



WEDBUSH SECURITIES INC.

FORM ADV PART 2A
WRAP FEE
DISCLOSURE BROCHURE

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October 26, 2018

This wrap fee program brochure provides information about the qualifications and business practices of Wedbush Securities Inc. and our wrap fee investment advisory programs. If you have any questions about the contents of this brochure, please contact us at (213) 688-8090.

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.

Investment adviser registration with the SEC does not imply a certain level of skill or training.

Additional information about Wedbush Securities Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

The advisory services described herein are not insured by the Federal Deposit Insurance Corporation or any other government agency and involve risk, including the potential loss of principal.

Item 2: Material Changes

The following describes the material changes that Wedbush Securities Inc. ("WS") has made to the services, fees and compensation and disciplinary information sections of Form ADV Part 2A ("Firm Brochure") since our last update on September 27, 2017.

Item 4 (Services, Fees, and Compensation) was updated to provide information related to the following items:

- (i) 12b-1 fees received by WS for certain mutual fund share classes are rebated back to client accounts where an advisory fee is being assessed,
- (ii) WS's receipt of mutual fund networking and shareholder servicing fees from certain mutual fund companies for services rendered by WS or its provider can range from 0.02% up to but less than 0.30% annually on the value of invested fund holdings, and
- (iii) To list platform fee as an embedded charge that is part of the wrap fee which can range from 0.05% to 0.25% depending on the program, portfolio, and strategy.

Item 9 (Disciplinary Information) was updated to provide information relating to the following items:

- (i) In February 2018, without admitting or denying the accusations, the Securities and Exchange Commission ("SEC") accepted WS's offer of settlement in which Wedbush violated section 15c3-3, known as the customer protection rule and Rules 17a-1 of the Exchange Act and Rule 17a-5 thereunder. Wedbush is ordered to pay disgorgement of \$275,851 along with prejudgment interest of \$28,346, to pay a civil money penalty in the amount of \$1,000,000 plus post-order interest to the SEC, and to retain an independent consultant to conduct a comprehensive review of the firm's system of controls and procedures.
- (ii) In February 2018, without admitting or denying the allegations, the firm consented to the sanctions and to the entry of findings from the Financial Industry Regulatory Authority, Inc. ("FINRA") that the firm improperly calculated its customer reserve formula, the firm maintained inaccurate books and records that inaccurately reported the amounts the firm was required to maintain in its customer reserve account, and inaccurately reported its net capital. The firm agreed to a censure and fine of \$1,500,000.

Additional information about Wedbush Securities Inc. is also available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by using a unique identifying number which is known as a CRD number. The firm's CRD number is 877.

Item 3: Table of Contents

Item 1: Cover Page	1
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	12
Item 6: Portfolio Manager Selection and Evaluation	12
Item 7: Client Information Provided to Portfolio Managers	14
Item 8: Client Contact with Portfolio Managers	14
Item 9: Disciplinary Information	14
Item 10: Other Financial Industry Activities and Affiliations	15
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	15
Item 12: Brokerage Practices	16
Item 13: Review of Accounts	17
Item 14: Client Referrals and Other Compensation	18
Item 15: Financial Information	18

Item 4: Services, Fees and Compensation

Wedbush Securities' Advisory Business

Wedbush Securities Inc. (WS) was originally founded in 1955 by its current President, Edward W. Wedbush, as Wedbush & Company. Through the acquisitions of Noble, Cooke & Co. (1969), William R. Staats Co., Inc. (1975), and Morgan, Olmstead, Kennedy & Gardner (1988), as well as internal growth, WS continues to expand on its rich heritage by introducing innovative products and providing financial and investment services to individuals, institutions and issuing clients. Headquartered in Los Angeles, California, with over 100 offices and more than 100 correspondent offices, WS is the largest holding of parent company Wedbush Capital. WS provides innovative financial solutions through our Wealth Management, Capital Markets, Advance Client Services, and Prime Services divisions. WS is a broker dealer and investment adviser registered with the Securities and Exchange Commission (SEC).

Through its Asset Management division, WS provides investment advice and management services on discretionary and non-discretionary basis to institutional and individual clients. This brochure provides description of its wrap fee program. A wrap fee is an all-inclusive fee assessed annually and typically charged quarterly to cover investment advice, execution, clearing, settlement services, custody of assets, and administrative services. A description of our non-wrap fee discretionary program, Discretionary Managed Transactional Account (DMT) program, is found in the Discretionary Advisory Account Programs section of this brochure.

ADVISORY WRAP FEE PROGRAMS

There are four different programs under the wrap fee arrangement: *Managed Account Program, Discretionary Advisory Account Program, Non-Discretionary Advisory Account Program, and Strategist Advisory Account Program.*

Managed Account Program

- Managed Model Account (MMA)
- Separately Managed Account (SMA)
- Unified Managed Account (UMA)
- Independent Manager Account (IMA)
- Other Wrap Program Arrangements

Discretionary Advisory Account Program

- Discretionary Managed Assets (DMA)
- Discretionary Managed Account – Independent Contractor (DMI-IC)

Non-Discretionary Advisory Account Program

- Self-Directed Investment Advisory Account (SDI)
- Self-Directed Investment Advisory Account – Independent Contractor (SDI-IC)

Strategist Advisory Account Program (MF/ETF)

- Portfolios constructed of mutual funds and/or ETFs provided by Independent or Affiliated Adviser Firms

Managed Account Programs

Managed Model Account (MMA)

The Managed Model Account (MMA) program is WS' dedicated separate account management service designed to deliver long-term investment solutions to institutional and private clients. The MMA program is administered by WS' division, Wedbush Asset Management (WAM). The services provided by WAM may include performing due diligence on investment managers, monitoring investment managers for performance, style consistency, and organizational stability. WS provides trade execution, custodial services, trade confirmations, and periodic client account statements.

Separately Managed Account (SMA)

The Separately Managed Account (SMA) program is WS' dedicated separate account management service designed to deliver customized long-term investment solutions to institutional and private clients. The SMA program is administered by WS' division, Wedbush Asset Management (WAM). The services provided by WAM may include performing due diligence on investment managers, monitoring investment managers for performance, style consistency, and organizational stability. WS provides trade execution, custodial services, trade confirmations, and periodic client account statements. This program allows the third-party manager to execute investment orders directly in the client account.

Unified Managed Account (UMA)

The Unified Managed Account (UMA) program allows multiple third-party MMA strategies in a single WS' account. The UMA program is administered by WS' division, Wedbush Asset Management (WAM). The services provided by WAM may include performing due diligence on investment managers, monitoring investment managers for performance, style consistency, and organizational stability. WS provides trade execution, custodial services, trade confirmations, and periodic client account statements.

