

# **MMLIS Wealth Management Services Advisor Select Programs Wrap Fee Brochure**

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This wrap fee program brochure ("Brochure") provides information about the qualifications and business practices of MML Investors Services, LLC ("MMLIS" or the "Firm"). If you have any questions about the contents of this Brochure, please contact us at (800) 542-6767 (options 1, 1). 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.

Additional information about MMLIS is also available on the SEC's website at <http://adviserinfo.sec.gov>. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 10409.

MML Investors Services, LLC is an SEC registered investment adviser and securities broker-dealer. Please note that registration does not imply a certain level of skill or training.

## **ITEM 1. COVER PAGE**

## **ITEM 2. MATERIAL CHANGES**

The following is a summary of certain material changes made to this Brochure since the last annual update of this Brochure on March 30, 2020.

### May 29, 2020 Update:

This Brochure was updated to include information about the Advisor Select Mutual Funds and Advisor Select Mutual Funds and ETFs programs.

Item 4 was updated to reflect that accounts with Fee Forgiveness are eligible to use the Protected Cash feature.

Item 9 was updated to include information about third party research reports. This information was previously located in the "Additional Information about MML Investors Services Wealth Management Services" brochure.

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## **ITEM 4. SERVICES, FEES AND COMPENSATION**

MMLIS is a registered investment adviser and broker-dealer. MMLIS began conducting business in 1981 and has been registered as an investment adviser since 1993. MassMutual Holding LLC is the Firm's principal owner. Massachusetts Mutual Life Insurance Company ("MassMutual") is MassMutual Holding LLC's principal owner.

## **Overview of the Advisory Services Offered by the Firm**

The Firm makes available to you a number of proprietary and nonproprietary investment advisory programs and services. This Firm Brochure provides you with information about the Advisor Select, Advisor Select Mutual Funds and Advisor Select Mutual Funds and ETFs programs (each a "Program," and together, the "Programs") available through the Firm. If you wish to learn about other investment advisory programs and services that the Firm offers, you may contact the Firm or an investment adviser representative of the Firm ("IA-Rep") to receive a similar disclosure brochure for those programs and services. Such brochures are also available on the SEC's website at <http://adviserinfo.sec.gov>.

## **Overview of the Advisor Select Programs**

The Programs are advisory programs that provide clients personalized investment advice and management services, on either a discretionary or non-discretionary basis as determined by the client, regarding investments in securities. The Firm is the sole adviser under the Programs.

For each Advisor Select Program, different types of securities are available for investment. In Advisor Select Mutual Funds, only mutual funds ("Mutual Funds") available through National Financial Services, LLC ("NFS" or "Custodian") that the Firm has approved for sale are available. In Advisor Select Mutual Funds and ETFs, Mutual Funds and exchange-traded funds ("ETFs") are available. In Advisor Select, (a) Mutual Funds, (b) ETFs, (c) Exchange (NYSE, AMEX) Listed Stocks, (d) Closed-End Funds (secondary market), (e) American Depository Receipts (ADRs), (f) NASDAQ Listed Securities, (g) U.S. Government Bonds; (h) Mortgage-Backed Bonds, (i) Corporate Bond;; (j) Municipal Bonds, and (k) Brokerage Certificates of Deposit are available. Inverse and Leveraged ETFs are generally deemed ineligible. Within each security type, only the securities that the Firm has approved for sale are available.

The Firm may, at its discretion, accommodate an exception request to make additional security types available for a specific account.

The Firm reserves the right to modify the types of securities deemed to be Eligible Program Securities at any time.

Any products, securities, or holdings not identified as being Eligible Program Securities are ineligible and may not be purchased in a client's Account, and typically will not be able to be held within an Account. If a client transfers an ineligible position into an Account, or if an existing position becomes ineligible, such position may be liquidated or moved to a standard brokerage account at the Firm's discretion. Any ineligible assets held in an Account will be included in calculating the applicable Client Fee (as defined below in "Fees and Charges") for a given period.

Mutual funds advised or distributed by an affiliate are ineligible for Accounts held by qualified plan accounts ("ERISA Accounts") and IRAs. Please see the discussion of "Broker Dealers, Other Investment Advisers and Investment Companies" in Item 9 below for additional information about such funds.

As part of the Programs, IA-Reps create and maintain models ("Models") containing allocations to different asset classes based on particular risk tolerances and investment objectives. The Model a particular client selects will serve as the starting point in how client's funds are allocated among the asset classes comprising the Model. Each security is associated with a specific asset class.

## **Discretionary and Non-Discretionary Management Options**

Clients participating in the Programs can either provide the Firm, through its IA-Reps, with discretionary trading authority or require that all securities orders receive the client's pre-approval before they are placed, except as otherwise indicated in this Firm Brochure or the Program Agreement.

The Firm, through the IA-Rep, will monitor client's Account and, if appropriate (e.g., if market or economic conditions change), will either recommend or initiate changes to the client's Account consistent with the Investment Objective for client's Account, depending upon whether discretionary trading authority is being exercised over the Account. Any securities transaction in a client's Account may constitute a taxable event to which capital gains or other taxes apply. Each client should therefore consult with his/her tax adviser.

### ***Discretionary Management***

The grant of discretionary authority to the Firm is provided through the Statement of Investment Selection ("SIS") and the Program Agreement. If client grants the Firm discretionary trading authority on client's Account, the IA-

Rep assigned to the Account will effect trades in Eligible Program Securities on a discretionary basis for client's Account in accordance with the Investment Objective for client's Account. For Accounts managed on a discretionary basis, the IA-Rep will have the ability to modify the client's suggested target asset allocation within certain ranges, in its sole discretion. The IA-Rep will not be able to modify the Investment Objective for the client's Account identified in the client's Proposal and SIS without the client's approval. For instance, if the client's Proposal and SIS indicated that the investment Objective for the client's Account should be "conservative," the IA-Rep will be unable to change the suggested target asset allocation such that the strategy implemented in the Account is more aggressive. Once the client's asset allocation is established, the IA-Rep will buy and sell Eligible Program Securities for the client's Account in such manner as IA-Rep deems advisable in the IA-Rep's sole discretion subject to the Investment Objective for client's Account and any reasonable restrictions the client has placed on the management of the Account.

#### *Non-Discretionary Management*

Clients in the Programs may opt for MMLIS to manage its account on a non-discretionary basis. Under the non-discretionary option, the IA-Rep will provide ongoing management services to the Account and provide the client recommendations regarding purchases and sales in Eligible Program Securities for its Account, but the IA-Rep will not have discretionary authority to implement such securities transactions without client approval.

#### **Additional Information**

MMLIS, in its capacity as a registered broker-dealer, also acts as introducing broker for all transactions in Accounts. In order to effectuate trades under the Programs, clients must establish a brokerage account through the Firm with NFS, which will act as clearing firm and custodian for clients' assets under the Programs. Accordingly, it is expected that trading activity in connection with the Programs will be effected through the Firm and cleared by NFS. Client understands that if trades are not executed by NFS, which will occur if MMLIS reasonably believes in good faith, and consistent with applicable fiduciary standards, that another broker or dealer will provide better execution considering all factors including but not limited to net price, client will be subject to fees and charges associated with the transaction costs that are in addition to the Client Fee (as defined herein). These additional costs are reflected in the net purchase or sale price shown on the trade confirmation clients receive for the particular trade but are not disclosed separately in the trade confirmation.

NFS will act in its capacity as a clearing firm and perform centralized cashiering, bookkeeping and execution, clearing and settlement functions for all Accounts in the Programs. NFS will handle the delivery and receipt of securities purchased or sold in clients' brokerage accounts, receive and distribute dividends and other distributions, and process exchange offers, rights offerings, warrants, tender offers and redemptions. NFS will send client statements of all activity in client's brokerage account on no less than a quarterly basis, and written confirmations of trades executed through clients' brokerage accounts. Clients should review such statements carefully.

The Advisor Select Programs may be appropriate for those clients seeking ongoing investment advice from an IA-Rep or the Firm (as applicable). The Programs are not appropriate for clients who prefer to manage their investment portfolio on their own, without the assistance of a financial professional, or who are not looking for ongoing or comprehensive investment advice. Clients should understand that where MMLIS expressly agrees to act as an adviser, as it does under the Advisor Select Programs, the IA-Rep's primary role is to provide advice. Where MMLIS acts solely as a broker, its primary role is to execute trades based on client instruction. MMLIS's obligations are different when it acts as adviser and when it acts as broker. Clients should refer to the Firm's Form CRS for additional information regarding the differences between advisory and brokerage relationships and discuss further with their IA-Rep, as appropriate.

You should review the informational guide that you will receive from your IA-Rep entitled "Additional information about MML Investors Services Wealth Management Offerings" ("Informational Guide"). The Informational Guide contains important information and disclosures about the Firm.

Clients have the opportunity to impose reasonable investment restrictions on the investment of their assets under the Programs by requesting them through the SIS. See Item 7 below for additional information about investment restrictions.

With respect to qualified retirement accounts (such as an individual retirement account or a retirement plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")), MMLIS and our

IA-Rep(s) act as fiduciaries under ERISA, or the Internal Revenue Code of 1986, as amended ("Code"), or both, when providing recommendations, with respect to your Account, that are treated as fiduciary investment advice under section 3(21)(A)(ii) of ERISA or section 4975(e)(3)(B) of the Code.

### **Account Opening Process**

If a client wishes to participate in a Program, the first thing the IA-Rep will do is assist the client in determining whether the Program is appropriate for the client. The IA-Rep will also provide the client account opening documents, disclosures and other documents necessary for the client to make an informed decision about participation in the Program, as well as the different management options available under the Program. If the client determines that the Program is appropriate given the client's needs, the IA-Rep will collect information from the client about the client's present investment objectives, risk tolerance and time horizon and input such information into the Investment Questionnaire ("Questionnaire") which will determine a risk profile scoring (an "Investment Objective") for client's Account, and generate an investment proposal ("Proposal") and Statement of Investment Selection ("SIS"). The Proposal and SIS recommend a Model and corresponding securities for client's Account based on the client's Investment Objective. The more aggressive Models generally have greater small/mid cap equity and foreign exposure and the more conservative Models generally have more bond, large cap equity and alternatives exposure. The Models emphasizing balance contain significant portions of both equity and fixed income exposure and generally provide a combination of both capital appreciation and income.

The IA-Rep will review the information in the Proposal and the SIS with the client. The client is ultimately responsible for determining whether to participate in a Program, and whether to accept or reject the recommended Model and securities. Client must approve a Proposal and SIS prior to implementation. By signing the SIS, the client is also agreeing to the MMLIS Wealth Management Services Terms and Conditions ("Program Agreement"), a separate agreement that governs the relationship among the client and MMLIS and sets forth the parties' responsibilities and obligations with respect to the client's Account.

Envestnet Asset Management, Inc. ("Envestnet") provides MMLIS with proprietary software and the Questionnaire that generates each client's Proposal and SIS. Envestnet is a co-adviser in other advisory programs offered by MMLIS, but does not serve in this capacity in the Advisor Select Programs.

The IA-Rep also assists the client in completing a Brokerage Account Application ("Account Application") and Customer Agreement (or equivalent document for certain retirement accounts) ("Brokerage Agreement"), which the client will use to apply for an Account with the Firm, accepts any inquiry from the client about the Program, coordinates the provision of responses to the client, and provides all Account opening documents, disclosures and other necessary documents.

### **Model Construction and Monitoring**

IA-Reps create and maintain the Models available under the Program. IA-Reps can make a Model available to multiple clients, or create customized Models for specific clients. MMLIS utilizes portfolio guidelines ("Portfolio Guidelines") that set the risk parameters for the investments that can be made in a particular Account, depending on the associated Investment Objective. There are five different Investment Objective classifications and a client's Account will be assigned one of the five classifications based on client's risk tolerance, time horizon and investment objectives. The Portfolio Guidelines are based on capital markets assumptions. The capital market assumptions may be modified at any time, without notice, which may impact the Portfolio Guidelines associated with a particular Account.

