

**FORM ADV Uniform Application for Investment Adviser Registration**  
**Part 2A: Investment Adviser Brochure**  
**Item 1: Cover Page**

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*This brochure provides information about the qualifications and business practices of Raymond James (USA) Ltd. If you have any questions about the contents of this brochure, please contact us at the phone number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Please note, where this brochure may use the terms “registered investment adviser” and/or “registered”, registration itself does not imply a certain level of skill or training. Additional information about the firm and its representatives is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)*

## **Item 2: Material Changes**

The purpose of this Item 2 is to disclose material changes that have been made to this Brochure since the last annual update of this Brochure.

No material changes have been made to this Brochure since its last annual update. The last annual update of this Brochure was dated December 2012.

## **Item 3: Table of Contents**

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#### **Item 4: Advisory Business**

Raymond James (USA) Ltd (“RJLU”) operates as an investment adviser registered with the Securities and Exchange Commission and as a full service broker-dealer registered with FINRA. Established in 1998, the firm is a wholly owned Canadian based subsidiary of Raymond James Ltd, which in turn is owned and operated by Raymond James Financial Inc. of St. Petersburg, Florida (Ticker symbol: RJF). RJLU may provide fee-based portfolio management services to individuals, corporate entities, trusts, high net worth clients, charitable organizations, pension/profit sharing plans, and institutional clients. As a registered investment adviser, the firm serves to actively manage a wide variety of investment portfolios. As part of the Raymond James family of companies, the firm maintains access to some of the industry’s finest resources which include brokerage, in depth market research services, an experienced management team, and a broad scope of service offerings.

Generally, there are several fundamental differences between brokerage services and advisory services, which may vary depending on the characteristics of a particular service. Brokerage services primarily involve assisting the client with the purchase and sale of securities, with the provision of investment advice being only incidental to those services. Investment advisory services, on the other hand, primarily involve separately agreeing with the client to provide investment advice to meet comprehensive long-term financial goals. While providing advisory services, RJLU and its investment adviser representatives have a fiduciary duty to its advisory clients, must put the client’s interests ahead of its own, and must treat all of its advisory clients fairly and equitably.

#### ***Asset management services***

The firm provides asset management services on a discretionary and non-discretionary basis. As discussed in Item 16 of this brochure, discretionary asset management means that the firm may act in the client’s interest by placing trades in the client’s account without first obtaining client approval for each transaction. The firm may not exercise discretion over a client’s assets without written authorization from the client.

#### ***Ambassador-Directed***

The firm’s asset management services may include asset allocation recommendations to clients. The firm provides advice on asset allocation, diversification, and long-term investments as the primary strategies for pursuing investment objectives. Asset allocation entails the diversification of investments across various asset classes. The firm typically refrains from making any recommendations towards the short-term holding of investments. However, asset allocation and investment recommendations may cause the firm to recommend the sale of investments which have been held for less than one year in certain cases.

In providing asset management services, RJLU will assist the client in completing suitability forms, including a client questionnaire, in order to determine the client’s investment objectives, needs, and risk tolerance. Based on information provided by the client, the firm will tailor its services to the individual needs of the client, using investment strategies discussed in Item 8 of this brochure. In the management of client assets, the firm may invest, or recommend investment in, a wealth of investment products including, but not limited to, mutual funds, stocks, bonds, options, interests in limited partnerships and other investments. Clients may impose restrictions on investing in certain securities or types of securities.

#### ***Third Party Platform - Envestnet***

RJLU may, when in the client’s interest, recommend that the client participate in the Private Wealth Management Program offered by Envestnet Asset Management, Inc. (“Envestnet”), a third party platform manager and investment adviser. Envestnet operates a technology platform on which the Private Wealth Management Program functions and renders investment advice, including recommending an appropriate asset allocation for the client and specific investment managers or investment products. In recommending the

services of Envestnet, RJLU remains an investment adviser to the client and assists the client with program implementation, model and/or asset allocation selections, and provides continuous monitoring of the client's account. The client grants RJLU and Envestnet discretion in this program.

As of December 17, 2013, RJLU has approximately \$30,900,000 in assets under management, of which \$6,900,000 is discretionary.

## **Item 5: Fees and Compensation**

Pursuant to a written agreement, the firm's advisory services are provided at a negotiable rate of compensation. The firm's asset management fees are derived from a percentage of the assets under management and typically range from 1.0 to 2.5% annually. The fee will be charged quarterly in advance, based on the amount of the assets managed by the firm as of the opening of business on the last business day of each quarter.