Independent Manager Account (IMA)

Under this program, clients designate independent portfolio managers to manage their assets on a discretionary basis. Clients evaluate and select investment managers based on an independent evaluation of the money manager's disclosure documents and other information furnished by the manager. WS does not perform any due diligence on the managers in the IMA platform. WS relies upon the investment managers to provide accurate information, including performance data, and does not independently verify the accuracy of information provided. Transactions for IMA accounts are generally effected through or with WS.

Other Wrap Program Arrangements

Under this arrangement, clients designate an outside custodian and appoint a money manager to manage their clients' assets held by that custodian on a discretionary basis. Unlike the MMA, SMA, and UMA programs, WS does not provide custodial services in this instance. WS relies upon the investment managers to provide accurate information, including performance data, and does not independently verify the accuracy of information provided.

Discretionary Advisory Account Programs

WS' Discretionary Advisory Account program is designed to serve the needs of institutional and individual clients. WS Financial Advisors manage and direct appropriate investment and reinvestment of the assets in client accounts consistent with the client's investment objective and risk profiles. The types of programs include Discretionary Managed Assets (DMA) and Discretionary Managed Account – Independent Contractor (DMI-IC) program.

Non-Discretionary Advisory Account Programs

Self-Directed Investment Advisory account is a *non-discretionary program* in which the client has the sole authority to purchase and/or sell securities. The SDI program will assess clients an annual fee, charged in quarterly installments, in lieu of certain "per transaction" execution, custodial costs, and commissions. SDI is designed for investors who regularly make investment transactions in their portfolio and not for persons primarily interested in purchasing money market or mutual funds or in holding inactively traded securities. The types of programs include Self-Directed Investment Advisory Accounts (SDI) and the Self-Directed Investment Advisory Accounts – Independent Contractor (SDI-IC).

Strategist Advisory Account Programs

Clients invested in the Strategist Advisory Account Program have access to portfolios constructed of mutual funds and/or ETF portfolios provided by Independent or Affiliated Adviser firms that are allocated to a single account. Wedbush acts as overlay manager and with discretion to determine the specific portfolios to be made available for the Strategist Program, as well as to buy and sell securities, adjust allocations, and rebalance client accounts. The mutual funds and/or ETFs available in the Strategist program are part of the Independent or Affiliated Adviser firm's mutual fund or ETF recommended List, as applicable, which are limited to load-waived or no-load shares of such eligible funds. Independent Adviser firm reviews their choices on an ongoing basis and adjusts accounts when an investment held in a Portfolio is no longer recommended and/or they are advised that a different investment represents a better investment opportunity for the portfolio. Independent Adviser firm considers many factors in determining an appropriate diversified allocation model for each client, including the client's account inception value, risk tolerance, and investment objectives generated from the risk tolerance questionnaire.

NON WRAP FEE ADVISORY PROGRAMS

Discretionary Transaction-Based Fee Advisory Account Programs

Discretionary Managed Transactional Account (DMT)

Under the Discretionary Advisory Account program, clients have the option of paying transaction-based fee instead of a wrap fee in our *Discretionary Managed Transactional Account (DMT)* program. Under the DMT Account arrangement, clients will

pay transaction-based fees in accordance with WS' applicable commission rate or based on such different rate as WS may subsequently declare to be its commission rate in accordance with client agreement for advisory and brokerage services. When WS uses itself as broker to effect a transaction for the account on an exchange of which WS is a member, WS shall retain all commissions paid by client for effecting such transactions and out of those commissions WS shall pay to all other member's services. WS will clear and settle the transaction. WS may not retain brokerage compensation which client pays for effecting transactions unless WS has client's written authorization to do so, signed by all authorized to transact business for the account.

Financial Planning Services

The services of Financial Planning ("Plan") are available to clients who seek a personalized written financial plan that assesses a client's current and projected financial situation and investment goals and establishes an investment strategy to seek to meet those goals and objectives. These goals and objectives are based on an analysis which generally will include the following: investment objectives, financial goals and needs, risk tolerance, age, current asset allocation, value of assets, and complexity of your current financial situation.

The Plan may include an analysis of the following: investment planning, education planning, insurance planning, cash flow management, and asset allocation strategies. However, the Plan generally does not recommend specific securities or investments but is intended to serve as a basis for further analysis and discussion between the client and his/her financial, legal and tax advisers in helping the client achieve his/her investment objective and goal.

WS provides analytical and advisory services in creating the Plan. WS does not provide legal, tax, or accounting advice or services.

The client is not required to engage WS or its affiliates to implement the Plan. If the client chooses to engage WS to implement the Plan, a separate agreement and fee will apply depending upon the nature of the relationship and the type of services to be provided.

For Financial Planning Services, clients pay a fee for the advisory services that WS provides. The fee may be a combination of a flat fee and/or annual basis point fee that is charged directly for the Plan. In addition to the fees which are generally negotiable, clients pay commissions or other execution fees for each transaction.

FEES AND COMMISSIONS

Managed Account Program

Managed Model Account (MMA), Separately Managed Account (SMA), Unified Managed Account (UMA)

WS' fee schedule, as set forth below, is a sliding scale based on the size of the client assets under management. The fees charged for participation in a Managed Account Program may be higher than if the client were to purchase the individual securities without participation in the managed program. The fees listed in the schedule below are negotiable but will typically not exceed 3% per year. WS deducts management fees from client accounts quarterly, in advance, retains its portion of the fees, and forwards the appropriate portion of these fees (pre-negotiated with the underlying investment manager based on assets under management) to the investment manager. The management fee is typically 50 basis points, but can be higher or lower based on manager requirements and investment category (i.e., equity, fixed income, etc.). Of the remaining wrap fee, your Financial Advisor will generally receive up to 50% (and up to 90% for Financial Advisors on the Independent Contractor platform). The accounts are subject to a minimum quarterly fee of \$250 (\$1,000 annually). Account terminations result in a pro-rata return of fees billed but not yet incurred.

