

**Item 1: Cover Page for Part 2A of Form ADV: Appendix 1**  
**Wrap Fee Program Brochure**  
**March 17, 2016**

**FIRSTRADE ADVISOR, LLC**

**30-50 Whitestone Expressway, Building A301**  
**Flushing, NY 11354**

**Firm Contact:**  
**Eng Lian, Chief Compliance Officer**

**Firm Website Address:**  
**[www.firsttradeadvisor.com](http://www.firsttradeadvisor.com)**

This wrap fee program brochure ("Brochure" or "Wrap Brochure") provides information about the qualifications and business practices of Firsttrade Advisor, LLC (hereinafter referred to as "Firsttrade", "us", "we", or "our firm"). If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer by telephone at (718) 269-1504 or email at [eng.lian@firsttrade.com](mailto:eng.lian@firsttrade.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration does not imply a certain level of skill or training.

Additional information about Firsttrade is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number known as the CRD Number. Our CRD# is 282937.

**Item 2: Material Changes to Part 2A of Form ADV: Appendix 1**  
**Wrap Fee Program Brochure**

This item discusses material changes that have occurred since Firsttrade's last annual update. As Firsttrade submitted its initial application for registration with the SEC on March 17, 2016, there are no material changes to report at this time.

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

**Topic:**

**Page(s):**

Item 2: Material Changes.....	2
Item 3: Table of Contents.....	3
Item 4: Services, Fees and Compensation.....	4
Item 5: Account Requirements and Types of Clients.....	5
Item 6: Portfolio Manager Selection and Evaluation.....	6
Item 7: Client Information Provided to Portfolio Managers.....	9
Item 8: Client Contact with Portfolio Managers.....	10
Item 9: Additional Information.....	10
Item 10: Requirements for State-Registered Advisors.....	12

#### **Item 4: Services, Fees, and Compensation**

Firstrade is an investment advisor registered with the SEC and is based in Flushing, New York.

Firstrade is an "Internet Investment Adviser" as defined by Rule 203A-2(e) under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Firstrade also sponsors wrap fee programs as defined under Rule 204-3(g)(4) of the Advisers Act. Firstrade offers its services through the Internet. Our wrap-fee accounts are managed on an individualized basis. As part of our asset management services, we offer our proprietary investment models as well as the investment models of third-party investment advisors. As Firstrade is a newly-formed investment advisor, at this time the investment programs that will potentially be offered by various third-party investment advisors on Firstrade's wrap platform are still in the planning stages. At such time as these relationships have been solidified, Firstrade will be able to elaborate more on the services of those advisors. Regardless of the investment model(s) chosen by our clients, cClient portfolios generally consist of exchange traded funds ("ETFs"), individual stocks or bonds.

#### **Wrap Fees**

A wrap-fee arrangement is one in which a single fee is charged based on the market value of assets in the client's account, rather than on the transactions in the account as in a commission (i.e. brokerage) account. Under this arrangement Firstrade agrees to pay all trading costs associated with the transactions in such wrap-fee accounts, and all other costs are included. As Firstrade is a newly-formed investment advisor, at this time the investment programs that will potentially be offered by various third-party investment advisors on Firstrade's wrap platform are still in the planning stages. At such time as these relationships have been solidified, Firstrade will be able to elaborate more on the wrap fees charged by those advisors.

Firstrade's Wrap Fee Program Fee Schedule is as follows:

#### **Assets under management**

#### **Annual Percentage of assets charge:**

All Assets

Up to 0.25%

Our firm's annual fee, for the investment management services delineated in our various client agreements, is a specified percentage negotiated between and agreed to by us and our clients and is generally 0.25% of the market value of assets under management. This fee is determined in our sole discretion. Our fees are billed on a pro-rata annualized basis, paid monthly in advance based on the value of a client's account as of the last day of the previous quarter.

A wrap-fee program allows our clients to pay a specified fee for investment advisory services and the execution of transactions, among other things. This may result in a higher advisory fee for you. While we do not charge our clients higher advisory fees based on their trading activity, you should be aware that we may have an incentive to limit the trading activities in your account(s) because we are charged for executed trades. By participating in our wrap fee program you may end up paying either more or less than you would through a non-wrap fee program. In a non-wrap fee program a lower advisory fee may be charged, however, trade execution costs are passed directly to you by the executing broker.