Fees are prorated for such accounts beginning on any date other than a quarterly start date. All fees remain negotiable, but at the sole discretion of the firm. Per written agreement/authorization, management fees will be automatically deducted from client accounts.

Clients may incur additional fees or expenses in addition to the management fees charged by RJLU. Accounts with assets invested in mutual funds may incur expenses related to these investments, which may include marketing and distribution charges. Further, fees may be charged by the brokerage firm and/or custodian associated with the account for services provided to the account. Additional information about the brokerage and custodial services recommended by RJLU may be found under Item 12 of this brochure.

The firm's investment adviser representatives are also registered representatives of RJLU in its capacity as a FINRA member broker-dealer. As such, these individuals are entitled to receive compensation, generally in the form of commissions, for the sale of securities-related products, including mutual funds. Where one of the firm's investment adviser representatives makes a recommendation to a client, or transacts for a client on a discretionary basis, that may result in receipt of commissions or other sales-related compensation. This practice presents a conflict of interest and gives the representative an incentive to recommend investment products based on the compensation received, rather than on the client's needs. Where available and appropriate, RJLU's investment adviser representatives will transact in, or recommend investment in, load-waived or no-load mutual funds to avoid this conflict of interest.

In certain cases, the firm may reduce the amount of advisory fees charged where the receipt of commission-based compensation presents fair and equal payment for services rendered. This determination remains the sole decision of RJLU. Where the receipt of this additional non-advisory-related compensation presents a conflict of interest, RJLU monitors the business activities of its associated personnel to ensure that such persons refrain from favoring such incentive-based arrangements. RJLU maintains its fiduciary obligation to clients by conducting regular oversight of such activities and maintaining a policy of serving the clients best interests first.

Clients are advised that the services provided by RJLU and its affiliates may be found elsewhere at a reduced rate, but at the exception of the professional services provided by the firm.

A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five business days after engagement. All agreements remain non-transferable unless otherwise consented-to in writing by the client.

## **Item 6: Performance-Based fees and Side-by-Side Management**

RJLU's investment management services are rendered on an individual basis in consideration for a percentage of the assets under the firm's management. Such services do not extend to the management of a pooled group of funds or the implementation of any incentive or performance-based fees. RJLU provides its asset management services exclusive of any private fund offerings.

## **Item 7: Types of Clients**

RJLU's service offerings currently extend to individuals, including high net worth individuals, and trusts. RJLU may also service other types of clients, including pension/profit sharing plans, charitable organizations, corporate entities, and institutional clients. RJLU requires a minimum initial investment of \$50,000. Client accounts may be aggregated to meet this minimum. RJLU may waive this minimum requirement at the discretion of the firm.

## **Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss**

RJLU provides advice on asset allocation, diversification, and long-term investments, and employs several methods of analysis using a wide variety of resources with respect to its investment management strategies. The methods of analysis may include the following:

- *Fundamental:* Fundamental analysis is a general assessment based upon various factors including sale price, asset value, market structure, and history. RJLU will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.
- *Cyclical:* Cyclical analysis is a time based assessment which incorporates past and present performance to determine future value. The primary risk of using cyclical analysis is that past performance cannot guarantee to future results.
- *Charting and Technical:* Charting consists of preparing a technical analysis using diagrams to illustrate various patterns or progressions in market or account movement. Similar to charting, technical analysis employs the use of statistical models and quantitative methodologies to evaluate performance and value over a specified period of time. Technical analysis involves the analysis of past market data rather than specific company data in determining the recommendations made to clients, and may involve the use of charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that CFA will be able to accurately predict such a reoccurrence.

The firm's evaluation of mutual funds includes an analysis of portfolio holdings, investment policies, management philosophy, historical performance, and the qualifications of advisers, sponsors and distributors. Historical performance of investments is analyzed over periods that include several market cycles to identify investments which have demonstrated consistent long-term performance. Clients must note that past performance is not a guarantee of future results. Affiliates of RJLU may utilize other methods of analysis in formulating recommendations and making investment decisions.

As RJLU maintains an affiliate relationship with a variety of investment related entities, the firm makes use of information provided by such affiliates to better formulate its investment management strategies.

Where value and growth remains a mainstay of the firm's overall investment management strategy, investing in securities involves a certain amount of risk of loss that clients should be prepared to bear. Where short term trading methods are employed, the cost of more frequent trades can often incur more expense than that of a more conservative or long term purchase approach. Questions regarding these risks and/or increased costs should be directed to the firm and its representatives.