In addition to the Portfolio Guidelines, MMLIS establishes asset allocation and concentration parameters that are applicable to the Investment Objective selected by the client. MMLIS reserves the right to modify a client's asset allocation and/or investments in order to comply with such parameters.

Each client's Account will have a portion of the assets maintained in cash in order to, among other things, pay the client's fees. The Firm, in its capacity as broker-dealer, selects the cash investment vehicles for the cash investment style portion of client's portfolio. Please see "Additional Information" below for additional information about the cash investment vehicles.

### **Unsupervised Assets**

In limited circumstances, the Firm will treat certain assets in a client's Account as "Unsupervised Assets." Unsupervised Assets are excluded from the Account's asset allocation and the calculation of client's advisory

fees. In addition, the Unsupervised Assets will not be included in determining client's Account balance (for purposes of assessing whether client's Account meets the Program minimum requirements). Unsupervised Assets can be assets that are ineligible for the selected Program that the Firm is permitting a client to hold in client's Account. Once a security has been designated as an Unsupervised Asset, all of client's holdings in that particular security or cash investment style position will be designated as an Unsupervised Asset. Assets that qualify for Fee Forgiveness (as defined below) may not be designated as Unsupervised Assets.

### **Fee Forgiveness**

When a client contributes assets to its Account from a previously established MMLIS brokerage account or contributes mutual funds for which MMLIS is the broker-dealer of record (either from the redemption of such assets and mutual funds or the assets and mutual funds themselves) such clients may be eligible for "Fee Forgiveness." The Firm Fee and the IA-Rep Fee may be reduced for a limited period of time to take into account the cost of certain sales charges previously paid by the client or to be paid upon redemption. Fee Forgiveness is not available for assets for which MMLIS is not the broker-dealer of record. In addition, sales charges previously paid by the client will only be taken into account for Fee Forgiveness to the extent the client paid such sales charges in the previous two years (for A-share mutual funds) or previous 13 months (for C-share mutual funds, stocks, bonds, options and ETFs) and MMLIS was the broker-dealer of record for the mutual funds or applicable brokerage account at the time client paid the sales charges.

If the assets that qualified for Fee Forgiveness leave the Account, the Fee Forgiveness associated with such assets will be discontinued and any remaining fees associated with such assets scheduled to be forgiven will not be forgiven.

Fee Forgiveness is available only while a client's Account is open. If the Account is terminated for any reason, any remaining fees scheduled to be forgiven will not be forgiven.

Additional details regarding Fee Forgiveness can be found in the Program Agreement.

Please note that the charts below in "Fees and Charges" showing the range of fees do not take Fee Forgiveness into account.

For a description of the ongoing services that the Firm provides under this Program, please see Item 9 of this Firm Brochure.

### **Additional Information**

#### ***MMLIS Sweep Program***

MMLIS provides a "cash sweep" program where uninvested cash balances (such as from securities transactions, dividends, interest payments, or deposits) in a client's Account are deposited into a selected investment option each business day. The Firm, in its capacity as broker-dealer, selects the sweep investment vehicles available to be selected for client's Account. Please review the Program Agreement, as well as other account opening documents or if applicable, communications provided by the Firm, for information about the MMLIS Sweep Program.

#### ***Mutual Funds***

Clients should understand that mutual funds generally offer multiple share classes depending on certain eligibility and purchase requirements. For instance, in addition to the more commonly offered retail share classes (typically, Class A, B and C shares), mutual funds may also offer institutional share classes and other share classes that are specifically designed for accounts that participate in fee-based investment advisory programs. Institutional share classes or classes of shares designed for purchase in an investment advisory program usually have a lower expense ratio than other shares classes. Clients should not assume that they will be invested in the share class with the lowest possible expense ratio or that a particular mutual fund company will allow all share classes to be available to MMLIS for the Programs. In addition, only the mutual fund shares classes that are available on NFS' platform are available in the Programs. MMLIS will request that NFS add certain lower cost mutual fund share classes to its platform, as they are made available by particular mutual funds, if not already available on the platform.

While MMLIS generally seeks to obtain the lowest cost share class available, clients may not, at all times, hold the lowest cost share class available. As a general matter, MMLIS only makes one share class of a particular fund

available for purchase at a given time in each Program. MMLIS will periodically review the universe of share classes that it offers in light of share classes that become available to MMLIS. If a more favorable share class for a particular mutual fund becomes available (as determined by MMLIS in its sole discretion), MMLIS will make such share class available within the Programs. MMLIS will then convert any holders of such mutual fund to the more favorable share class. MMLIS has discretion to change a client's share classes at any time, as it deems appropriate. There may be transitional periods when a more expensive share class of a particular fund is held within a client's Account prior to being converted to a lower cost share class. In addition, if a client would be charged a fee by the mutual fund company to convert to the newly available share class, or under other circumstances as MMLIS may determine, MMLIS may refrain from converting such client's share class.

The Firm earns asset-based distribution or servicing fees (12b-1 fees or otherwise) from certain mutual funds (or their related persons) for providing distribution and/or administrative services to the mutual funds. When these mutual funds are held in a client Account, the 12b-1 fees are paid by the client as a shareholder in the underlying funds. However, the Firm instructs NFS to rebate the 12b-1 fees directly to such client Account. Clients should contact their IA-Rep for more information about share class eligibility.

As an accommodation to clients, a client's existing mutual fund positions (excluding B and C-share mutual funds) held outside of a Program, may be transferred into and held in client's Account. Such transferred positions will be included in the calculation of fees applicable to the Account so long as such assets remain in the Account. As with all other types of assets, and as further discussed below, in instances where the Firm receives distribution fees associated with a client Account, the Firm credits client Accounts an amount equal to any such distribution fees the Firm receives on such assets held in the Account in order to offset Client Fees. To the extent that a more favorable share class is available within the Program, MMLIS will typically convert such positions to the more favorable share class after transfer.

Clients should consider all relevant factors before contributing mutual fund shares to a Program, including the fact that clients may have paid a front-end sales charge and any applicable contingent deferred sales charges or redemption fees will remain the client's responsibility and will be in addition to the Client Fee. Clients should also consider that the contributed mutual fund shares may not be the lowest cost share class available.

Certain mutual funds may offer only one class of shares, while other mutual funds may offer multiple share classes which are available for investment based upon certain eligibility and/or purchase requirements. Mutual funds often permit the conversion of shares from one class to another, subject to certain conditions as determined by the mutual fund. If clients contribute or hold mutual fund shares that the Firm deems to be ineligible for the Program, such shares will be converted into a class of shares of the same mutual fund the Firm deems to be Eligible Program Securities, and will be subject to the Client Fee; depending on a client's circumstances, the client could be subject to higher expenses overall once the shares convert to a class the Firm deems to be Eligible Program Securities. The Firm may not elect to convert particular share classes of a mutual fund if, for example, there is no equivalent class eligible for the Program or other circumstances as the Firm may determine. Prior to contributing any mutual fund shares to a client's Account, the client should discuss the impact of a conversion of these shares with an IA-Rep. If the client does not want mutual fund shares converted, the client should not contribute such shares to its Account.

#### *Mutual Funds and Revenue Share from NFS*

NFS charges mutual fund companies a recurring fee to make their mutual funds available to broker-dealers that use NFS as their clearing firm. The amount of the fee varies and depends on whether a mutual fund's share classes are part of NFS's NTF or INTF programs (no transaction fee) or TF (transaction fee) program, or are not part of the NTF, INTF or TF programs. Different share classes of the same mutual fund can be available on NFS' platform, and one share class a mutual fund can be part of a program (the NTF program, for example) while another share class of the same mutual fund is not. NFS shares with MMLIS a portion of the fee NFS receives ("revenue share payments") for the assets in the Programs that are invested in NTF, INTF and TF mutual fund share classes, with some exceptions (Fidelity funds, for example). MMLIS does not receive revenue share for assets invested in qualified plan accounts or IRAs.

NFS generally charges mutual fund companies a higher fee for NTF mutual fund share classes than for other mutual fund share classes. Therefore, MMLIS generally receives a higher revenue share payment from NFS for each investment in an NTF mutual fund share class than for mutual fund share classes that are not included in the NTF program. Certain fund companies with share classes in the NTF program pay a lower fee to NFS than other fund companies with share classes in the NTF program. This means that MMLIS receives a lower revenue share



payment for each investment in such companies' mutual fund share classes in the NTF program than other mutual fund share classes in the NTF program.

Mutual fund share classes that are part of NFS's NTF program are generally more expensive for clients. In addition, clients are not charged transaction fees for transactions in any mutual funds in the Programs regardless of whether the share classes are in NFS's NTF, iNTF or TF program.

The revenue sharing arrangements between NFS and MMLIS create a conflict of interest for MMLIS. Specifically, MMLIS has an incentive to make available, select and recommend the mutual funds and mutual fund share classes for which NFS pays revenue share to MMLIS over the mutual funds and mutual fund share classes for which NFS does not pay revenue share to MMLIS, even if these mutual fund share classes are more expensive for clients. MMLIS has a similar incentive to make available, select and recommend the mutual funds and mutual fund share classes for which NFS pays a higher revenue share payment over other mutual funds and mutual fund share classes even if the investments for which NFS pays a higher revenue share payment are more expensive for clients.

These conflicts are mitigated in several ways. IA-Reps do not receive any of the revenue share payments that NFS pays to MMLIS, and IA-Reps do not receive any more or less compensation based on what mutual funds or mutual fund share classes they select or recommend to clients. Additionally, MMLIS makes only one share class of a mutual fund available for purchase as an investment option in each Program and MMLIS endeavors for the available share class to be the least expensive share class of a mutual fund available for advisory programs through NFS, such as the "Institutional," "Advisory," or "Clean" share class of a mutual fund. If a more favorable share class for a particular mutual fund becomes available (as determined by MMLIS in its sole discretion), MMLIS will make such share class available within the Programs and, as previously discussed in more detail, will convert any holders of such mutual fund to the more favorable share class.

#### *Mutual Funds and MMLIS Fee to NFS*

MMLIS pays a recurring fee to NFS based on the aggregate assets invested in accounts in the Programs, excluding any investments in NTF and iNTF mutual fund share classes, cash and cash equivalents. This creates conflicts of interest. MMLIS has an incentive to make available, select and recommend mutual fund share classes that are excluded from the calculation of the fee MMLIS pays to NFS, even if such investments are more expensive for clients. MMLIS also has an incentive to maintain client assets in the Programs in cash or cash equivalents.

These conflicts are mitigated in several ways. IA-Reps do not receive any benefit if MMLIS pays lower fees to NFS and IA-Reps do not receive any more or less compensation based on what investments, including mutual funds or mutual fund share classes, are held in client Accounts. In addition, MMLIS makes only one share class of a mutual fund available for purchase as an investment option in each Program and MMLIS endeavors for the available share class to be the least expensive share class of a mutual fund (available for advisory programs through NFS). If a more favorable share class for a particular mutual fund becomes available (as determined by MMLIS in its sole discretion), MMLIS will make such share class available within the Programs and, as previously discussed in more detail, will convert any holders of such mutual fund to the more favorable share class.