#### Other Fees

In addition to the wrap fee discussed above, you may also pay charges imposed directly by an index fund or ETF (such as fund management fees and other fund expenses, each of which shall be disclosed in the fund's prospectus), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. These fees are not included within the wrap fee you are charged by our firm.

#### Performance Fees

We do not charge performance fees to our clients.

### **Item 5: Account Requirements and Types of Clients**

We impose the following requirement(s) to open or maintain an account with us:

- Generally, a minimum total account size of \$1,000. This account minimum may be waived in certain circumstances and in our sole discretion.
- As Firstrade is a newly-formed investment advisor, at this time the investment programs that will potentially be offered by various third-party investment advisors on Firstrade's wrap platform are still in the planning stages. At such time as these relationships have been solidified, Firstrade will be able to elaborate more on the account minimums required by those advisors.

The types of clients we typically manage wrap-fee accounts on behalf of, include:

- Individuals and High Net-Worth Individuals

## **Item 6: Portfolio Manager Selection and Evaluation**

Firsttrade's wrap-fee program offers proprietary as well as unaffiliated, third-party portfolio management services.

Selection of unaffiliated, third-party portfolio managers will be based on a number of criteria, including but not limited to performance measurement, program selections (i.e. Modern Portfolio Theory, Efficient Frontier, Security Valuation, Asset Allocation and Portfolio Optimization), and specific tools such as automatic balancing and tax loss harvesting. A client's specific investment objectives, risk tolerance and investment horizon, among other things, will be taken into account in the automated process that results in the selection of an appropriate portfolio manager. If the afore-mentioned client criteria should change, the appropriateness of a portfolio manager will be considered.

Portfolio manager performance measurement will be conducted by Firsttrade and will be based on a comparison of the advisor against the applicable industry benchmark. We generally conduct quarterly reviews to measure the performance of all of our portfolio managers. At this time neither Firsttrade nor any third party conducts a review of the accuracy of a particular portfolio manager's performance record and as such, performance information cannot be calculated on a uniform and consistent basis.

Firsttrade's proprietary model is offered as an investment option on our wrap platform. Firsttrade's portfolio management services are subject to the same selection and review as those unaffiliated, third-party investment advisors. This presents a conflict of interest in that Firsttrade has an incentive to recommend its proprietary portfolio management services over those of other unaffiliated, third-party advisors. However, this conflict of interest is ameliorated by the nature of Firsttrade's wrap platform; portfolio managers are recommended based on a client's specific investment objectives, risk tolerance and investment horizon, among other things, through an automated and strictly Internet-only process. This removes the potential for biased human input. In addition, all of Firsttrade's supervised persons are subject to the ethical standards laid out in our Code of Ethics (the "Code"), which includes a fiduciary duty to clients to consider said client's interests above personal gain.

### **Advisory Business**

In addition to offering the portfolio management services of non-affiliated third party investment advisors on its wrap platform, Firsttrade also offers proprietary investment management services to individuals. Our investments may include, but are not limited to, ETFs, exchange-listed equities, over-the-counter ("OTC") equities, foreign issuer equities, and, to a lesser extent, United States Government securities, corporate debt, commercial paper, certificates of deposit, and municipal securities. Our investment advice is tailored to meet a client's specific financial objectives and risk tolerance. We will also allow, if we

deem appropriate and at our sole discretion, clients to impose reasonable restrictions on their portfolios.

Firsttrade does not perform portfolio management services for clients other than those on the wrap-fee platform. Firsttrade receives a portion of the wrap-fee charged to clients for portfolio management services performed.

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

We do not charge performance fees to our clients.

### **Methods of analysis, investment strategies and risk of loss**

Firsttrade uses the following in formulating investment advice or managing assets.

#### **Methods of Analysis:**

Fundamental – This type of analysis involves analyzing a company's financial statements, its management, competitors, markets and its competitive advantages. This type of analysis puts a focus on the overall state of the economy, interest rates, production, and earnings. We adhere to disciplined investment parameters and our portfolios may include investments in undervalued companies. We are not concerned with short-term fluctuations of market price and instead put more importance on a company's value.