Typical Client Fee Schedule is as follows:

<u>Account Size</u>	<u>Annualized Overall Fees (% of assets)</u>
Up to \$250,000	3.00%
\$250,001 to \$500,000	2.80%
\$500,001 to \$1,000,000	2.50%
\$1,000,001 to \$3,000,000	1.90%
\$3,000,001 to \$5,000,000	1.60%
\$5,000,001 and above	Negotiable

Independently Managed Assets (IMA)

The following table is the fee schedule for the Independently Managed Assets (IMA). In exchange for services provided under this program, clients will pay a quarterly fee based on the amount of assets held in the account, which covers investment advisory services provided to the account by the independent portfolio manager(s), and to WS for custodial services and trade execution through or with WS. The fees charged for participation in IMA may be higher than if the client were to purchase the individual securities without participation in IMA. There is no termination fee, and terminations result in a pro-rata return of fees billed but not yet incurred. Generally, the fees assessed by WS are negotiable. Fees charged by WS for their services and any performance based incentive fees would be described and disclosed in the WS' client agreement but *typically* would not exceed 3%. The portfolio manager will *generally* receive up to 50 basis points of the wrap fees, but can be higher or lower based on manager requirements and investment category (i.e., equity, fixed income, etc.). Of the remaining wrap fee, your Financial Advisor will generally receive up to 50% (and up to 90% for Financial Advisors on the Independent Contractor platform). Fees charged by the independent money managers for their services and any performance based incentive fees would be described and disclosed separately in the money manager's client agreement and disclosure statement.

Typical Client Fee Schedule is as follows:

<u>Account Size</u>	<u>Annualized Overall Fees (% of assets)</u>
Up to \$250,000	3.00%
\$250,001 to \$500,000	2.80%
\$500,001 to \$1,000,000	2.50%
\$1,000,001 to \$3,000,000	1.90%
\$3,000,001 to \$5,000,000	1.60%
\$5,000,001 and above	Negotiable

Other Wrap Program Arrangements

The fees charged for participation in the "other wrap program" may be higher than if the client were to purchase the individual securities without participation in the "other wrap program". In general, quarterly fees are payable to the independent money managers, the outside custodian, and WS for advisory services. Generally, the fees assessed by WS are negotiable and WS does not charge a termination fee. Fees charged by WS as sponsor for advisory services and any performance based incentive fees would be described and disclosed in the WS' client agreement but typically would not exceed 2%. The portfolio manager will generally receive up to 50 basis points of the wrap fees, but can be higher or lower based on manager requirements and investment category (i.e., equity, fixed income, etc.). Of the remaining wrap fee, your Financial Advisor will generally receive up to 50% (and up to 90% for Financial Advisors on the Independent Contractor platform). Fees charged by outside money managers for their services and any performance based incentive fees would be separately described and disclosed in the money manager's client agreement and disclosure statement. Custodial fees and any other service fees charged by the outside custodian are contained in the custody agreement with the outside custodian.

Discretionary Advisory Account Program

Discretionary Managed Assets (DMA)

Full service asset fee, which is based on the amount of assets under management by WS, covers investment advisory discretionary services provided by WS Financial Advisor and commissions and markups charged for securities transactions effected through or with WS, provided that the number of transactions does not exceed certain amount as set forth in the account agreement. Clients will pay commissions, markups, markdowns or commission equivalent, at a discounted rate, for any transaction in excess of the maximum annual trades. The minimum amount necessary to open the account is \$100,000 in assets; however, the Financial Advisor can request an exception to accept lower minimum account size. The fees charged for participation in DMA may be higher than if the client were to purchase the individual securities without participation in DMA. Fees are negotiable, and billed in advance on a quarterly basis. The accounts are subject to a minimum quarterly fee of \$250 (\$1,000 annually). There is no termination fee, and terminations result in a pro-rata return of fees billed but not yet incurred.

Typical Client Fee Schedule is as follows:

<u>Account Size</u>	<u>Annualized Overall Fees (% of assets)</u>
Up to \$250,000	3.00%
\$250,001 to \$500,000	2.80%
\$500,001 to \$1,000,000	2.50%
\$1,000,001 to \$3,000,000	1.90%
\$3,000,001 to \$5,000,000	1.60%
\$5,000,001 and above	Negotiable

Discretionary Managed Account – Independent Contractor (DMI-IC)

Full service asset fee, which is based on the amount of assets under management, covers investment advisory discretionary services provided by independent contractor Financial Advisor and commissions and markups charged for securities transactions effected through or with WS, provided that the number of transactions does not exceed certain amount as set forth in the account agreement. Clients will pay commissions, markups, markdowns or commission equivalent, at a discounted rate, for any transaction in excess of the maximum annual trades. The minimum amount necessary to open the account is \$25,000 in assets; however, the Financial Advisor can request an exception to accept lower minimum account size. The fees charged for participation in DMI-IC may be higher than if the client were to purchase the individual securities without participation in DMI-IC. Fees are negotiable, and billed in advance on a quarterly basis. The accounts are subject to a minimum quarterly fee of \$62.50 (\$250 annually). There is no termination fee, and terminations result in a pro-rata return of fees billed but not yet incurred.

Typical Client Fee Schedule is as follows:

<u>Account Size</u>	<u>Annualized Overall Fees (% of assets)</u>
Up to \$250,000	3.00%
\$250,001 to \$500,000	2.80%
\$500,001 to \$1,000,000	2.50%
\$1,000,001 to \$3,000,000	1.90%
\$3,000,001 to \$5,000,000	1.60%
\$5,000,001 and above	Negotiable

Non-Discretionary Advisory Account Program

Self-Directed Investment Advisory Account (SDI)

The SDI fee covers an annual maximum number of trades on eligible assets without brokerage commissions for all WS trades directed by the client in client's account as set forth in the account agreement and below. If client directs trades in excess of the maximum annual trades, such additional trades will be charged a commission at a 30% discount to WS' standard commission schedule. The fees charged for participation in SDI may be higher than if the client were to purchase the individual securities without participation in SDI. Fees are negotiable, and billed in advance on a quarterly basis. There is no termination fee, and terminations result in a pro-rata return of fees billed but not yet incurred.

SDI Fee

Should the SDI Account Value be less than the required minimum opening value on any Payment Date as the result of withdrawals by the client, the minimum charge (agreed upon fee percentage x \$100,000) shall apply. Should the SDI Account Value be less than the required Minimum Account Size on any Payment Date solely due to market fluctuations, the SDI Fee shall be the SDI Account Value x the agreed upon fee percentage. In all instances, the client understands and agrees that WS shall be entitled to a minimum quarterly fee of \$250 (\$1,000 annually) per account.