#### **Item 9: Disciplinary Information**

As a dually registered broker-dealer and investment adviser, RJLU is obligated to provide clients with information regarding any legal or disciplinary events that a client may consider material in the evaluation of RJLU's advisory services and the integrity of its management. RJLU is currently required to report the following disclosures:

As broker-dealer, RJLU was subject to a 2006 NASD violation of SEC Rule 17A-4. This Rule requires brokerage firms to maintain electronic communications records for a period of three years or more. Without admitting or denying the Association's findings, RJLU paid a monetary fine of \$50,000 to settle the matter formally.

Also in 2006, Raymond James Ltd., RJLU's parent company, settled with Market Regulation Services, Inc. ("RS"), its Canadian regulator, and agreed to pay a total monetary fine of \$525,000 for contravention of RS' universal market integrity rules relating to client priority, failure to record client consent order making, and audit trail on numerous occasions from February 2003 to February 2005 and for failing to comply with the firm's trading supervision obligations from July 2003 to February 2005.

Further information regarding these events may be found by visiting <http://brokercheck.finra.org>

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

RJLU is a Canadian based wholly owned subsidiary of Raymond James Ltd. Raymond James Ltd. is owned and operated by Raymond James Financial, Inc., a publically held entity in the United States. RJLU remains under the control of its Canadian parent company, Raymond James Ltd, a Canadian broker-dealer. RJLU is also indirectly affiliated with a variety of other investment advisers, brokerage entities, and other financial institutions. However, the firm's advisory and brokerage services remain the exclusive domain of RJLU and RJLU's advisory activities are in no way conducted or provided through its parent company or any other affiliate of RJLU.

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

As required by Rule 204A-1 of the Investment Advisers Act of 1940, RJLU has adopted a Code of Ethics that sets forth the basic policies of ethical conduct for all managers, officers, and employees of the firm. The Code of Ethics describes the firm's fiduciary duties and obligations to clients, and sets forth its practice of supervising the personal securities transactions of employees who maintain access to client information.

The firm, and related persons of the firm, including but not limited to, RJLU's investment adviser representatives, may invest in the same securities (or related securities, e.g., warrants, options or futures) that RJLU or any of its related persons recommend to clients. Some of these investments may be placed at, or about the same time as, the placement of client securities transactions. This presents a conflict of interest, as the firm and its related persons may be incented to benefit from client transactions by placing their own interests ahead of those of the firm's clients. RJLU requires that client transactions in Reportable Securities (as this term is defined in the Code of Ethics) be placed ahead of those of the firm or its related persons. Such transactions remain under strict supervision and subject to regular review by the firm's compliance staff.

The firm's investment adviser representatives are also registered representatives of RJLU in its capacity as a broker-dealer. In their capacity as registered representatives, these personnel may sell securities and receive commissions for the sale of such securities. This creates an incentive for the representative, in his or her capacity as an investment adviser representative, to recommend securities products based on the compensation received rather than on the client's needs. The representative may also be incented to trade heavily in client accounts. However, all trading is supervised to ensure that each client's investment objectives and goals are being adhered to. Further, as stated in Item 5 above, in certain cases and at the discretion of the firm, RJLU may reduce the amount of advisory fees charged where the receipt of commission-based compensation presents fair and equal payment for services rendered. The firm conducts a regular review of all firm-client communications and performs routine surveillance of its trading practices to ensure that clients receive the best possible service overall.

The Code of Ethics is reviewed by the firm no less than annually for modifications and updates in keeping with the latest securities regulations. A copy of the Code remains available for review upon request.

## **Item 12: Brokerage Practices**

### *Ambassador-Directed Asset Management Services*

All client accounts managed directly by RJLU are held with Pershing, LLC ("Pershing"), who also serves as clearing agent and custodian. RJLU requires that all transactions be directed through RJLU as broker-dealer. By directing transactions to a particular broker-dealer, the firm may be unable to achieve favorable execution of client transactions, and this may cost clients more money.

Not all advisers require client transactions to be directed to a specific broker-dealer, and a conflict of interest exists when the adviser requires transactions to be directed to its affiliated broker-dealer, as the affiliate will benefit from the business directed to it. RJLU has a fiduciary duty to act in the best interest of the firm's clients. As further discussed below, RJLU periodically evaluates the execution received from the broker-dealer to ensure clients receive best execution.

### *Best Execution*

The firm also maintains a fiduciary duty to seek the best execution pricing available for client transactions. While best execution is difficult to define and challenging to measure, there is some consensus that it does not solely mean the achievement of the best price on a given transaction. Rather, it appears to be a collective consideration of factors concerning the trade in question. Such factors include the security being traded, the price of the trade, the speed of the execution, apparent conditions in the market, and the specific needs of the client.