#### *Non-Purpose Loan Programs*

The Firm may contract with third parties to make non-purpose loans (each an "NPL") available to clients. Clients in the Program may apply using their Account as collateral and must enter into an NPL agreement directly with the financial institution providing the NPL (the "Loan Provider"). Client should fully understand the following before using assets in an Account as collateral to obtain an NPL:

- Neither the Firm nor the Firm's IA-Reps will make recommendations or provide advice in connection with an NPL.
- The client will not be permitted to withdraw any of the assets in the Account that is used as collateral to secure the NPL.
- The client will pay interest to the Loan Provider directly. These payments are in addition to the Client Fee and other fees charged to the client's Account for services provided under the Program.
- The Loan Provider can demand repayment at any time and may require liquidation of some or all of the collateral in the Account to meet the NPL requirements.
- The Loan Provider can sell (or direct the Firm to sell) a client's securities or other assets without contacting the client. Clients are not entitled to choose which securities or other assets in an Account are liquidated or sold to meet a call. Forced liquidation of assets in an Account can affect a client's long-term

investment strategies, result in adverse tax consequences and impact the performance of the Account and the ability of the Advisor to manage the Account.

- Neither the Firm nor the Firm's IA-Reps will act as investment adviser to a client with respect to the liquidation of securities held in an Account to meet an NPL demand or call.
- The Loan Provider can loan the securities held in your Account which collateralize your NPL. As a result of these loans, you may not be entitled to receive certain benefits of a securities owner, such as the ability to exercise voting rights and/or receive interest, dividends, and/or other distributions with respect to the securities lent.

#### *Fully-Paid Lending Program*

Eligible clients may participate in the Fully-Paid Lending Program offered by Fidelity Capital Markets ("FCM"). In this program, clients lend eligible securities in exchange for an interest rate-based lending fee. In order to participate, clients must execute a Lending Agreement with FCM. In the agreement, clients agree to waive their voting rights for any loaned securities. Clients may terminate the Lending Agreement at any time.

FCM determines the lending fee through a number of factors, including a security's relative value in the overall lending market, borrowing demand for the security, lendable supply of the security, short interest in the security, and other market conditions. Lending fees accrue daily and are credited to the client's account automatically on a monthly basis.

MMLIS or your IA-Rep may liquidate securities subject to a Lending Agreement for any reason, including to make cash available to pay fees. When loaned securities are liquidated, the lending fees for such securities will be terminated.

Clients should refer to the Lending Agreement for additional information.

#### *Cash Management Features*

MMLIS makes available two cash management features for client Accounts: Protected Cash and Pending Distribution. If you or your IA-Rep designate cash in your Account to one of these features, such amount will be removed from your Account's asset allocation. Any amounts designated to Protected Cash will be charged a negotiable annual fee ranging from 0.20% to 0.50%. Any amounts designated to Pending Distribution will be charged the Client Fee. The Protected Cash feature may be used to remove an amount from your Account's allocation and hold such amount as cash for a certain period of time. The Pending Distribution feature is generally used to set aside cash for expected withdrawals. Any amount in client's Account designated for Protected Cash or Pending Distribution will be included in the cash sweep option available within the Programs.

### **Fees and Charges**

#### **Overview**

Clients will pay a fee to MMLIS, the "Client Fee," for the services provided under the Programs. The services include the brokerage and advisory services provided by the Firm and the IA-Rep, the technology related services provided by Envestnet, the brokerage services involved in purchasing and selling the securities in a client's Account, and the custodial and clearing services provided by NFS. The Client Fee is based on an annualized percentage of assets that client invests in the Account, including any portion of the assets maintained in cash or other short-term investments.

The Client Fee will be paid in advance, on a quarterly basis. The Firm and the IA-Rep each receive a portion of the Client Fee.

Clients may purchase the same or similar securities without paying the Client Fee or may pay less than the Client Fee if such securities were purchased outside of a Program. Thus, in some cases, it may be more cost efficient for clients to purchase securities outside of the Programs. However, clients will not receive the services provided under the Programs if they choose to do so. The Client Fee a client pays may be higher than those charged by the Firm for other advisory programs offered through the Firm, or higher than those charged by other sponsors of comparable programs.



Fees charged for similar services often vary by office and by IA-Rep. Certain IA-Reps provide comparable services for fees that are different from those charged by other IA-Reps, and some IA-Reps charge higher fees than other IA-Reps for similar services.

The Firm reserves the right to reduce the Client Fee for employees, associated persons, agents, or independent contractors of the Firm or its affiliates and their immediate family members or for any other person for any other reason at its discretion.

The Client Fee will be calculated in accordance with the Program Agreement. The Custodian is responsible for deducting the Client Fee from client's Account in accordance with the Program Agreement.

The mutual funds that are investment Options in the Programs are "no load" or "load" waived mutual funds, meaning the sales charges associated with mutual funds will not be charged to client.

The IA-Rep's portion of the Client Fee ("IA-Rep Fee") is negotiable at the discretion of each IA-Rep within a range at various breakpoints as shown in the chart below. The Firm's portion of the Client Fee ("Firm Fee") is 0.30% of the assets in client's Account declining to 0.18% based on account size as shown in the chart below. Additional information about the Client Fee and breakpoint schedule applicable to client's Account is included in the client's SIS.

The following chart applies to Accounts with fees negotiated after March 26, 2017. Please note that as the assets in Client's Account increase, the Firm's portion of the Client Fee decreases and the IA-Rep's portion of the Client Fee may increase. Please also note that the following chart does not take into account the fee associated with assets that have been designated to the Protected Cash feature, which is negotiable (as discussed above).

| Advisor Select Fees Negotiated After March 26, 2017 |                      |          |                      |   |
|---|----------------------|----------|----------------------|---|
| Amount of Assets in Account                         | Range of IA-Rep Fee* | Firm Fee | Range of Client Fee* | Maximum Client Fee at Sample Account Sizes* |
| First \$250,000                                     | 0.00%** – 1.30%      | 0.30%    | 0.30% - 1.60%        | - At \$250,000 = 1.60%                      |
| Next \$250,000                                      | 0.00%** – 1.30%      | 0.28%    | 0.28% - 1.58%        | - At \$500,000 = 1.59%                      |
| Next \$500,000                                      | 0.00%** – 1.30%      | 0.26%    | 0.26% - 1.56%        | - At \$1 Million = 1.575%                   |
| Next \$1 Million                                    | 0.00%** – 1.15%      | 0.24%    | 0.24% - 1.39%        | - At \$2 Million = 1.483%                   |
| Next \$1 Million                                    | 0.00%** – 1.15%      | 0.22%    | 0.22% - 1.37%        | - At \$3 Million = 1.445%                   |
| Next \$2 Million                                    | 0.00%** – 0.80%      | 0.20%    | 0.20% - 1.00%        | - At \$5 Million = 1.267%                   |
| > \$5 Million                                       | 0.00%** – 0.80%      | 0.18%    | 0.18% - 0.98%        | - At \$10 Million = 1.124%                  |

\* Certain accounts opened prior to June 9, 2017 may have a higher IA-Rep Fee. As a result, the Client Fee may also be higher than the ranges shown above. In addition, prior to January 1, 2020, the minimum Client Fee was higher because the minimum IA-Rep Fee was 0.30%

\*\* Prior to January 1, 2020, 0.30% was the minimum IA-Rep Fee.

Prior to March 27, 2017, the Client Fee was negotiable at the discretion of each IA-Rep within a range of 0.50% to 2.50%. The Firm Fee for these accounts is 0.30% declining to 0.18% based on account size as shown in the chart below. The IA-Rep Fee for these accounts is the difference between the negotiated Client Fee and the Firm Fee.

The following chart applies to Accounts with fees negotiated prior to March 27, 2017. Please note that as the assets in Client's Account increases, the IA-Rep's portion of the Client Fee increases, the Firm's portion of the Client Fee decreases and the rate of the Client Fee remains the same. Please also note that the following chart

does not take into account that a different fee may be charged for assets that have been designated to the Protected Cash feature, which is negotiable (as discussed above).

| Advisor Select Fees Negotiated Prior to March 27, 2017 |                                |          |                     |   |
|--|--------------------------------|----------|---------------------|---|
| Amount of Assets in Account                            | IA-Rep Fee                     | Firm Fee | Client Fee          | Maximum Program Fee at Sample Account Sizes |
| First \$250,000  | Current Client Fee minus 0.30% | 0.30%    | Current Program Fee | 2.50%                                       |
| Next \$250,000   | Current Client Fee minus 0.28% | 0.28%    |                     |   |
| Next \$500,000   | Current Client Fee minus 0.26% | 0.26%    |                     |   |
| Next \$1 Million                                       | Current Client Fee minus 0.24% | 0.24%    |                     |   |
| Next \$1 Million                                       | Current Client Fee minus 0.22% | 0.22%    |                     |   |
| Next \$2 Million                                       | Current Client Fee minus 0.20% | 0.20%    |                     |   |
| > \$5 Million  | Current Client Fee minus 0.18% | 0.18%    |                     |   |

Additional information about the IA-Rep Fee is provided below under “Additional Information about the IA-Rep Fee.”

#### Additional Client Fees

Client Accounts are subject to the following brokerage account termination fees (the “Termination Fees”):

- Retirement Accounts — \$125
- All Other Accounts (if transferred to a difference firm) — \$50

Termination Fees are deducted from the Account at termination. The Client Fee does not include Termination Fees.

#### Additional Information about the IA-Rep Fee

As previously described, IA-Reps are compensated with a portion of the Client Fee. The final net compensation received by the IA-Rep may be subject to additional adjustments of fees between the IA-Rep and MMLIS. MMLIS utilizes compensation schedules to calculate the overall compensation paid to IA-Reps for their work associated with the Programs and other offerings at MMLIS. MMLIS also has an incentive program where an IA-Rep will receive an additional percentage of the compensation paid to MMLIS based on total client assets attributable to that IA-Rep or the IA-Rep’s team. For these purposes, the total client assets include assets across certain advisory programs offered by MMLIS (including the Programs). This creates an incentive for IA-Reps to recommend these advisory programs (including the Programs) to clients over other types of accounts or services offered by MMLIS. This incentive applies to both the initial recommendation to open an Account in a Program and to make subsequent contributions to such Account. MMLIS addresses this conflict through clear and prominent disclosure to clients. In addition, this incentive program does not take into account how the assets in an advisory program are invested. IA-Reps do not receive any more or less compensation based on what mutual funds or mutual fund share classes clients are invested in, or what percentage of a client’s account is invested in cash or cash equivalents.

#### Other Fees and Expenses

The Client Fee does not include certain other fees and charges such as any fees imposed by the SEC, fees resulting from any special requests client may have, fees or commissions for securities transactions (including without limitation dealer mark-ups or mark-downs) that are not executed through MMLIS and cleared by the Custodian, or costs associated with temporary investment of client funds in a money market account. In addition,

when applicable, NFS charges additional miscellaneous fees (including, but not limited to, ACAT fees and IRA maintenance fees).

Fees will not be charged on the basis of a share of capital gains or capital appreciation of a client's funds or any portion of a client's funds. Other costs that are charged to the client, when applicable, and that are not part of the Client Fee include spreads paid to market-makers, exchange fees, and other fees and charges customary to securities brokerage accounts.

The Client Fee also does not include the internal management, operating or distribution fees or expenses imposed or incurred by a mutual fund or ETF held in a client's Account. If a client's assets are invested in any mutual funds, ETFs, or pooled investment vehicles, in addition to the Client Fee, client will incur the internal management and operating fees and expenses, which may include 12b-1 fees, mutual fund management fees, early termination fees (which include fees on whole or partial liquidations of client's assets) and other fees and expenses that may be assessed by the investment vehicle's sponsor, custodian, transfer agent, adviser, shareholder service provider or other service providers. These expenses generally include administration, distribution, transfer agent, custodial, legal, audit and other fees and expenses. Further information regarding charges and fees assessed are discussed in the appropriate prospectus, annual report and/or custodial agreement applicable to the corresponding investment vehicle ("Fund Disclosure Documents"). Clients should review the Fund Disclosure Documents of the mutual funds and ETFs held in their Account.