Typical Client Fee Schedule is as follows:

<u>Account Size</u>	<u>Annualized Overall Fees (% of assets)</u>
Up to \$250,000	3.00%
\$250,001 to \$500,000	2.80%
\$500,001 to \$1,000,000	2.50%
\$1,000,001 to \$3,000,000	1.90%
\$3,000,001 to \$5,000,000	1.60%
\$5,000,001 and above	Negotiable

Maximum Annual Trades

The SDI Fee covers an annual maximum number of trades on Eligible Assets without brokerage commission for all WS Trades directed by the Client in Client's Account ("Maximum Annual Trades"). For purposes of determining Maximum Annual Trades, "trade" means any purchase or sale of a security. The initial Maximum Annual Trades are based on the SDI Account Value

(which includes cash and money market funds) as of the Opening Day. Thereafter, the Maximum Annual Trades will be re-established annually, based on the SDI Account Value on each annual anniversary of the Opening Day, or revised immediately upward to include Eligible Assets received into the SDI. Any unused portion of Maximum Annual Trades will not be carried over to the following anniversary year. The Maximum Annual Trades per SDI Account Value are as shown below.

If client directs trades in excess of the Maximum Annual Trades, such additional trades will be charged a commission at a 30% discount to WS' standard commission schedule.

<u>SDI Account Value</u>	<u>Maximum Annual Trades</u>
\$100,000 to \$249,999	50
\$250,000 to \$499,999	60
\$500,000 to \$999,999	70
\$1,000,000 to \$2,999,999	100
\$3,000,000 to \$4,999,999	120
\$5,000,000 and above	Negotiable

Self-Directed Investment Advisory Accounts – Independent Contractor (SDI-IC)

Self-Directed Investment Advisory account is a *non-discretionary program* offered by Independent Contractor Financial Advisors in which the client has the sole authority to purchase and/or sell securities. The SDI-IC program will assess clients an annual fee, charged in quarterly installments, in lieu of certain "per transaction" execution, custodial costs, and commissions. The SDI-IC is designed for investors who regularly make investment transactions in their portfolio and not for persons primarily interested in purchasing money market or mutual funds or in holding inactively traded securities.

Clients will pay an annual fee based on the value of the amount of eligible assets held in the account. The minimum amount necessary to open the SDI-IC account is \$25,000 in assets; however, the independent contractor Financial Advisor can request an exception to accept lower minimum account size. The fees charged for participation in SDI-IC may be higher than if the client were to purchase the individual securities without participation in SDI-IC. Fees are negotiable, and billed in advance on a quarterly basis. There is no termination fee, and terminations result in a pro-rata return of fees billed but not yet incurred.

SDI-IC Fee

Should the SDI-IC Account Value be less than the required minimum opening value on any Payment Date as the result of withdrawals by the Client, the minimum charge (agreed upon fee percentage x \$25,000) shall apply. Should the SDI-IC Account Value be less than the required Minimum Account Size on any Payment Date solely due to market fluctuations, the SDI-IC Fee shall be the SDI-IC Account Value x the agreed upon fee percentage. In all instances, the client understands and agrees that WS shall be entitled to a minimum quarterly fee of \$125 (\$500 annually) per account.

Additional costs for the SDI-IC may include (1) transactional charges of \$14.00 per trade and (2) activity assessment fee of \$5.95 per trade. These costs are deducted from the account based upon the frequency stated above.

Specific fees and additional costs charged by WS would be described and disclosed in the WS' client agreement.

Typical Client Fee Schedule is as follows:

<u>Account Size</u>	<u>Annualized Overall Fees (% of assets)</u>
Up to \$250,000	3.00%
\$250,001 to \$500,000	2.80%
\$500,001 to \$1,000,000	2.50%
\$1,000,001 to \$3,000,000	1.90%
\$3,000,001 to \$5,000,000	1.60%
\$5,000,001 and above	Negotiable

Strategist Advisory Account Program (MF/ETF)

SEI Asset Management Program

Clients enrolled in the SEI Asset Management (SEI) Program have access to the discretionary portfolio management services of SEI Asset Management Corporation, an Independent Adviser. Financial Advisors will recommend, and clients will select, an asset allocation model managed by SEI, comprised of SEI's mutual funds, consistent with such client's specified investment

objectives, risk tolerance, and overall asset allocation. SEI utilizes multiple institutional managers as advisers to the SEI mutual funds. SEI is responsible for fund selection for its models and rebalancing of accounts. SEI Trust Company (a subsidiary of SEI Asset Management Corporation) acts as the transfer agent and custodian for each Client account that SEI manages on a discretionary basis. Fees for the SEI Asset Management Program and the underlying mutual funds are set by SEI, and are not subject to Wedbush Securities control.

Russell Strategy Program

The RUSSELL program, asset allocation and investment selection decisions are determined by Russell and implemented by Wedbush. The RUSSELL models exclusively contain Russell mutual funds. Russell employs a “multimanager, multi-style” approach to investing whereby the assets of Russell funds are allocated to different money managers who employ distinct investment strategies for the funds. Russell has the right to engage or terminate a money manager at any time. These money managers may or may not be affiliated with Russell Investment Management Company, an affiliate of Russell Investment Group.

For more information on the underlying funds in the RUSSELL models, clients should review the applicable Russell Fund prospectuses. Manager research is the core of Russell’s investment process. Russell’s manager research emphasizes both a qualitative (organization, ownership, people and investment process) and a quantitative (performance and investment profile) analysis to conduct comprehensive evaluations. Russell’s ongoing due diligence includes performance and portfolio monitoring and monthly interaction with each manager. Russell also performs annual on-site due diligence visits by both Russell investment personnel and Russell compliance and legal personnel. Fees for the Russell Management Program and the underlying mutual funds are set by Russell Investment Management Company, and are not subject to Wedbush Securities control.

Morningstar Wealth Builder Program

The Morningstar® Wealth Builder Asset Allocation Series offers broad and diversified market exposure to accounts as small as \$10,000. These portfolios span the risk spectrum and use the same asset allocation process as other offerings; their ETF approach can accommodate broker-dealers, RIAs, banks, and other providers looking to provide smaller clients with a fiduciary solution. Using passive ETFs, they actively manage asset class exposures in the Morningstar Wealth Builder Asset Allocation portfolios. They roll up security-level data to the asset-class level, weighing valuation, sentiment, and other inputs before holistically building portfolios. Their disciplined and principled approach to finding value builds risk management into every purchase.