RJLU's primary objective when placing orders for the purchase and sale of securities for client accounts is to obtain the most favorable net results taking into account such factors as price, size of order, difficulty of execution, and broker skill. Based on these criteria, the firm may not necessarily pay the lowest commission or commission equivalent, as specific transactions can involve specialized services on the part of the broker. RJLU evaluates daily whether clients are receiving best execution to ensure the services provided by RJLU as broker-dealer remain competitive and are in the best interest of the firm's clients.

While RJLU's services are priced at the most competitive rates available, clients are encouraged to weigh their options and review this and all other disclosure materials carefully.

## **Item 13: Review of Accounts**

Accounts are monitored at a minimum monthly by the Compliance/Business Unit, which remains responsible for monitoring the advisers, the advisers' client accounts, and for oversight of the supervision process. Reviews



include but are not limited to: suitability, concentration, and accounts managed on a discretionary basis and non-discretionary basis. Branch Managers also conduct trade reviews on a daily basis.

The custodian sends clients written statements on a monthly or quarterly basis depending on the level of activity within the account. Such statements reflect the account value, the holdings within, and the activity conducted over the previous period. Clients are encouraged to review their statements carefully and to contact the firm with any questions or concerns regarding same. Clients must also contact the firm immediately with any changes to their financial situation as such changes may impact the status of their investment account(s).

#### **Item 14: Client Referrals and Other Compensation**

RJLU may utilize the services of affiliated and/or unaffiliated firms as referral agents or solicitors to find and assist with finding new clients and/or business opportunities. In consideration for such services, the firm may compensate the solicitor with a negotiable percentage of the firm's management fee. In accordance with Rule 206(4)-3 of the Investment Advisers Act of 1940, any such arrangements will be in accordance with the terms of a written agreement between RJLU and the solicitor, and certain disclosures will be made to each referral client. When required, RJLU will also ensure proper delivery of disclosure documents and compliance with applicable registration requirements.

#### **Item 15: Custody**

Other than the client authorized direct deductions of fees from accounts held by a Pershing, RJLU does not maintain or accept custody of client funds or securities. All accounts are held in the custody of Pershing, as qualified custodian. In its capacity as an unaffiliated third party service provider, Pershing serves to reconcile each client-based securities transaction and operates primarily as the firm's custodian for such accounts. As stated previously, clients are encouraged to review their account statements carefully. Questions or concerns regarding same may be directed to the firm and its personnel.

#### **Item 16: Investment Discretion**

Where authorized by the client in writing, RJLU maintains full discretionary authority over managed accounts. Clients acknowledge same within a written agreement which contains all applicable limitations to such authority. The firm's discretionary management extends to the types and amounts of securities purchased or sold, the timing of same, and the overall decision making authority with respect to following the client-defined investment objectives and goals, including determination of the broker or dealer to be used and commission rates to be paid to a broker or dealer for a client's transactions.

#### **Item 17: Voting Client Securities**

RJLU will not vote, nor advise clients how to vote, proxies for securities held in client accounts. The client maintains the authority and responsibility for the voting of these proxies. The firm and its clients agree to this by contract. Clients will receive their proxies or other solicitations directly from the transfer agent, qualified custodian, or broker-dealer where applicable. Clients may contact RJLU if they have questions about a particular solicitation.

Clients participating in the services of Envestnet or other third-party platform should be aware that the separate account managers providing services to the client under such platform may have the authority to vote proxies on the client's behalf. Clients are encouraged to carefully review the disclosure brochures and written agreements of third party providers and contact with RJLU with any questions regarding a third party's authority to vote proxies on the client's behalf.



## **Item 18: Financial Information**

Under Rule 206(4)-4 of the Investment Advisers Act of 1940, investment advisers are required to disclose certain financial information about their business practices that might serve as material to a client's decision in choosing an adviser.

As of the date of this filing, RJLU does not require the pre-payment of any fees or maintain any financial hardships or other conditions that might impair its ability to meet its contractual obligations to clients.

## **Item 19: Miscellaneous**

*Business Continuity:* As a dually registered investment adviser/broker-dealer, RJLU maintains a business continuity plan in the event of a disruption in business. Among other issues, the plan details how clients may access their accounts in the event of an emergency. A copy of the plan is available for review by request.

*Privacy:* As reflected within the firm's privacy policy, RJLU prohibits the public disclosure of any client related nonpublic/personal information, except as required by law. Such client-related information is maintained in a safe and secure manner at all times. Questions regarding the firm's privacy policy may be addressed to the firm and/or appropriate personnel.