As indicated above, the Firm also serves as the broker-dealer for client Accounts under the Programs. The Firm earns asset-based distribution or servicing fees (12b-1 fees or otherwise) from certain mutual funds (or their related persons) for providing distribution and/or administrative services to the mutual funds. When these mutual funds are held in a client Account, the 12b-1 fees are paid by the client as a shareholder in the underlying funds. This compensation to the Firm from such mutual funds is in addition to the advisory and other fees the Firm receives under the Programs. This compensation creates a financial incentive for the Firm to recommend for clients to invest in mutual funds that pay 12b-1 fees. In order to mitigate this conflict, when available, the Firm seeks to offer share classes of mutual funds that do not have 12b-1 fees. In addition, the Firm instructs NFS to rebate the 12b-1 fees directly to such client Account. Further information regarding these fees and other charges assessed by mutual funds may be found in the applicable mutual fund prospectus.

In order to effectuate trades under a Program, clients need to establish a brokerage account through the Firm with the Custodian, which will act as clearing firm and custodian for clients' assets under the Programs. Accordingly, it is expected that transactions for the purchase and/or sale of securities and other investments for client's Accounts will be effected through MMLIS and cleared by the Custodian. However, if MMLIS reasonably believes in good faith, and consistent with applicable fiduciary standards, that another broker or dealer will provide better execution considering all factors including the net price, then it may trade through firms other than the Custodian. Client understands that if trades are not executed through the Custodian the client may be subject to transaction costs and fees that are in addition to the Client Fee. These additional costs are reflected in the net purchase or sale price shown on the trade confirmation clients receive for the particular trade but are not disclosed separately in the trade confirmation.

As noted above, clients should not assume that they will be invested in the share class with the lowest possible expense ratio or that a particular mutual fund company will allow all share classes to be available in a Program. MMLIS retains discretion to change the mutual fund share class in a client's Account at any time.

Trustees may also charge ERISA Accounts additional fees.

### **Payment of Fees and Expenses**

Upon acceptance of the Account Application, the Program Agreement and the Account being funded at the "Required Account Opening Amount," which is the greater of (i) an amount at or above the Program minimum, unless waived by the Firm, or (ii) an amount at or near the investment amount identified in the Proposal which was agreed upon between the client and the IA-Rep, clients pay an initial Client Fee that is based on the initial market value of the Account. The first payment is prorated to cover the period from the date the Account is opened through the end of the current calendar quarter. Thereafter, the quarterly Client Fee is paid at the beginning of each calendar quarter for such quarter. The quarterly Client Fee is based on the fair market value of the assets in the Account (which includes any assets in the cash asset class) on the last business day of the preceding calendar quarter as calculated in accordance with the Program Agreement and as described above.

Please see Item 5 below for information about the Program minimum.

Clients also are subject to a Client Fee for any additional lump sum contribution(s) in a calendar quarter equal to or greater than \$10,000. Such clients will pay for that portion of the ongoing quarterly Client Fee that relates to the number of days remaining in the calendar quarter on the date of an additional contribution equal to or greater than \$10,000. Payment of the Client Fee will be made in the month following any such contribution and will be based on the amount of the contribution.

Clients may withdraw assets from their Account at any time, subject to the usual and customary settlement procedures. All withdrawals are first funded from the amount in the client's cash sweep option or other cash balances. If the amount maintained in the cash sweep option or other cash balances is not enough to meet a withdrawal request, the remaining amount of the withdrawal request will be satisfied by redeeming securities in the client's Account. Withdrawals may have tax consequences such as capital gains taxes, the sale of securities or other assets in or outside of the cash sweep option or other cash balances may trigger taxable event, to which capital gains (or other) taxes apply. For Accounts with check writing and/or debit cards, if the amount of a check or a debit card charge is greater than the amount maintained in the cash sweep option and other cash balances, the check or the debit card charge will not be honored.

MMLIS will adjust or refund Client Fees paid by client that are attributable to partial withdrawals equal to or greater than \$10,000 that client made during any calendar quarter. MMLIS will refund such clients for that portion of the ongoing quarterly Client Fee that relates to the number of days remaining in the calendar quarter on the date of a partial withdrawal equal to or greater than \$10,000. Payment of such refund will be made in the month following any such withdrawal and will be based on the amount of the withdrawal.

If an Account is terminated, MMLIS will refund to clients a pro rata portion of any pre-paid, but unearned Client Fee for the current quarter. The amount refunded to clients will be based on the number of days remaining in the quarter after the date of termination.

Clients pay the Client Fee and other applicable fees and expenses by instructing NFS through the Program Agreement to automatically debit the Client Fee, and applicable fees and charges (collectively "Expenses"), from their Account. The amount debited to pay the Expenses will appear on statements clients receive from NFS. The Expenses are first deducted by NFS from assets a client has in the cash sweep option and other cash balances. If client's Account does not have enough cash to pay for the Client Fee, account debit balances or other charges, the Firm will, in accordance with the Program Agreement, sell any Account assets it deems appropriate to make such cash available. In such cases, client may face a taxable event, to which capital gains (or other) taxes may apply. This aspect of the Programs applies regardless of whether client selects the discretionary or non-discretionary management option.

### **Termination**

The Program Agreement will continue in effect until terminated by either the client or the Firm in accordance with the termination provisions of the Program Agreement. Notwithstanding the foregoing, the Firm may retain amounts in a client's Account sufficient to effect any open and unsettled transactions. In this respect, clients are responsible to pay for services rendered, and for transactions effected. Any termination will therefore not affect any liabilities or obligations that are incurred or that arise from transactions before such termination.

## **ITEM 5. ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

MMLIS provides investment advisory services through the Programs to individuals, high net worth individuals, various types of business organizations, pension and profit-sharing plans, charitable institutions, foundations, endowments, trusts and different types of retirement accounts, including SEP, Simple, and traditional IRAs.

The Firm generally requires a client to enter into a Program Agreement and a Brokerage Agreement and complete an Account Application and SIS in order to participate in a Program. Some clients (e.g., a trust or a corporate pension plan) may be required to submit additional documentation in order to open an Account. The Brokerage Agreement governs the brokerage services provided by MMLIS in connection with a client's participation in a Program.

The minimum initial contribution to open an Account in a Program, unless the minimum is waived, is \$25,000. Clients may make additional contributions to their Account at any time. Clients may fund contributions to a Program with cash or securities.

Accounts cannot be aggregated, even if they are beneficially owned by the same person or entity, for the purpose of meeting the minimum thresholds. Initial asset value less than the Required Account Opening Amount will not be managed under the Programs but will be placed in the cash sweep option until the asset value reaches the Required Account Opening Amount. Once the Required Account Opening Amount is reached, client assets will then be invested.

Additional funds deposited into an Account will be invested in accordance with the Program Agreement as soon as such funds are free and clear for deposit.

If an Account falls below the account minimum requirement at any time and for any reason, the Firm may, in its discretion, close the Account and transfer the assets therein to a standard brokerage account. Once in a standard brokerage account, such assets will not be managed and will be subject to the fees and charges normally assessed by the Firm on its brokerage accounts.

If a client contributes securities to an Account, the Firm has the right to liquidate those securities holdings in its sole discretion, provided that such securities transferred into an Account where the client has not granted the Firm discretion will only be liquidated upon direction from the client. Notwithstanding the foregoing, if the securities are not Eligible Securities, the Firm has the right to liquidate the securities even if the client has not granted the Firm discretion. Clients should be aware that a reasonable amount of time is necessary for the Firm to execute such trades. Clients should consider the cost, if any, of sales charges previously paid or to be paid upon such redemption, which are in addition to the Client Fee paid under the Program. Clients should be aware that such redemptions might have tax consequences that should be discussed with an independent tax advisor before making any redemptions.

If a client owns shares of a security outside of a Program that can be accepted into a Program and wants to transfer such shares into the Program, MMLIS will rebalance the client's Account in accordance with the client's Portfolio Guidelines, if necessary; provided that if client has not granted the Firm discretion, client's Account will be rebalanced only upon direction from client. This means that if all of the shares of the securities cannot be transferred into the Account without causing the client's Account to be out of balance with the selected Investment Objective for client's Account, those shares that would cause the client's Account to be out of balance will be sold by MMLIS at its discretion. The proceeds of the sale will be used to purchase other securities consistent with the client's Investment Objective. Since transferring shares of a security held outside a Program into the Program may trigger sales of securities in the Account, such transfers may result in a taxable event in which capital gains or other taxes apply. Clients therefore should consult with a tax professional before initiating the transfer. If client seeks to transfer a mutual fund into the Account held in a share class not offered through a Program, if possible, MMLIS will convert such shares into the appropriate share class available under the Program. Client understands that transferring securities held outside a Program into a Program may thus result in a taxable event to which capital gains or other taxes apply.

#### **ITEM 6. PORTFOLIO MANAGER SELECTION AND EVALUATION**

The Firm, through its IA-Reps, provides clients with the advisory services described in Item 4 of this Firm Brochure.

MMLIS utilizes its own due diligence and/or the services of a third party due diligence service provider in compiling its eligible list of mutual funds and ETFs. MMLIS relies on due diligence performed on the overall fund family and considers a variety of factors including management, longevity, performance, compliance, and operations. In addition, MMLIS monitors (using its own research and the research of third parties) the mutual funds and ETFs available in the Programs, including as it relates to available share classes. MMLIS also determines a list of appropriate research sources that MMLIS IA-Reps are required to use for research recommendations when evaluating individual securities for purchase.

Notwithstanding the Firm's review processes, clients should be aware that investing in securities through the Programs is subject to market risk and possible loss of principal. The purpose of each screening process is to identify investment options that satisfy certain minimum investment criteria.

For information regarding the mutual funds and ETFs available under the Programs, including any associated fees, please read the prospectus of each particular mutual fund and ETF.

Each IA-Rep manages, on the Firm's behalf, client assets in an Account by employing his or her own investment strategy and methods of analysis, which may or may not include one or a combination of the following techniques: review of third party research reports, use of model investment portfolios, and the use of qualitative

and quantitative analysis to review securities. IA-Reps are available to answer any questions that a client may have with respect to how client's Account is managed.

#### *IA-Rep Prerequisites*

In order to become an IA-Rep of the Firm and provide services to clients under the Programs on behalf of the Firm, the IA-Rep must fulfill a series of prerequisites including, but not limited to completing on-line training courses, meeting certain Firm defined compliance and business conduct standards, and adhering to the Firm's Code of Ethics, which is described in Item 9 of this Firm Brochure. In addition, IA-Reps are required to have their Series 7 license to offer the Advisor Select Program. The Advisor Select Mutual Funds and ETFs program can be offered by IA-Reps with either (i) a Series 7 license or (ii) a Series 6 license and a Series 62 license. The Advisor Select Mutual Funds Program can be offered by IA-Reps with a Series 7 license or a Series 6 license. Once an IA-Rep has been approved to provide advisory services under a Program, the IA-Rep must annually certify that the IA-Rep continues to comply with the Firm's policies and procedures. If an IA-Rep is unable to continue servicing a client's account for any reason, client's account will be assigned by the Firm to another qualified IA-Rep, who will service client's account on the Firm's behalf.

### **ITEM 7. CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

As described in Item 4, the information that client supplies in the Account Application, the Investment Questionnaire, the SIS and any other documentation provided by client is used by the Firm and its IA-Reps to provide clients with investment advisory services under the Programs. Client has the obligation to inform the IA-Rep of any change in client's financial and personal circumstances that may have a material impact on the management of client's Account.

For Accounts where Client has granted MMLIS investment discretion, Client has the opportunity to impose reasonable investment restrictions applicable to their assets by identifying them on the SIS. Investment restrictions must be reasonable, as determined by MMLIS, and must be complete and consistent with applicable law. MMLIS observes the investment restrictions that a client provides in the SIS, if deemed reasonable. Clients may impose new, or modify any existing, investment restrictions on the investments in their Account at any time by contacting their IA-Rep.