WAM Gateway and VisX Programs

The WAM Program is sub-advised by FDx Advisors Inc. and consists of portfolios of ETFs and mutual funds, fulfilling five investment objectives (each, with a taxable or non-taxable option) ranging from conservative to aggressive. The sub-advisor applies proprietary and vendor applications to help in the construction of mean variant optimized portfolios. Each portfolio is created utilizing a broad range of asset classes including international equity and fixed income asset classes, and US equity and fixed income asset classes, incorporating a blend of strategic asset allocation with tactical allocation strategies. Tactical allocation represents 0%-30% of the portfolio. Portfolios are reviewed periodically for allocation adjustments based on changing market conditions. Portfolios may include a taxable and/or non-taxable version although the general focus is on gross return and Registrant’s sub-advisor FDx Advisor’s Inc. does not generally take into account tax considerations. The selection of strategies for use in the WAM Program is based on FDx Advisors, Inc. manager research process. FDx Advisor’s consulting team, research team, and investment committee play an important role focusing on review, discussion and approval of new products for the portfolios. FDx Advisors, Inc. seeks to maintain updated information on funds and ETFs through their due diligence efforts and process. FDx Advisors, Inc. seeks managers who maintain a consistent investment style while performing competitively versus an appropriate benchmark. Products selected for the Portfolios are reviewed at least quarterly. FDx Advisors also provides portfolios to other institutional clients besides Registrant.

<u>Allocation Solution Strategies</u>	<u>Equity Exposure Range</u>
Conservative	20% - 30%
Moderate	35% - 45%
Balanced	55% - 65%
Growth	70% - 80%
Aggressive Growth	80% - 90%

Strategist Advisory Account Program (MF/ETF) Fee

For WS’ services provided to the account, client shall pay WS a fee based on the value of the assets in the account (Asset Based Fee), in accordance with the Asset Based Fee Structure, or based on such different rate as WS may subsequently

declare to be its Asset Based Fee, in accordance with the Client Agreement. The maximum annual Asset Based Fee, payable in advance on a quarterly basis, is established according to the Asset Based Fee structure. The minimum asset amount necessary to open an Account is \$10,000 (Minimum Account Size). In all instances the client understands and agrees that WS shall be entitled to a minimum quarterly fee of \$62.50 (\$250 annually) per account. Fees are negotiable. There is no termination fee, and terminations result in a pro-rata return of fees billed but not yet incurred.

Full service asset fee, which is based on the amount of assets under management by WS, covers investment advisory services provided by money managers under the Strategist Advisory Account Program (MF/ETF) fee. The minimum asset amount necessary to open an Account is \$10,000 (Minimum Account Size). In all instances the client understands and agrees that WS shall be entitled to a minimum quarterly fee of \$62.50 (\$250 annually) per account. Fees are negotiable. There is no termination fee, and terminations result in a pro-rata return of fees billed but not yet incurred.

Typical Asset Based Fee Structure (MF/ETF Accounts) is as follows:

<u>\$ Value of Assets</u>	<u>Maximum Effective Annualized %</u>
\$10,000 - \$25,000	2.50%
\$25,001 - \$50,000	2.00%
\$50,001 and above	Negotiable

Management and Administrative Fees (MF/ETF)

If an Independent or Affiliated Adviser firm manages or provides portfolios, a portion of the total Asset Based Fee is applicable to management fees to compensate such Independent or Affiliated Adviser firm for its services and strategy management. Wedbush Securities may have additional fees for the administrative cost of overlay trading, operational and general processing of portfolio positions within each account. Management fees vary by strategist and/or portfolio (including based on whether it is a Manager-Traded or Wedbush-Traded account), and are generally not negotiable and generally range as follows:

Strategist Management Fee: 0% to 0.25%, depending on the portfolio and strategy management firm.
Administrative Fees: 0.10% to 0.25%, depending on the portfolio and strategy execution requirements.

Important Information Regarding Wrap Fees

The wrap fee for all the advisory programs – unless stated otherwise in the Fees and Commissions section of this brochure – typically includes the investment advisory services, execution, custodial, administrative, platform*, as well as activity assessment and exchange fees.

The wrap fee does not include commissions or other charges incurred due to transactions effected through a broker or dealer other than Wedbush Securities Inc.

* For accounts opened prior to 2015, the administrative and platform fees which can range from 0.05% to 0.25%, depending on the program, portfolio, and strategy execution requirements may be assessed separately from the wrap fee.

Disclosure on Financial Advisor's Conflict of Interest Relating to Brokerage and Advisory Accounts

The wrap fees charged may be higher than if the client were to purchase the individual securities without participation in the advisory programs. A non-advisory brokerage account based on commissions instead of an advisory wrap fee based account could be used to effect few transactions in which case the amount of revenue earned by the firm and the Financial Advisor would be less than if a wrap fee were assessed on the account's asset base. This may pose a conflict of interest in that the Financial Advisor may have an incentive to recommend a wrap fee program instead of a brokerage account. You are responsible for assessing whether a wrap fee program is appropriate for you based on your investment strategy and the frequency in which transactions are effected by your Financial Advisor or Portfolio Manager.

Additional Compensation Received by the Financial Advisor and Wedbush Securities

In addition to the wrap fee, you may be charged a mark-up, mark-down, or spreads on securities purchased or sold for your account. This may pose a conflict of interest in that it provides an incentive for the Financial Advisor to recommend those investments that result in higher compensation to the Financial Advisor and/or Wedbush Securities. The Financial Advisor

and/or their respective supervisors periodically reviews accounts to determine that investments made in your account are in your best interest.

Mutual Fund 12b-1 Fees

Financial Advisors seek to purchase or recommend share classes that are in the best interest client, which may include mutual funds that charge 12b-1 fees. Wedbush Securities, as a registered broker dealer, receives shareholder distribution fees from mutual fund companies under Rule 12b-1 of the Investment Company Act of 1940. This presents a conflict of interest in that it provides a financial incentive for the Financial Advisor to recommend those funds that charge their shareholders a higher 12b-1 fee. The 12b-1 fees received by Wedbush Securities, however, are rebated to the client accounts where an advisory fee is being assessed. Rule 12b-1 fees are assessed as a percentage of the value of total assets invested in the mutual fund. Generally, 12b-1 fees may be as high as 1.25% of the average annual dollar amount invested in a fund's shares. The specific amount assessed is found in a fund's prospectus and will be provided to you upon request.

Mutual Fund Networking and Shareholder Servicing Fees

Certain mutual funds pay fees to Wedbush Securities for the performance of administrative functions alleviating the mutual fund of the responsibility for the specific account servicing function taken on by Wedbush Securities or their providers. These networking and shareholder servicing fees are usually fixed dollar amounts or determined based on a percentage paid to Wedbush Securities from certain fund groups or their providers. If expressed as a percentage of invested client fund assets, networking and shareholder servicing fees can range from 0.02% up to but less than 0.30% annually on the value of invested fund holdings.

Assets Under Management

As of August 31, 2018, Wedbush Securities had assets under management of \$1,953,696,769, of which \$1,569,062,317 was managed on a discretionary basis and \$384,634,452 was managed on a non-discretionary basis.

Item 5: Account Requirements and Type of Clients

Wedbush Securities provides advisory services to high net worth clients, trusts, pension and profit sharing plans.

