEFINITIONS	
<b>Affiliates</b>	<p><b>Companies related by common ownership or control. They can be financial and non-financial companies. Our affiliated companies include:</b></p> <ul style="list-style-type: none"> <li>• Financial institutions</li> <li>• Banks</li> <li>• Investment advisers</li> <li>• Trust companies</li> </ul>
<b>Non-affiliates</b>	<p><b>Companies not related by common ownership or control. They can be financial and non-financial companies.</b></p> <ul style="list-style-type: none"> <li>• BOK Financial Securities does not share personal information with non-affiliates so they may market to you</li> </ul>
<b>Joint Marketing</b>	<p><b>A formal agreement between non-affiliated financial companies that together market financial products or services to you.</b></p> <ul style="list-style-type: none"> <li>• BOK Financial Securities does not have joint marketing agreements with non-affiliated financial companies</li> </ul>

Securities, insurance and advisory services offered through BOK Financial Securities, Inc., member FINRA/SIPC and a subsidiary of BOK Financial Corporation. Services may be offered under our trade name, BOK Financial Advisors. **NOT FDIC INSURED | NO BANK GUARANTEE | MAY LOSE VALUE**

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MAIL-IN OPT-OUT FORM		
<p>Please complete all information legibly so we may update our records. If information is missing, we may be unable to honor this request.</p> <p><b>Mark any/all you want to limit:</b></p> <p><input type="checkbox"/> Do not allow your affiliates to use my personal information to market to me.</p> <p><input type="checkbox"/> Please add me to BOK Financial Securities' Do Not Call list.</p>		
Name		<b>Mail to:</b> BOK Financial Securities Attn: Operations P.O. Box 2300, Plaza Tulsa, OK 74192-0002
Address line 1		
Address line 2		
City, State, Zip		
Pershing Account #	or Social Security #	
Phone	Signature	Date