### **ITEM 8. CLIENT CONTACT WITH PORTFOLIO MANAGERS**

Clients have access to their IA-Rep for information on their Account.

### **ITEM 9. ADDITIONAL INFORMATION**

#### **Disciplinary Information**

On June 17, 2011, MMLIS entered into a Letter of Acceptance, Waiver and Consent ("AWC") for the resolution of charges with FINRA. The alleged rule violations relate to the Firm's compliance with FINRA Rules applicable to Firm compensation in connection with Trade Reporting and Compliance Engine ("TRACE") eligible securities during the period October 9, 2008 through June 26, 2009 (the "Review Period"). During the Review Period, in 14 transactions, the Firm purchased or sold TRACE-eligible securities as agent for a customer in transactions for a commission or service charge that was in excess of a fair amount, taking into consideration all relevant circumstances. The Firm also failed to enforce its written supervisory procedures by charging commission in excess of the procedure's limits. The conduct constituted violations of NASD Rule 2440, NASD Rule 3010, NASD Rule 2110 (for conduct prior to December 15, 2008) and FINRA Rule 2010 (for conduct on or after December 15, 2008). Under the Acceptance, Waiver and Consent, the Firm consented to a censure and a fine of \$32,500.

On November 16, 2011, MMLIS entered into an AWC for the resolution of alleged rule violations with FINRA. The alleged rule violations related to the Firm's compliance with FINRA Rules applicable to filing Forms U5 and amendments to Forms U4 and U5. From approximately May 13, 2008 through October 10, 2010, the Firm failed to file in a timely manner at least 98 filings, including 5 Form U5 filings and 93 amendments to Forms U4 and U5. Forms U4 and U5 contain information regarding the firm's registered representatives and the rule requires timely updates to these forms. FINRA also found that the Firm failed to establish and maintain a supervisory system and establish, maintain and enforce supervisory procedures that were reasonably designed to achieve compliance with the reporting requirements set forth in Article V of FINRA's By-Laws. This conduct constituted violations of NASD Conduct Rule 2110 (for conduct prior to December 15, 2008) and 3010 and FINRA Rule 2010 (for conduct after December 14, 2008). Under the Letter of Acceptance, Waiver and Consent, the Firm consented to a censure, a



fine of \$300,000 and undertakings related to a review of the Firm's supervisory systems, written supervisory procedures and quarterly reporting in 2012 to FINRA of any Form U5 filings or amendments to Forms U4 or U5 the were not timely filed during that quarter.

On December 6, 2012, the Director of The Rhode Island Department of Business Regulation (the "Director") entered into a Consent Order Making Findings and Imposing Remedial Sanctions (the "Order") for the resolution of a matter involving MMLIS. The matter was resolved prior to instituting administrative proceedings. MMLIS neither admitted, nor denied the findings. The matter arose out of the conduct of two former representatives of MMLIS who have been barred from engaging in any securities business in the state of Rhode Island as a result of their conduct. On March 28, 2011, MMLIS advised the Securities Division that one of these representatives had embezzled money from one of his clients over the course of ten years by inducing the client to invest in fraudulent and non-existent promissory notes sold through the representative's outside business activity. The Director alleged that MMLIS failed to reasonably supervise these representatives in violation of R.I. Gen. Laws Section 7-11-212(b)(1). The Order directs MMLIS to: (i) immediately cease and desist from any further violations of the Rhode Island Uniform Securities Act of 1990 and the rules promulgated thereunder; (ii) pay a penalty in the amount of \$250,000 to the Rhode Island Department of Business Regulation; (iii) confirm in writing that it has reimbursed the client for losses according to the terms of a settlement negotiated amongst the parties; and, (iv) retain an independent consultant to conduct a comprehensive review of its Rhode Island Detached Branch Offices and registered representatives in such locations and issue a written report to be filed with the Director.

On August 21, 2013, MMLIS entered into an AWC with FINRA. The AWC found that that MMLIS violated FINRA rules by failing to reasonably supervise and investigate certain of its registered representatives engaged in the sale of promissory notes not approved by MMLIS. Without admitting or denying the findings, MMLIS consented to a censure, a fine of \$125,000 and agreed to pay restitution to investors totaling \$787,847.70.

MMLIS entered into a Consent Agreement and Order ("Order") with the Commonwealth of Pennsylvania, acting through the Department of Banking and Securities ("Department"), Bureau of Securities Licensing, Compliance and Examinations ("Bureau") for the resolution of a matter effective July 6, 2015. The Firm neither admitted, nor denied the allegations. The matter arose out of the conduct of a deceased former representative of the Firm who operated an unapproved outside business activity through which he issued, offered and sold unregistered promissory notes to certain Pennsylvania residents. The issuance, offer and sale of the notes by the representative were not approved by the Firm. The Bureau received five complaints and was aware of twelve notes totaling approximately \$385,000. The Firm was subject to a sanction under Section 305(a)(vii) of the 1972 Act, 70 P.S. §1-305(a)(vii) for a failure to reasonably supervise an agent of the Firm. The Order directed the Firm to (i) pay an administrative assessment in the amount of \$100,000; (ii) pay legal and investigative costs in the amount of \$25,000; (iii) comply with the 1972 Act, and its Regulations as adopted by the Department, 70 P.S. §1-101, et. seq; and (iv) represent to the Department that it had made payments to certain Pennsylvania residents related to the securities activities of the representative and his outside business. Payment to certain Pennsylvania residents in the amount of \$150,840.62 was made on June 30, 2015.

MMLIS entered into an AWC with FINRA for the resolution of a matter effective November 15, 2016. FINRA made findings that the Firm disadvantaged certain retirement plan and charitable organization customers that were eligible to purchase Class A shares in certain mutual funds without a front-end sales charge ("Eligible Customers"). FINRA found that these Eligible Customers were instead sold Class A shares with a front-end sales charge or Class B or C shares with back-end sales charges and higher ongoing fees and expenses. The AWC stated that the Firm failed to establish and maintain a supervisory system and written policies and procedures reasonably designed to ensure that Eligible Customers who purchased mutual fund shares received the benefit of applicable sales charge waivers. The AWC also stated that the Firm failed to reasonably supervise the application of sales charge waivers to eligible mutual fund sales. FINRA found that the firm relied on its financial advisors to determine the applicability of sales charge waivers, but failed to maintain adequate written policies or procedures to assist financial advisors in making this determination, including failing to establish and maintain written procedures to identify applicable sales charge waivers in fund prospectuses for Eligible Customers. Without admitting or denying the findings, the Firm consented to a censure and agreed to pay restitution to investors totaling \$1,864,167.77, plus interest.

MMLIS (and three other broker-dealers affiliated with MassMutual) entered into an AWC with FINRA for the resolution of a matter effective June 30, 2017. FINRA made findings that the Firm failed to maintain certain electronic books and records in a non-erasable and non-rewritable format known as the "Write Once, Read Many" (WORM) format that is intended to prevent the alteration or destruction of broker-dealer records stored electronically. The findings also stated that the Firm failed to (i) provide the required 90-day notice to FINRA prior

to retaining a vendor to provide electronic storage, (ii) implement an audit system as required for such electronic books and records, (iii) provide letters of undertaking from independent third-parties with the ability to access and download information from the Firm's electronic storage media; and (iv) enforce written supervisory procedures concerning the Firm's storage of electronic brokerage records in WORM format. Without admitting or denying the findings, the Firm consented to a censure and agreed to a fine in the amount of \$750,000 (to be paid jointly and severally by the three other MassMutual affiliated broker-dealers). The Firm also agreed to certain undertakings, mainly to submit to FINRA within 60 days a written plan of how the Firm will conduct a comprehensive review of the adequacy of the relevant policies and procedures (written and otherwise), including a description of remedial measures leading to full compliance.

MMLIS entered into an AWC with FINRA for the resolution of a matter effective March 20, 2020. FINRA made findings that the Firm failed to ensure that access to a third-party system was limited to only those former registered representatives of a company that was acquired by the Firm for whom access was agreed to be given. As a result, additional former registered representatives and associated persons of the Firm had access to the third-party system after the acquisition. Because MMLIS was unaware that these additional registered representatives and associated persons had access to the third-party system after the acquisition, the Firm did not notify the third party when those registered representatives and associated persons ceased to be associated with the Firm. As a result, the third-party did not timely shut off those former registered representatives' and associated persons' access to the third-party system. The third party system stored customer records and information, including nonpublic personal information. Without admitting or denying the findings, the Firm consented to a censure, a fine of \$75,000, and the entry of findings that it failed to prevent certain registered and associated persons who had been terminated from the Firm from continuing to access customer records and information, including nonpublic personal information, in violation of the SEC's Regulation S-P and FINRA Rule 2010.

## **MATERIAL RISKS**

Investing in securities involves risk of loss that clients should be prepared to bear. Clients may experience loss in the value of their Account due to market fluctuation. There is no guarantee that a client's investment objectives will be achieved by participating in a Program. Clients should read carefully a copy of the current prospectus, or other disclosure documents, associated with securities prior to investing. Those disclosure documents contain information regarding any fees, expenses, investment objectives, investment techniques, and risks associated with the securities. The investment returns on a client Account will vary and there is no guarantee of positive results or protection against loss. No warranties or representations are made by the Firm concerning the benefits of participating in a Program. The Firm and its IA-Reps do not provide legal or tax advice. Clients with tax or legal questions should seek a qualified independent expert.

Given the wide range of investments in which a client's Account may be invested, there is similarly a very wide range of risks to which a client's assets may be exposed. This Firm Brochure does not include every potential risk associated with an investment strategy, or all of the risks applicable to a particular Account. Rather, it is a general description of the nature and the risks of the strategies and securities and other financial instruments in which Accounts may invest. The client should refer to the prospectus or other offering materials that it receives in conjunction with certain investments made in their Account for a complete list of risks associated with that investment.

Set forth below are certain material risks to which a client might be exposed in connection with the Programs:

Your Account may be a stand-alone asset allocation strategy or part of an overall asset allocation strategy and your IA-Rep may recommend a focused or completion Model primarily to complement an existing investment strategy. All strategies implemented by MMLIS involve a risk of loss that clients should be prepared to bear.

*Asset Allocation Risk* — Asset allocation, often referred to as "traditional" or "strategic" asset allocation, is a strategy that seeks to diversify assets across various types of asset classes. Asset classes could include broad asset classes (such as equity or fixed income), or sub-asset classes (such as large cap, small cap, or international). The weights assigned to each asset class are expected to result in an overall portfolio with risk and return characteristics that meet the client's investment objectives. Asset allocation assumes that the mix of asset classes will remain fairly consistent over a long period of time. The client's asset allocation targets typically are not changed unless the client's circumstances or objectives change. There are risks associated with asset allocation. One such risk is that the client may not participate in sharp increases in a particular security, industry or market sector. Clients with an asset allocation may not achieve their investment objectives and may lose money.

Tactical asset allocation is a strategy that actively adjusts a portfolio's asset allocation based upon short-term trends that could include financial market trends, economic cycles and asset class valuations. Based upon short-term assumptions, the portfolio allocations to certain asset classes are increased, while the portfolio allocations to other asset classes are decreased. There are risks associated with tactical asset allocation. Clients with a tactical asset allocation may not achieve their investment objectives and may lose money. Tactical asset allocation is a market timing strategy, but its risk lies more in asset categories rather than individual securities. At different points in time, the tactical asset allocation and structure of the client's portfolio vary significantly and is likely to vary from the Investment Objective selected for the Account. There is no guaranty a tactical asset allocation will correctly predict or track market movements or that it will provide comparable returns or decreased volatility relative to traditional strategic asset allocation programs. Clients in tactical asset allocations are relying significantly on the skills and experience of the manager's ability to correctly judge changes in market behavior and construct a portfolio that predicts market behavior. In addition, even if the portfolio is correctly positioned, there is no guaranty that the client will not experience substantial losses. The tactical asset allocation results in a portfolio may experience frequent trading in order to take advantage of anticipated changes in market conditions. A high level of portfolio turnover may negatively impact performance by generating greater tax liabilities and brokerage and other transaction costs.