The minimum amount necessary to open an advisory account is typically \$100,000 in assets; however, the Financial Advisor can request an exception to accept lower minimum account size. The Discretionary Managed Account – Independent Contractor (DMI-IC); however, requires a \$25,000 minimum.

Item 6: Portfolio Manager Selection and Evaluation

Managed Account Program (MMA, SMA, UMA and IMA)

Selection Criteria

Portfolio managers under the Managed Accounts Program are reviewed and selected based on a set of criteria which may include performance, assets under management, investment philosophy, years in business, education and business background. However, under the IMA program, you - and not the Financial Advisor – designate the independent portfolio managers to manage your assets on a discretionary basis.

Reviews of Portfolio Managers

Portfolio managers are reviewed on an annual basis and on an as needed basis. Portfolio managers may be replaced for the program or for the client if it does not meet certain criteria which include those mentioned above. Performance information for portfolio managers are reviewed and compared to a relevant benchmark. Performance information may not be calculated on a uniform and consistent basis by the various portfolio managers. Wedbush Securities does not verify the accuracy of the performance information. Portfolio manager performance may or may not be based on the Global Investment Performance Standards (GIPS). The quarterly performance of your accounts is calculated quarterly and is time-weighted. Performance results are calculated on a total return basis inclusive of accrued dividends and income.

Selection of Portfolio Managers for Your Accounts

Your Financial Advisor will assist you in selecting your portfolio managers for the Managed Accounts Program based on your responses to a set of criteria such as investment objectives, risk tolerance, liquidity needs and time horizon. Your Financial Advisor will help you select your portfolio managers and determine the asset allocation and investment style based on your

financial situation and needs. Your Financial Advisor will receive a portion of the wrap fee in connection with the introduction of accounts and for his/her client-related services.

Financial Advisors to Act as Portfolio Managers in the Discretionary Advisory Accounts Program (DMA, DMI-IC, and DMT)

Your Financial Advisor may act as a portfolio manager for your accounts under the Discretionary Advisory Accounts program (DMA, DMI-IC, and DMT). If your Financial Advisor will manage your accounts on a discretionary basis, he/she must obtain approval from his or her Office Manager and the Managed Assets Department. The approval will be based upon such criteria as a Financial Advisor's past experience managing client accounts, registrations (licensing), compliance records, and relevant certifications or other qualifications.

Your Financial Advisor will purchase or sell securities in your portfolio on a discretionary basis based on a set of criteria such as investment objectives, risk tolerance, liquidity needs and time horizon. Clients may inform the Financial Advisor to not invest in certain securities or types of securities or to invest only in certain securities or types of securities. Your Financial Advisor will receive a portion of the wrap fee for his/her advisory services.

Performance-Based Fee and Side-by-Side Management

Wedbush generally does not charge performance-based fees. However, unaffiliated investment managers may. Performance-based fees are based on the capital appreciation of the assets of a client. An investment adviser charging performance based fees may have a conflict of interest in that the investment adviser can potentially direct the best investment ideas to the account that pays a performance fee since these fees may be higher than those fees received based on assets. Disclosure regarding whether an adviser charges performance-based fees or not can be found in their respective Form ADV Brochure (or substitute brochure) and other documents prepared or information furnished by the money managers.

Methods of Analysis and Investment Strategies

For the Managed Accounts Program (MMA, SMA, UMA, and IMA), your portfolio manager for these programs employ methods of analysis that are described in each adviser's Disclosure Document. Each portfolio manager utilizes a variety of investment strategies based on your investment objectives, financial circumstances, risk tolerance, and financial needs. Such strategies typically include long term and short term purchase of securities.

Similarly, for the Discretionary Advisory Accounts Program (DMA, DMI-IC, and DMT), your Financial Advisor employs a variety of investment strategies based on your investment objectives, financial circumstances, risk tolerance, and financial needs. Such strategies typically include long term and short term purchase of securities.

Risk of Loss

Investing in securities involves risk of loss that you should be prepared to bear. You must understand that we do not guarantee any returns on any investments or investment strategies. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Voting Client Securities

For Discretionary and Non-Discretionary Advisory accounts, WS does not vote client proxies. Therefore, although WS may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for:

- 1) Directing the manner in which proxies solicited by issuers of securities beneficially owned by client shall be voted; and
- 2) Making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to client's investment assets.

WS, as custodian of client assets, will forward to clients copies of all proxies and shareholder communications relating to clients' investment assets.

For the Managed Accounts Program, respective third-party money managers are responsible to vote proxies for clients. Each money manager has respectively adopted policies and procedures in an effort to ensure that votes are cast in the best interests of its clients. The proxy voting policies and procedures relating to third party money managers can generally be found in their respective Form ADV Brochure (or substitute brochure) and other documents prepared or information furnished by the money managers.

Item 7: Client Information provided to Portfolio Managers

For the Separately Managed Accounts, your portfolio manager(s) will receive a copy of the Client Agreement. Updated information will be provided to the portfolio manager(s).

Item 8: Client Contact with Portfolio Managers

For the Separately Managed Accounts, you may communicate directly with your portfolio manager(s) although you are encouraged to engage in such communication through your Financial Advisor.

Item 9: Disciplinary Information

Wedbush Securities is a registered investment adviser and a registered broker-dealer. The disciplinary information listed below is related to the activities of the broker-dealer and investment adviser.

In addition to the disciplinary events listed below, you can find additional information at <http://www.adviserinfo.sec.gov/>

In February 2018, without admitting or denying the accusations, the Securities and Exchange Commission ("SEC") accepted WS's offer of settlement in which Wedbush willfully violated sections 15c3-3, known as the customer protection rule and 17a-1 of the Exchange Act and Rule 17a-5 thereunder, for the period from September 2014 through January 2015. Wedbush was censured and ordered to cease and desist from committing or causing any violations and any future violations of Sections 15c3 and 17a1 of the Exchange Act and Rules 15c3-3 and 17a-5(a) thereunder. Wedbush is ordered to pay disgorgement of \$275,851 along with prejudgment interest of \$28,346 and ordered to pay a civil money penalty in the amount of \$1,000,000 plus post-order interest to the Securities and Exchange Commission. Wedbush is also ordered to comply with an undertaking to retain a qualified independent consultant to conduct a comprehensive review of the firm's system and controls.