Technical – This involves an analysis of past market movements and does not consider the underlying financial condition of a particular company. Through technical analysis, we attempt to determine and recognize recurring patterns in investor behavior in relation to a particular company. Through the use of this analysis, we are able to potentially predict future price movement of certain securities.

Cyclical – This type of analysis involves measuring the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

#### **Investment Strategies:**

Our selection of portfolio managers and their investment strategies, and our own proprietary investment strategy, are designed to produce the appropriate potential return for the given level of risk, or, alternately, minimize risk for a given level of expected return. This is done by selecting the proportions of various asset classes using long-term and short-term purchases and sales. Investment strategies used employ methods including, but not limited to, Modern Portfolio Theory, Efficient Frontier, Security Valuation, Asset Allocation and Portfolio Optimization.

#### **Certain Risks Associated with Methods of Analysis and Investment Strategies**

The use of the methods of analysis described above may not be sufficient to accurately indicate the movement of particular securities or its future performance. In addition, there is also the risk that a poorly managed or financially unsound company may underperform regardless of market movement and past performance trends as they do not guarantee of future results.

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in securities. Some of these risks are briefly described below.

Highly Volatile Markets – The prices of the instruments traded and held in client accounts have been subject to periods of excessive volatility in the past, and such periods can be expected to continue. Price movements are influenced by factors which we may be unable to predict, such as market sentiment, inflation rates, interest rate movements and general economic and political conditions. In addition, governments may, from time to time, intervene, directly and through regulation, in certain markets, particularly those in currencies, financial instrument futures and options. Such intervention often is intended to directly influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

Stagnant Markets – Although volatility is one indication of market risk, some of the investment strategies we employ rely on the existence of market volatility to either result in or contribute to a mispricing that we can identify and exploit to create profitability. In periods of stagnant markets and/or deflation, alternative investment strategies have materially diminished prospects for profitability.

Market Disruptions – Client accounts may incur material losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The financing available to clients from banks, dealers and other counterparties is likely to be restricted in disrupted markets. Market disruptions caused by unexpected political, military and terrorist events may from time to time cause dramatic losses for clients, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

Institutional Risk – Institutions, including brokerage firms, counterparties and banks with which clients may trade or invest, may default or encounter financial difficulties that impair their operational capabilities or clients' capital positions. Clients are also subject to the risk that the exchanges on which their positions trade or the clearinghouses that the exchanges use may fail, which could also impair clients' capital positions.

Interest Rate Risk – The value of the fixed-rate securities in which clients invest generally will have an inverse relationship with interest rates. Accordingly, if interest rates rise, the value of such securities may decline. In addition, to the

extent that the receivables or loans underlying specific securities are pre-payable, the value of such securities may be negatively affected by increasing prepayments, which generally occur when interest rates decline.

Illiquid Securities – Clients may be invested in securities, loans and other financial instruments, which are not actively and widely traded. Consequently, it may be relatively difficult to dispose of such investments rapidly and at favorable prices and such securities may also be more difficult to value.

Concentration of Investments – From time to time, a significant portion of a client's account assets may be concentrated in a particular security, industry, or market. Should such security, industry, market or country become subject to adverse financial conditions, account assets shall not be afforded the protection otherwise available through greater diversification of investments.

The discussion of risks above is not meant to be a complete description of all risks that you may face. You should be prepared to bear the risks of your investments.

#### **Voting client securities**

We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. As the client is responsible for voting their proxies, clients cannot direct Firsttrade to vote in a particular solicitation. Clients may call at (718) 269-1504, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

#### **Item 7: Client Information Provided to Portfolio Managers**

Our firm communicates with its portfolio managers on a regular basis as needed (daily, weekly, monthly, etc.) to ensure that each client's most current investment goals and objectives are communicated to and understood by your portfolio manager(s). In most cases, we will communicate all relevant information as part of our regular investment management duties in order to ensure that your portfolio manager is aware of your particular objectives and act accordingly. We will also communicate information to your portfolio managers when a client requests us to, or when market or economic conditions make it prudent to do so.