Focused or completion strategies are portfolios that are concentrated in a certain asset class or deploy a specific strategy. Generally, focused or completion strategies are used to complement other holdings. There are unique risks associated with focused and completion strategies, such as increased volatility since portfolios are often concentrated in a particular asset class.

*Alternative Mutual Funds Risk* — Alternative mutual funds have many of the same protections as other registered investment companies, but accomplish investment objectives through non-traditional investments and trading strategies. Alternative mutual funds may present risks including but not limited to those associated with the use of derivative instruments for hedging or leverage, liquidity and volatility risks associated with distressed investments, liquidity risks associated with restrictions on securities purchased in an initial public offering or from privately held issuers, currency risk due to investments in or exposure to foreign assets or instruments, and risks associated with short selling of securities.

*Convertible and Preferred Securities* — Convertible and preferred securities have many of the same characteristics as stocks, including many of the same risks. In addition, convertible securities may be more sensitive to changes in interest rates than stocks. Convertible securities may also have credit ratings below investment grade, meaning that they carry a higher risk of failure by the issuer to pay principal and/or interest when due.

*Corporate Fixed Income Securities Risk* — Corporate fixed income securities respond to economic developments, especially changes in interest rates, as well as to perceptions of the creditworthiness and business prospects of individual issuers.

*Credit Risk* — The risk that the issuer of a security, or the counterparty to a contract, will default or otherwise become unable to honor a financial obligation.

*Depository Receipts* — Depository receipts, such as ADRs, are certificates evidencing ownership of shares of a foreign issuer that are issued by depository banks and generally trade on an established market. Depository receipts are subject to many of the risks associated with investing directly in foreign securities, including among other things, political, social and economic developments abroad, currency movements, and different legal, regulatory and tax environments.

*Duration Risk* — Longer-term securities in which an Account may invest tend to be more volatile than short-term securities. A portfolio with a longer average portfolio duration is more sensitive to changes in interest rates than a portfolio with a shorter average portfolio duration.

*Equity Market Risk* — The risk that stock prices will fall over short or extended periods of time.

*Exchange-Traded Funds (ETFs) Risk* — The risks of owning shares of an ETF generally reflect the risks of owning the underlying securities the ETF is designed to track, although lack of liquidity in an ETF could result in its value being more volatile than the underlying securities.

*Fixed Income Market Risk* — The prices of fixed income securities respond to economic developments, particularly interest rate changes, as well as to perceptions about the creditworthiness of individual issuers, including governments and their agencies. Generally, fixed income securities will decrease in value if interest rates rise and vice versa. Declines in dealer market-making capacity as a result of structural or regulatory changes could decrease liquidity and/or increase volatility in the fixed income markets. In the case of foreign securities, price fluctuations will reflect international economic and political events, as well as changes in currency valuations relative to the U.S. dollar. In response to these events, an Account's value may fluctuate and its liquidity may be impacted. Additionally, a mutual fund may experience increased redemptions from shareholders, which may impact the mutual fund's liquidity or force the mutual fund to sell securities into a declining or illiquid market.

*Investment Company Risk* — When an Account invests in an investment company, including mutual funds, closed-end funds, UITs and ETFs, in addition to directly bearing the expenses associated with its own operations, it will bear a pro rata portion of the investment company's expenses. Further, while the risks of owning shares of an investment company generally reflect the risks of owning the underlying investments of the investment company, the Account may be subject to additional or different risks than if the Account had invested directly in the underlying investments. For example, the lack of liquidity in an ETF could result in its value being more volatile than that of the underlying Account securities. Closed-end investment companies issue a fixed number of shares that trade on a stock exchange or over-the-counter at a premium or a discount to their net asset value. As a result, a closed-end fund's share price fluctuates based on what another investor is willing to pay rather than on the market value of the securities in the fund.

*Investment Style Risk* — The risk that the Account's strategy may underperform other sectors of the markets or the markets as a whole.

*Market Risk* — The risk that the market value of a security may move up and down, sometimes rapidly and unpredictably. Market risk may affect a single issuer, an industry, a sector or the equity or bond market as a whole.

*Money Market Funds Risk* — With respect to an investment in money market funds, an investment in the money market fund is not a bank deposit nor is it insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the money market fund seeks to maintain a constant price per share of \$1.00, client may lose money by investing in the money market fund. The money market fund may experience periods of heavy redemptions that could cause the money market fund to liquidate its assets at inopportune times or at a loss or depressed value, particularly during periods of declining or illiquid markets. This could have a significant adverse effect on the money market fund's ability to maintain a stable \$1.00 share price, and, in extreme circumstances, could cause the money market fund to suspend redemptions and liquidate completely.

*Portfolio Turnover Risk* — To the extent that an Account buys and sells securities frequently, such activity may result in capital gains tax liabilities. To the extent that an Account invests in an underlying fund, the Account will have no control over the turnover of the underlying fund.

*REITs Risk* — REITs are trusts that invest primarily in commercial real estate or real estate-related loans. Investments in REITs are subject to the risks associated with the direct ownership of real estate, including fluctuations in the value of underlying properties, defaults by borrowers or tenants, changes in interest rates and risks related to general or local economic conditions. Some REITs may have limited diversification and may be subject to risks inherent in financing a limited number of properties.

*U.S. Government Securities Risk* — Although U.S. Government securities are considered to be among the safest investments, they are not guaranteed against price movements due to changing interest rates. Obligations issued by some U.S. Government agencies are backed by the U.S. Treasury, while others are backed solely by the ability of the agency to borrow from the U.S. Treasury or by the agency's own resources.

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

The Firm is registered with the SEC as an investment adviser and a broker-dealer and its principal officers are registered as IA-Reps and/or registered representatives ("RRs") of the Firm. In its capacity as a broker-dealer, the Firm sells variable insurance products and general securities, including, but not limited to, stocks, bonds, municipal and government securities, and mutual funds to the public. The products available through the Firm include products issued by our affiliated insurance companies as well as those issued by unaffiliated issuers. As part of this business, the Firm, through its RRs who may also be IA-Reps, provides a broad range of securities brokerage services which may include clients who participate in the Program. The Firm, as a broker-dealer, effects securities

transactions for these brokerage customers for compensation and may recommend that customers buy or sell securities or investment products in which the Firm or its officers, directors, employees or RRs have a financial interest or may themselves purchase or sell. Clients should be aware that compensation earned by the Firm and its RRs vary by product and by issuer. Therefore, the Firm and its RRs may receive more compensation for selling certain products issued by a Firm affiliate than for selling certain products issued by companies that are not affiliated with the Firm.

The following describes the relationship or arrangement that the Firm has with its affiliates and other nonaffiliated companies that may be material either to the advisory business of the Firm or to clients.

#### **Broker Dealers, Other Investment Advisers and Investment Companies**

MMLIS's management persons, including its directors and executive officers, are registered representatives and/or associated persons of MMLIS. Management persons may also be registered or associated with the Firm's affiliated broker-dealers MML Distributors, LLC and MML Strategic Distributors, LLC and with its affiliated investment advisers, including MML Investment Advisors, LLC.

MMLIS is owned by MassMutual Holding LLC. Massachusetts Mutual Life Insurance Company ("MassMutual") is MassMutual Holding LLC's principal owner. MMLIS' registered representatives and IA-Reps are all licensed insurance agents or brokers of MassMutual and/or other affiliated or unaffiliated insurance companies. MMLIS' RRs are all licensed to sell securities and may effect securities transactions for compensation for any client.

MML Investment Advisors, LLC acts as an investment adviser, and MML Distributors, LLC acts as principal underwriter, for certain mutual funds, including the MassMutual Select Funds, the MassMutual Premier Funds, MML Series Investment Fund and the MML Series Investment Fund II. MML Distributors, LLC is owned by MassMutual Holding LLC. MMLIS may recommend these mutual funds to clients in the Program or in its capacity as a broker-dealer.

MassMutual Holding LLC is the sole shareholder of Barings LLC ("Barings"), a registered investment adviser. MMLIS had entered a solicitor's agreement with Barings whereby MMLIS received compensation for referring clients to Barings for asset management services. Barings accounts have been assigned, with client's consent, to LMCG Investments, LLC (formerly known as Lee Munder Capital Group LLC). MMLIS continues to receive a referral fee on those accounts. MMLIS may also recommend that its advisory clients invest in mutual funds advised by Barings.

Recommending a mutual fund advised or distributed by an affiliate (an "Affiliated Fund") creates a conflict of interest between MMLIS and advisory clients. Investing in an Affiliated Fund results in additional compensation being paid to MMLIS and/or one of its affiliates. In many cases there are alternative funds that are available for investment that will provide clients with substantially similar exposure to the asset class or sector represented by an Affiliated Fund. This conflict of interest is addressed through clear and prominent disclosure to clients. In addition, MMLIS generally relies on third parties to provide the underlying analysis to determine whether a mutual fund is eligible to be recommended in an advisory program.

Affiliated Funds are ineligible for qualified plan accounts and IRAs.

MassMutual, directly and/or through one or more of its affiliates, owns common shares (approximately 16% of outstanding common shares) and preference shares of, and has certain shareholder rights with respect to, Invesco Ltd. ("Invesco") as a result of the sale of MassMutual's formerly affiliated asset management business, OppenheimerFunds, to Invesco. MMLIS, in its broker-dealer or investment adviser capacity, may recommend that a client invest in an investment product advised and/or distributed by one or more Invesco entities. This conflict of interest is addressed through clear and prominent disclosure to clients. In addition, MMLIS generally relies on third parties to provide the underlying analysis to determine whether a mutual fund is eligible to be recommended in an advisory program.

MMLIS is the sole shareholder of MMLIS Financial Alliances, LLC, a Delaware limited liability company which operates as an insurance agency and investment adviser. MMLIS previously received client referrals from MMLIS Financial Alliances, LLC and paid a solicitor's fee for such referrals. MMLIS no longer receives referrals for new advisory clients from MMLIS Financial Alliances, LLC as of September 30, 2016.

MMLIS is the co-underwriter for, and a distributor of, variable products of MassMutual and its subsidiaries. Such variable products are issued by separate accounts which are registered as investment companies. MMLIS may recommend these products to clients in its broker-dealer capacity.

MMLIS owns MML Insurance Agency, LLC ("MMLIA"), a Massachusetts limited liability company which has authority to sell life, health and annuity products. Variable products available through MMLIA are recommended to clients only in MMLIS's broker-dealer capacity.

Additional information on certain related entities is specifically disclosed on Schedule D of Form ADV, Part 1 at Item 7.A. Part 1 of Form ADV can be accessed by following the directions provided on the Cover Page of this Firm Brochure.

### **Relationship with NFS**

Not all investment advisers are dually registered as broker/dealers or have affiliates that are broker/dealers. Further, not all investment advisers that are dually registered as broker/dealers or that have affiliated broker/dealers require their clients to use the related broker/dealer as introducing broker. MMLIS has an incentive to select itself as the introducing broker-dealer for the Programs. In addition, although MMLIS is often able to obtain price improvement through its trade executions with NFS that it believes is beneficial to its clients, MMLIS' clearing relationship with NFS provides MMLIS with economic benefits by using itself as the broker/dealer and NFS as the clearing firm for accounts. For example, MMLIS receives revenue-sharing payments from NFS as described below and in Item 4 – Mutual Funds and Revenue Share from NFS. MMLIS's agreement with NFS also provides that NFS shall pay to MMLIS incentive credits for reaching and maintaining certain levels of assets with NFS.