In February 2018, without admitting or denying the allegations, the firm consented to the sanctions and to the entry of findings from the Financial Industry Regulatory Authority, Inc. ("FINRA") that the firm created and/or increased deficits in its segregation requirement through deliveries or returns of securities. The findings also stated that firm improperly calculated its customer reserve formula which resulted in hindsight deficiencies between \$945,000 and \$77 million. The findings also included that the firm failed to establish and maintain a supervisory system, including written procedures reasonably designed to achieve compliance with both the possession or control requirement and the customer reserve account requirement of the customer protection rule. Under the terms of the offer, the firm has also consented, without admitting or denying the allegations and to the entry of findings and violations arising out of examinations conducted by FINRA in 2014, 2015, and 2016, as described below, and to the imposition of the sanctions. The additional findings are as follows: from positions in certificates of deposit (CDs) issued by major financial institutions for which there was no "ready market," for over five business days, but failed to deduct the value of each position exceeding 30% of the firm's tentative net capital. The firm created and maintained inaccurate books and records that inaccurately reported the amounts the firm was required to maintain in its customer reserve account and inaccurately reported its net capital. Without admitting or denying the findings, the firm agreed to a censure and fine of \$1,500,000.

Financial Industry Regulatory Authority, Inc. ("FINRA") alleged that Mr. Edward Wedbush, as President of Wedbush Securities, Inc. ("WS"), failed to establish and maintain a supervisory system and establish, maintain, and enforce WS's policies reasonably designed to achieve compliance with rules regarding regulatory filings. FINRA alleges that the firm had late and inaccurate filings of Forms RE-3/U4/U5. On October 11, 2016, Mr. Wedbush appealed the National Adjudicatory Council decision to the United States Court of Appeals for the Ninth Circuit. The U.S. Court of Appeals decision rendered April 20, 2018 denied Mr. Wedbush's petition for review. The decision became final on July 19, 2018. Mr. Wedbush was suspended in any principal capacity for 31 days from August 20, 2018 through September 19, 2018 and paid a \$50,000 fine.

In October 2010, WS consented to a finding by FINRA that the firm violated MSRB rules by selling municipal securities from its own account to customers at an aggregate price (including any markdown or markup) that was not fair and reasonable. Without admitting or denying the findings, the firm agreed to a censure and fine of \$12,500. The firm also made restitution totaling \$5,986.26 to customers.

In May 2010, WS consented to a finding by FINRA that the firm violated NASD rules by failing to execute orders fully and promptly; in transactions for or with customers, the firm failed to use reasonable diligence to ascertain the best inter-dealer market and failed to buy or sell in such market so that the resultant price was as favorable as possible under prevailing market conditions. Without admitting or denying the findings, the firm agreed to a censure and fine of \$10,000, and made restitution totaling \$581.38.

Item 10: Other Financial Industry Activities and Affiliations

Wedbush Securities is a registered investment adviser and a registered broker-dealer. Generally, Financial Advisors of Wedbush Securities Advisory Services are also registered representatives of Wedbush Securities Broker-Dealer (non-advisory). Therefore, the wrap fees charged may be higher than if the client were to purchase the individual securities without participation in the advisory programs. A non-advisory brokerage account based on commissions instead of an advisory wrap fee based account could be used to effect few transactions in which case the amount of revenue earned by the firm and the Financial Advisor would be less than if a wrap fee were assessed on the account's asset base. This may pose a conflict of interest in that the Financial Advisor may have an incentive to recommend a wrap fee program instead of a brokerage account. You are responsible for assessing whether a wrap fee program is appropriate for you based on your investment strategy and the frequency in which transactions are effected by your Financial Advisor or Portfolio Manager.

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

Code of Ethics

Wedbush Securities has adopted the Investment Adviser Code of Ethics pursuant to SEC Rule 204A-1 expressing the firm's commitment to ethical conduct. Access Persons, as defined by Rule 204A-1 of the Investment Advisers Act, must adhere to employee trading policies. Personal trades made by officers, employees, and associated persons are reviewed by supervisory or designated Compliance Officers in the Business Conduct (Compliance) Department.

WS requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. WS' Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. Violators of the firm's Code of Ethics, policies and procedures may be subject to disciplinary action and sanctions, which may include termination of employment.

Clients and prospective clients may request a copy of the Code of Ethics by contacting the Business Conduct Department at (213) 688-8090 or by email to businessconduct@wedbush.com.

Participation or Interest in Client Transactions

Wedbush Securities provides full service investment banking, broker-dealer and asset management services. As a full service organization, WS and its directors, officers, and employees may have multiple advisory, transactional, financial and other interests in securities, instruments and companies that may be purchased or sold by its advisory clients and may buy or sell securities it also recommends to clients. As a broker or agent, WS effects securities transactions for compensation for any client. WS has established policies and procedures reasonably designed to address conflicts of interests arising between advisory accounts and the firm's businesses.

Financial Advisors are prohibited from engaging in principal transactions with you and from acting as a broker (or an affiliate of the adviser acting as a broker) for the counterparty to any client transaction as to which the adviser representative acted as an investment adviser (known as an "agency cross" transaction) unless, in each case, the Financial Advisor has given the client prior written notice of the capacity in which he is acting and has received the client's consent to the transaction. When acting as agent or principal, WS may charge client a commission, markup, markdown or other commission equivalent.

It is the policy of WS that no person employed by WS shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on the investment recommendations and/or decisions of advisory clients.

Personal Trading

In order to prevent conflicts of interest by a Financial Advisor who buys or sells in his/her account the same security that he/she buys or sells for your account, the client's transactions must precede or be given priority over the Financial Advisor's transactions. Otherwise, the Financial Advisor's trade and your trade would be adjusted to receive the average price. However, if you received a better price on a buy or sell of the same security even if your trade occurred after the Financial Advisor's trade, you would be accorded the better price.

To prevent insider trading and to comply with the firm's insider trading policy, Wedbush Securities maintains a Restricted List to monitor and restrict employee trades on equity securities and its respective options for any company placed on the list. The Restricted List is used when the Research Department issues a research report on a material event such as an opinion change or initiation of coverage. Although employees are restricted from buying or selling companies on the restricted list, clients are generally not prohibited from effecting transactions in those securities.

WS may recommend to advisory clients that they buy or sell securities or investment products in which WS or a related person has some financial interest. WS may recommend to advisory clients private equity funds for which it or any of its affiliates serves as sponsor or investment adviser or in which it has an equity stake. In connection with such investment, unless otherwise provided in the client's account agreement, the client will pay all fees pertaining to the fund and no portion of such fees may be offset against fees payable in accordance with the advisory agreement.