## **Item 8: Client Contact with Portfolio Managers**

We do not impose any restrictions on our clients' ability to directly contact their portfolio managers regarding any questions or concerns they have about their portfolios or other matters.

## **Item 9: Additional Information**

### **Disciplinary Information**

Neither Firstrade nor any of its supervised persons have been the subject of any legal or disciplinary events that would be material to your evaluation of Firstrade or the integrity of its management.

### **Other Financial Industry Activities and Affiliations**

Firstrade employs individuals who are registered representatives on behalf of an affiliated broker-dealer, namely Firstrade Securities, Inc. ("Firstrade Securities"). Firstrade is a wholly-owned subsidiary of Firstrade Securities. This relationship is material to Firstrade's advisory business in that, generally, the trades of all clients on the wrap-fee platform will be directed to Firstrade Securities, subject to the obligations to obtain best execution. The structure of a wrap platform inherently creates a conflict of interest in that, generally, all trades are executed through a specific, designated broker-dealer. This particular relationship creates a potential conflict of interest as Firstrade Securities will receive the portion of the wrap-fee charged to clients dedicated to brokerage commissions.

All of Firstrade's supervised persons are subject to the ethical standards laid out in our Code, which includes a fiduciary duty to clients to consider said client's interests above personal gain.

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

We recognize that maintaining our fiduciary responsibilities to our clients requires that the firm avoid potential conflicts in managing client accounts, provide fair and full disclosure of all material facts and act solely in the best interest of each of our clients at all times.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including pre-clearing and insider trading procedures) in our firm Code with respect to transactions affected by our members, officers and employees for their personal accounts. In order to monitor compliance with our personal trading policy, we have quarterly and annual securities transaction reporting requirements for all of our associates.

We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code. A summary of our Code is provided to all clients. However, if a client or a potential client wishes to receive a copy of our Code of Ethics in its entirety, they may request a copy by contacting us at (718) 269-1504 or via email at [eng.lian@firsttrade.com](mailto:eng.lian@firsttrade.com).

In addition, neither the firm nor a related person will recommend to clients, or buy or sell for client accounts, securities in which our firm or a related person has a material financial interest (excluding an interest as a shareholder of an SEC-registered, open-end investment company).

Our firm, as well as individuals associated with our firm, may buy or sell for their personal accounts securities that are identical to those recommended or purchased for client accounts. In addition, associated individuals of our firm may buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. This practice creates a potential conflict of interest in that Firsttrade or individuals associated with us may have an incentive not to recommend the sale of securities held by clients in order to protect the value of their personal investment. However, our related persons are required to place client interests ahead of their own and to adhere to the procedures set forth in our firm's Code relating to these transactions.

Furthermore, if related persons' accounts are included in a block trade, our related persons will always trade personal accounts last in order to prevent such related person from benefiting from transactions placed on behalf of client accounts. All transaction costs related to block trades or transactions are shared on a pro-rated basis between all accounts included in any such block trade.

### **Review of accounts**

Accounts are reviewed at least annually. In addition, accounts are informally reviewed quarterly for return dispersion and to asset allocation. Accounts are also reviewed upon the occurrence of certain triggering events such as, but not limited to, receipt of new money, change in a client's financial condition, a significant change in the market environment, or request to liquidate or distribute a significant portion of the portfolio. The portfolio managers conduct such reviews.

We do not provide written reports to clients, unless asked to do so.

The custodian holding client funds and securities are required to send a client a written confirmation of every securities transaction in their respective accounts, along with a brokerage statement, at least quarterly.

### **Client Referrals and Other Compensation**

We do not receive any economic benefits from any outside firms who provide investment advice or other advisory services to our clients. In addition, we do not compensate any person who is not a supervised person for client referrals.

### **Additional Legal and Financial Disclosures**

Firsttrade does not have any financial commitments that might impair our current or future ability to meet our contractual and fiduciary commitments to clients, and we have not been the subject of a bankruptcy petition at any time during the past ten years.

### **Item 10: Requirements for State-Registered Advisors**

Firsttrade nor any of its supervised persons have any relationship or arrangement with any issuer of securities that is not listed above in Item 9 under **Other Financial Industry Activities and Affiliations**.