MMLIS receives revenue sharing payments from NFS for investments in mutual fund shares in NFS's NTF, iNTF and TF programs. If available, the Firm, as a broker-dealer, also earns 12b-1 fees from certain mutual funds for providing distribution and/or administrative services to mutual funds. In addition, the fee MMLIS pays to NFS is based on the aggregate assets clients invest in advisory accounts, excluding any investments in NTF and iNTF mutual fund share classes, cash and cash equivalents. Please see Item 4 of this Firm Brochure for additional information about the revenue-sharing payments MMLIS receives from NFS, 12b-1 fees and the fee MMLIS pays to NFS, and the resulting conflicts of interest.

MMLIS receives service credits from NFS, based on the total assets that MMLIS customers' custody with NFS, including the assets in the Programs. Therefore, MMLIS has an incentive to recommend products and services that will lead to more assets being custodied with NFS, including the Programs. These credits are paid directly to the Firm and are not shared with IA-Reps.

NFS will also pay fees to attend Firm sponsored sales and/or training conferences.

This additional compensation received by MMLIS creates a conflict of interest with MMLIS's clients because MMLIS has an economic incentive to use NFS as its clearing firm for trade execution and custody over other firms that do not or would not share revenue with MMLIS. In selecting NFS as the clearing firm, MMLIS considers the full range and quality of NFS' services including, among other things, the value of research provided as well as execution capability, commission rate, financial responsibility, and responsiveness. Further detailed discussion of the economic benefits MMLIS receives from its relationship with NFS can be found in this Item 9.

Certain IA-Reps of the Firm are also affiliated with and provide investment advisory services, primarily financial planning services, through an investment adviser that is not affiliated with the Firm ("Third Party Adviser"). In that respect, such IA-Reps may offer investment advisory programs through both the Firm and the Third Party Adviser. The compensation that they receive from the Third Party Adviser for offering investment advisory services may be more or less than the compensation that they receive from the Firm. While the investment advisory programs made available by the Third Party Adviser may differ materially from the programs made available by the Firm, the IA-Reps may potentially recommend an investment advisory program that offers them the greatest compensation potential.

As previously discussed, IA-Reps receive a portion of the compensation paid to MMLIS for the services described in this Brochure. MMLIS utilizes compensation schedules to calculate the overall compensation paid to IA-Reps for their work associated with the Programs and other offerings at MMLIS. MMLIS also has an incentive program where an IA-Rep will receive an additional percentage of the compensation paid to MMLIS if the total client



assets attributable to that IA-Rep or the IA-Rep's team reach certain thresholds. For these purposes, the total client assets include assets across certain advisory programs offered by MMLIS (including this Program). This creates an incentive for IA-Reps to recommend these advisory programs (including this Program) to clients over other types of accounts or services offered by MMLIS. This incentive applies to both the initial recommendation to open an Account in a Program and to make subsequent contributions to such Account. The Firm addresses this conflict through clear and prominent disclosure to clients. In addition, this incentive program does not take into account how the assets in an advisory program are invested. IA-Reps do not receive any more or less compensation based on what mutual funds or mutual fund share classes clients are invested in, or what percentage of a client's account is invested in cash or cash equivalents.

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

MMLIS has adopted an Investment Adviser Code of Ethics ("Code") for certain persons of the Firm in compliance with Rule 204A-1 under the Investment Advisers Act of 1940. This Code establishes required standards of business conduct, as well as policies and procedures that are reasonably necessary to detect and prevent personal trading activities that are, or might be an abuse of fiduciary duties or create conflicts of interest.

The Code requires that all IA-Reps and certain other affiliated personnel (together, "Access Persons") acknowledge receipt and report violations of the Code. The Code sets forth standards with regard to an Access Person's personal trading and establishes general prohibitions, including but not limited to, the observance of personal trade blackout periods for certain persons. The Code places additional obligations on Access Persons including the obligation to submit periodic reports to MMLIS regarding their personal accounts, including initial and annual holdings reports and quarterly transactions. SEC rules and guidance exempt certain types of securities and transactions from Code of Ethics reporting.

The principles set forth in the Code that govern personal trading activities for Access Persons include:

- The duty at all times to place the interest of advisory clients first;
- The requirement that all covered personal trades be consistent with the Code so as to avoid any actual or potential conflict of interest; and
- The fundamental standard that individuals should not take inappropriate advantage of their positions with respect to the Firm and/or its advisory clients.

To prevent and detect violations of the Code, the Firm reviews transactions within accounts that have been reported by Access Persons. A copy of the Code of Ethics will be provided to any client or prospective client upon request. Please refer to the cover page of this Brochure for our contact information.

The Firm (including the IA-Rep), and/or its affiliates, may have investment responsibilities, render investment advice to, and perform other investment advisory services for, other individuals and entities ("Other Accounts"). Clients should be aware that the Firm and its affiliates, and their respective partners, directors, trustees, officers, agents, IA-Reps and employees may buy, sell or trade in any securities for their respective accounts ("Affiliated Accounts") or Other Accounts. The Firm (including IA-Reps) and its affiliates may give advice or exercise investment responsibility and take such other actions with respect to Other Accounts and Affiliated Accounts which may be similar to, differ from, or contradict, the advice given or the timing or nature of action taken with respect to clients' Account(s).

Additionally, Other Accounts and Affiliated Accounts may at any time, hold, acquire, increase, decrease, dispose of or otherwise deal with positions in investments in which client's Account may have an interest from time to time, whether in transactions which involve client's Account or otherwise. The Firm shall have no obligation to purchase for client's Account a position in any investment which Other Accounts or Affiliated Accounts may acquire, and that the client shall have no first refusal, co-investment or other rights in respect of any such investment.

MMLIS does not affect any principal or agency cross securities transactions for client accounts. The Firm will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys securities from or sells any security to any advisory client. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlling, controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Personal transactions in securities by affiliated persons of MMLIS will be subject to the procedures described in MMLIS's Code of Ethics and Compliance Manual. MMLIS may from time to time perform a variety of services for, or solicit business from, a variety of companies including issuers of securities that the Firm may recommend for purchase or sale by its clients. In connection with providing these services, the Firm and its affiliated persons may come into possession of material nonpublic and other confidential information which, if disclosed, might affect an investor's decision to buy, sell or hold a security.

Under applicable law, the Firm and its affiliated persons are prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any other person, regardless of whether such other person is a client of MMLIS. Accordingly, should the Firm or any of its affiliated persons come into possession of material nonpublic or other confidential information concerning any company, they will be prohibited from communicating such information to clients, and MMLIS will have no responsibility or liability for failing to disclose such information to clients as a result of following its policies and procedures designed to comply with applicable law.

### **Review of Accounts**

The Firm, through the IA-Reps, will be available during business hours to answer any questions that the client may have regarding their Account and/or to provide client services related to client's Account. The Firm will notify clients in writing at least quarterly to contact the Firm if there have been any changes in their financial situation or investment objectives that might affect the manner in which their Account assets should be managed, and whether they wish to add, or modify any existing, investment restrictions imposed on the investments in their Account, or whether there have been any changes in their investment objectives that might affect the manner in which their assets should be managed.

The Firm, or the IA-Reps, will also contact clients at least annually to review each client's Account and to inquire whether anything has changed in client's financial circumstances or investment objectives that might affect the manner in which the client's Account assets should be managed and if the client would like to add to, remove or modify any previously accepted investment restrictions imposed on the Account.

Additionally, the Firm monitors the activities of client Accounts on a periodic basis. The Firm monitors accounts for adherence to Client's investment objectives, as well as MMLIS investment management parameters for the Program. The Firm will notify the IA-Rep and/ or the IA-Rep's supervisor regarding an Account, or to take any corrective actions as required by the Firm's policy, where appropriate.

The IA-Rep is available on an ongoing basis to discuss the client's participation in the selected Program or the client's investments in general.

If a client elects to participate in the discretionary management option, the client authorizes MMLIS through its IA-Reps to invest in securities in client's Account in accordance with the Investment Objective identified in the SIS. The IA-Rep cannot, however, utilize its discretion to change the securities such that it would change the Investment Objective for client's Account identified in the Proposal and SIS unless the client approves a new Proposal and SIS. Client will be notified of changes to securities holdings in client's Account either (a) via MMLIS or (b) via confirmations and/or brokerage account statements from the Custodian.

This discretionary authority also provides the IA-Rep the ability to adjust the composition of client's asset in the Proposal within the Portfolio Guidelines associated with the client's Investment Objective. The IA-Rep may decide to make these adjustments due to a variety of situations including, but limited to, the annual review of a client's account or certain financial or economic events that the IA-Rep deems necessary to respond to with such an adjustment.

### **Cash Management**

The Models are designed to maintain a minimum allocation to the cash investment option to facilitate administration of the investment portfolio, including, but not limited to, trading and fee collection. IA-Reps will assist clients to ensure that their Account maintains sufficient cash to pay for Program fees and charges. There may be instances when the cash allocation temporarily exceeds the target due to standard operational processing, such as the trading activity, processing of client contributions or withdrawals, or during the initial investment of a client Account. If the amount of a client's Account invested in cash varies beyond a determined

maximum cash allocation, then the client's Account will have purchases made into other positions in the client's allocation. MMLIS has the right to invest cash into other positions in the allocation to resolve for drift in cash.

The Program Fee and other expenses under the Programs are deducted from Program Account assets clients have in the sweep option and invested in cash (initially, before other Account assets), as outlined in greater detail in the Program Agreement. By executing the Program Agreement, clients authorize the Custodian to pay the Program Fee and all other fees and charges that are due and payable in a given calendar quarter under the selected Program from Account assets client has in the sweep option and invested in cash. If a client's Program Account does not have enough cash in the in the sweep option and invested in cash to pay for the Program Fee, account debit balances or other charges, the Firm will, in accordance with the Program Agreement, sell any Account assets it deems appropriate to make such cash available. In such cases, clients may face a taxable event, to which capital gains (or other) taxes may apply. This aspect of the Programs applies regardless of whether client selects the discretionary or non-discretionary management option.

**Portfolio Guidelines Changes.** Client understands that any modification to the Portfolio Guidelines or risk scoring classifications may trigger the need to make adjustments to client's Account and/or Model. If client has granted discretion to the IA-Rep, the IA-Rep may change client's securities holdings in the Account consistent with client's Investment Objective. If client has not selected the discretionary option, the IA-Rep may not make such changes without client's approval.

### **Third-Party Research Reports**

IA-Reps may provide clients with research reports prepared by third-party companies ("third parties") that are not affiliated with the Firm. Clients should understand the following:

- MMLIS does not prepare, edit or endorse research reports, prepared by third parties ("third-party research reports"). Research is subject to change without notice and MMLIS does not guarantee the accuracy, timeliness, completeness or usefulness of any third-party research report. Third-party research reports are provided for informational and/or educational purposes only and are not intended to provide tax, legal, or investment advice.
- Third-party research reports are written without any particular investor or class of investors' financial situation or needs in mind, and therefore, the information therein should not be construed as an offer to sell, a solicitation of an offer to buy, or a recommendation for any security by MMLIS or any third-party. Clients are responsible for determining whether any of the information in a third-party research report is useful or applicable to client based on each client's unique financial situation or needs.
- Neither MMLIS nor any third-party has made any determination that any recommendation, investment or strategy referenced in any third-party research report is suitable or appropriate for a specific client based on a client's investment objectives and financial situations.
- MMLIS is not responsible or liable for any content of a third-party research report, nor is MMLIS liable for losses resulting from the use of any third-party research report. Clients will use third-party research reports only at client's own risk.