From time to time, WS and its affiliates, directors, officers and employees, through such WS activities as research, corporate finance and investment banking, may become aware of non-public information concerning companies which could reasonably be expected to affect purchases or sales of those companies' securities. Various procedures are used to isolate inside information from trading activity. However, to comply with applicable law, from time to time WS may be required to restrict the purchase or sale of a security, which might otherwise be purchased or sold for the advisory accounts. In addition, the firm shall have no obligation to obtain any inside information about any issuer of securities, or to effect transactions for advisory accounts on the basis of any inside information as may come into its possession, or make any research or analysis prior to its public dissemination. The firm has adopted a Code of Ethics designed to address the potential conflict of interests involving personal securities trading by firm personnel. The firm shall have no obligation to recommend for purchase or sale by advisory accounts any instrument that the firm or its personnel may purchase or sell for themselves or for any other clients.

Item 12: Brokerage Practices

In addition to execution services, Wedbush Securities also provides research, reporting, custodial, clearing, and/or other account services to clients. Generally, transactions are effected through Wedbush Securities as clearing broker under an obligation to obtain best execution. Wedbush Securities, your portfolio manager or sub-adviser may effect transactions using broker dealers other than Wedbush Securities when those transactions would provide better execution than those that would have been effected through Wedbush Securities.

Wedbush Securities may receive compensation from market centers for directing order flow. However, regardless of whether payment for order flow is received, Wedbush Securities transmits customer orders to various exchanges and other market centers for execution based on a number of factors which may include the following: the ability of a market center to execute the orders at or better than the National Best Bid and National Best Offer; the ability of a market center to provide price improvements; the speed of execution; the availability of an efficient automated transaction processing; features of certain securities or types of orders which would make a particular market more suitable for different securities or types of orders. Accordingly, transactions will not always be executed at the lowest price or commission.

Soft Dollar Arrangements

WS does not presently engage in any soft dollar arrangements.

Brokerage for Client Referrals

In selecting or recommending broker dealers, Wedbush Securities does not consider whether it or any of its affiliates receive client referrals from such broker dealer or third party.

Directed Brokerage

You may direct us to place transactions for your accounts with a specified broker dealer. In such cases, WS may be unable to achieve most favorable execution of your transaction and you may pay more in execution fees than if WS were permitted to choose the executing broker dealer. WS may not be able to determine how an order will be handled with your selected broker dealer and may not be able to negotiate commission rates. Additionally, WS may not be able to aggregate your orders with other client orders in order to reduce transaction costs. Consequently, your direction to use a particular broker dealer may cause you to pay higher commissions or receive less favorable net prices than would have been the case if WS were given discretion to choose the broker dealer.

Trade Aggregation

In order to obtain best execution or to negotiate more favorable commission rates, Wedbush Securities may, to the extent permitted by law, combine or "batch" such orders. In general, aggregating trades may slightly decrease the overall costs of the transaction to you. In such circumstances, all client orders executed with a particular broker-dealer during a day generally will be average priced. Client orders partially filled will, as a general matter, be allocated pro-rata in proportion to each client's original order. Thus, the effect of aggregation may operate on some occasions to a particular account's disadvantage. In addition, under certain circumstances, not all clients will be charged the same commission or commission-equivalent rates in connection with bunched or aggregated orders.

Transactions in a specific security may not be accomplished for all client accounts at the same time or at the same price. Where there is a limited supply of a security, WS will use best efforts to allocate or rotate investment opportunities fairly and equitably among eligible client accounts; however, there is no assurance that equality will be achieved.

Custody

Your custodian, including Wedbush Securities, provides monthly statements to you reflecting your positions and trading activity for each month in which there was activity in your account. Otherwise, your account statements would be generated at least quarterly. You also may receive performance reports or customized account statements relating to your account. You are encouraged to review all your statements carefully and compare them with the account statements of the qualified custodian. If there are any discrepancies or errors in your account statement, you should contact your custodian.

Investment Discretion

When you grant Wedbush Securities' Financial Advisors or a portfolio manager discretionary trading authority over your account, such authorization will be subject to any limitations you may impose and will take into account your investment objective and risk tolerance. Such discretion will be delineated and granted by you when you sign the Advisory Agreement Forms.

Generally, WS does not exercise investment or brokerage discretion with respect to assets held in the Managed Account Programs. Generally, independent investment managers appointed by clients manage the assets held in such accounts on a discretionary basis and WS is authorized to execute portfolio transactions for the accounts in accordance with the investment manager's instructions.

With respect to the assets held in the Discretionary Advisory Accounts program (DMA, DMI-IC, DMT), your Financial Advisor is retained on a discretionary basis and is authorized to direct execution of portfolio transactions consistent with the client's investment objective and risk tolerance.

Item 13: Review of Accounts

Each new account is initially reviewed at account opening by the Financial Advisor and the designated supervisor in the respective offices to determine suitability level. Thereafter, accounts are monitored on an ongoing basis by the Financial Advisor and designated supervisors in the offices. Division Managers, Wealth Management personnel, and the designated Compliance Officer in the Business Conduct Department may also monitor and review accounts on an ongoing basis.

Accounts are provided monthly account statements if there is activity; otherwise, quarterly statements are provided. Quarterly performance reports are provided for all fee-based accounts.

Typically, under one of the Managed Account Programs, the Financial Advisors and/or designated supervisors may communicate with the portfolio manager in the following circumstances – but is not limited to – when there is a change in the client's financial situation, objective, or risk tolerance.

Privacy Policy

At WS, protection of client's privacy has been a long-standing policy. WS does not sell current or former client's personal information to third parties. WS collects certain "nonpublic personal information" about you from:

- Information we receive from you on applications or other forms;
- Information about your transactions; and
- Information we receive from non-affiliated third parties, including consumer and industry reporting agencies.

Wedbush Securities does not disclose your nonpublic personal information to anyone except as described as follows. On a confidential basis, we may share the information we collect with companies that perform services to maintain your account information on our behalf. For example, we share information with third parties that assist us with data processing, preparing monthly statements, or companies that help us service our products. With your approval, we may share information within the affiliated Wedbush companies to improve your experience with us and better serve your financial needs.

Wedbush Securities restricts access to your personal and account information to those employees who need to know that information to provide services to you. We maintain physical and electronic safeguards to protect your nonpublic personal information.

Our Privacy Policy Statement will be delivered to clients upon opening an account and annually thereafter.

Item 14: Client Referrals and Other Compensation

Solicitors introduce potential advisory clients to us in exchange for a pre-negotiated referral fee. We enter into a written agreement with the solicitors. At the time of solicitation, pursuant to Rule 206(4)-3 of the Advisors Act, clients are required to sign a statement, acknowledging the receipt of the fee sharing and related disclosures.

Item 15: Financial Information

Wedbush Securities has never filed for bankruptcy and is not aware of any financial condition that is expected to impair its ability to meet its contractual obligation to client accounts.