### **Client Statements and Performance Reports**

On a quarterly basis, clients will receive a copy of their Account performance report.

The IA-Reps are available to discuss the quarterly performance report, Account allocations, Account performance or any other matter relating to the Program.

NFS will send client statements of all activity in clients' brokerage accounts on no less than a quarterly basis. Clients can request written confirmations of trades cleared and settled through the brokerage accounts. Clients should carefully review their brokerage account statements issued by NFS and contact the Firm or their IA-Rep immediately upon discovery of any errors, discrepancies or irregularities.

## **Client Referrals and Other Compensation**

### **Additional Compensation Related to Advisory Activities and Referral Arrangements**

Certain associates of the Firm ("Investment Specialists") receive compensation from the Firm to provide sales support to IA-Reps. The compensation may be based on criteria related to new Program Accounts or subsequent contributions to Program Accounts for which they have provided sales support. While Investment Specialists do not sell products or provide product recommendations directly to clients, clients should be aware that Investment Specialists may have an incentive to favor the presentation of these Programs over products for which they do not receive compensation to IA-Reps for their review as potential products to discuss with their clients. Clients should also be aware that the compensation received by Investment Specialists is not shared with IA-Reps or their sales manager. Furthermore, not all IA-Reps will use Investment Specialists for sales support or for support on products available through the Firm.

MMLIS has a Strategic Partner Program pursuant to which MMLIS has marketing support arrangements with certain investment companies ("Investment Companies" or "Strategic Partners") that offer mutual funds and/or ETFs that are available investment options. These Strategic Partners are provided with increased access to our personnel and registered representatives and investment adviser representatives (referred to herein collectively as "Representatives"). This access includes some or all of the following: participation in sales conferences, training and education seminar sponsorship, receipt of MMLIS sales information and Representative lists, access to various enhanced methods of communication with our sales force and/or other services as agreed to between the Strategic Partners and MMLIS. In addition, MMLIS publicizes these Strategic Partners and their products and services within proprietary marketing materials and/or web sites and also provides links to their own web sites. Strategic Partners also provide support and help create targeted marketing campaigns for MMLIS Representatives. You should be aware that the Strategic Partners compensate us for such access and marketing services, as discussed further below.

Under these arrangements, each Strategic Partner makes cash payments to MMLIS to participate as a Strategic Partner. Such compensation permits MMLIS to offset some of the expenses (i.e., marketing, training and education, conferences and/or other expenses as permitted by applicable law) associated with offering the Strategic Partner's products and services, and gives the Strategic Partners access to resources and arrangements that we believe may enhance our Representatives' understanding of the Strategic Partner's products or services.

In 2019, the following Investment Companies made cash payments to MMLIS to participate as a Strategic Partner: American Funds, BlackRock Brinker Capital, Invesco, BNY Mellon and Fidelity, in order of largest contribution to smallest contribution. American Funds, BlackRock and Brinker Capital each paid more than \$1.7 million, and Invesco, BNY Mellon, and Fidelity each paid between \$500,000 and \$1.2 million. These Strategic Partners are expected to make similar payments in 2020.

We understand that these cash payments are not paid out of the assets invested by a client in a mutual fund. In addition, no portion of these payments is made by means of brokerage or advisory commissions generated by the Strategic Partners, and none of the cash payments described in this section are made directly to our branch managers or Representatives who sell these products and services. You should read each prospectus, Statement of Additional Information, offering materials or documents, Form ADV disclosure brochure, or other disclosures (collectively, "Disclosures") provided to you in connection with the selected Program.

Strategic Partners make payments to MMLIS in any one, or a combination, of the following methods: 1) a percentage of initial and/or additional investment amount made by MMLIS customers, 2) a percentage of total assets sold by MMLIS, 3) a flat fee, 4) fee(s) for attending MMLIS conferences or events, 5) networking fees, where applicable to an investment company, which are fees incurred by MMLIS to process electronically certain mutual funds issued by such investment company, and/or 6) other formula as agreed upon between a Strategic Partner and MMLIS as permitted by applicable law.

MMLIS also has a Conference Partner Program pursuant to which certain Investment Companies contribute to and/or participate in MMLIS conferences and/or training meetings attended by IA-Reps. These companies include CIBC National Trust, Clark, First Trust, Franklin Templeton, JP Morgan, LMCG, Lord Abbett, Morningstar, PIMCO Russell, SEI Symmetry, Vanguard and W.E. Donoghue. During 2019, MMLIS received between \$50,000 and \$150,000 from each of these investment companies and expects to receive similar payments from each investment company in 2020. MMLIS also received an annual conference credit of \$150,000 from NFS and expects

to receive a similar payment in 2020. In addition, in 2019, MMLIS received networking fee income less than \$60,000 from each of Franklin Templeton and DWS Investments.

As a fiduciary, we endeavor at all times to put the interest of our clients ahead of our own interest. Clients should be aware that the receipt of such compensation creates a financial incentive for MMLIS and its Representatives to favor Strategic Partners and Conference Partners when making recommendations to clients. Specifically, MMLIS has a financial incentive to recommend the mutual funds provided by Strategic Partners and Conference Partners over mutual funds offered by entities that do not make marketing support payments to MMLIS. You should also be aware that the rate associated with marketing support and conference support payments differs among certain of the Strategic Partners, and the basis on which the payments are calculated differs among certain of the Strategic Partners. Therefore, MMLIS has a financial incentive to favor those Strategic Partners and Conference Partners whose payment structure would result in the most compensation for MMLIS. We address this conflict by assuring that MMLIS's Representatives do not share in the marketing support payments received by MMLIS and do not receive differential compensation based on whether clients' Accounts invest in the funds offered by Strategic Partners and Conference Partners.

Clients should also be aware that marketing or educational activities paid for with these payments lead to greater exposure of Strategic Partner's and Conference Partner's products and services with the Firm's RRs and IA-Reps. Therefore, these payments create an incentive, and lead to a greater likelihood, for the Firm or its IA-Reps to make available and recommend (or select on a client's behalf if the IA-Rep has discretionary authority) a mutual fund of a Strategic Partner over the mutual fund of another entity. These payments are in addition to the fees received by the Firm under the Programs and any distribution or servicing fees described above.

From time to time, the Firm and its RRs receive other forms of compensation from mutual fund companies that issue mutual funds that are investment Options in the Programs. Such mutual fund companies sponsor their own conferences for training and educational purposes, which certain of the Firm's RRs are invited to attend. In addition to the Firm's RRs attending these conferences without charge, these mutual fund companies also reimburse or pay for the travel and other related expenses incurred by the Firm's RRs or reimburse a Firm's branch office for expenses related to dinners or events for clients and other miscellaneous business-related expenses incurred by RRs. These conferences and the related reimbursements create an incentive for the Firm and the IA-Reps to make available and recommend (or select on a client's behalf if the IA-Rep has discretionary authority) the mutual funds provided by the sponsoring mutual fund companies.

The Firm enters into certain agreements with various organizations and associations pursuant to which such entities endorse financial products and services offered by or through the Firm and its affiliates. Typically, such entities provide access to their members in exchange for a flat fee or other negotiated compensation arrangement permitted by applicable law.

The Firm enters into marketing arrangements with third parties ("Solicitors") who will receive compensation from the Firm for referring prospective investment advisory clients to the Firm. Where required by federal or state law, each marketing arrangement will be governed by a written agreement between the Firm and the Solicitor that complies with the SEC's "cash solicitation" rule (Rule 206(4)-3). In particular, clients will be provided with copies of Part 2A of the Firm's Form ADV, a separate solicitor disclosure statement that describes the nature of the marketing or referral arrangement (including compensation features) applicable to the client being referred, and any other document required to be provided under applicable law. The fees and expenses that the Firm pays to a Solicitor under these referral arrangements are not passed on to referred clients, but depending on the circumstances, the existence of such marketing or referral arrangements may affect the amount of the Firm's overall fees or its willingness to negotiate fee reductions in particular instances.

Under these marketing arrangements, a Solicitor introduces prospective clients to the Firm or an IA-Rep to further discuss whether the Firm's investment advisory services, including the Program, may be appropriate for the prospective clients. The Solicitor's sole responsibility under the marketing arrangement is to refer prospective clients to the Firm or an IA-Rep and may not provide investment advice to prospective clients or the Firm's clients on behalf of the Firm or the IA-Reps. Additional information about this arrangement, including the relationship between the Solicitor and the Firm, the role of the Solicitor and any compensation that the Firm pays to the Solicitor for introducing prospective clients, is outlined in a separate solicitor disclosure statement, which the Solicitor will provide to prospective clients before they are introduced to the Firm or an IA-Rep.

The Firm and certain banks and credit unions (collectively "Financial Institutions") have entered into alliance arrangements where employees of Financial Institutions may refer individuals who may be interested in learning more about the Firm's advisory services to IA-Reps. The Firm will share a portion of the fees earned by the Firm with Financial Institutions for referring individuals who eventually obtain advisory services from the Firm. Employees of the Financial Institutions are not authorized to provide investment advice, or discuss the features of, or qualify individuals for, advisory services, on behalf of the Firm. Employees of Financial Institutions may receive nominal compensation for referring individuals to IA-Reps regardless of whether such individuals obtain advisory services from the Firm. To the extent that a referred client participates in the Program, the compensation paid to Financial Institutions or their employees as described herein can increase or otherwise affect the fees a customer pays for obtaining advisory services from the Firm. The fees and expenses that the Firm pays to a Financial Institution under these arrangements are not passed on to referred clients, but depending on the circumstances, the existence of such marketing or referral arrangements can affect the amount of the Firm's overall fees or its willingness to negotiate fee reductions in particular instances.

Certain UITs make payments to the Firm. These payments are generally disclosed in the applicable trust's prospectus. These compensation arrangements create an incentive for the Firm or an IA-Rep to recommend these UITs for an Account.

Your IA-Rep is compensated by the Firm and its affiliates for the services described in this brochure, for other advisory services provided to customers and for the sale, renewal and servicing of various investment products. Your IA-Rep's overall compensation includes base commissions and other forms of compensation that vary from product to product, service to service, and/or by the amount of the assets in his or her clients' accounts. You should be aware that the amount of his or her compensation will increase in part based upon the opening of your account and the amount of assets in your account within a defined period of time. He or she also is eligible for additional cash compensation (such as medical, retirement and/or other benefits) and non-cash compensation (such as conferences and sales support services) based upon similar criteria, including overall sales and productivity, as applicable. Also, IA-Reps are required to meet minimum overall sales requirements in order to continue their affiliation with MassMutual and its affiliates and/or to continue to qualify for certain compensation arrangements described above.

Therefore, your IA-Rep has an incentive to offer you a Program in order to meet these requirements and to recommend that you increase the amount you have invested in the Program. Additionally, your IA-Rep's manager is compensated by the Firm and its affiliates generally based on overall sales goals, including those that include the Programs, achieved by the IA-Reps whom they supervise and may qualify for additional compensation based on non-sales related factors as set by the Firm and/or its affiliates from time to time. Generally, the manager's compensation is aligned with that of your IA-Rep, as noted above.

MMLIS pays Envestnet and NFS a fee for the services that they provide in the Programs. MMLIS pays Envestnet an annual licensing fee. MMLIS pays Envestnet an additional, tiered platform fee in the event MMLIS exceeds a level of assets under management in all of the advisory programs for which Envestnet provides services. For all of its advisory program accounts held at NFS, MMLIS pays fees to NFS relating to clearing, custody and administrative services that NFS provides for these accounts.

## **Other Disclosures**

### *Administrative Reimbursement*

From time to time, MMLIS provides its IA-Reps with an administrative reimbursement to reimburse IA-Reps for their administrative activities related to establishing Accounts in the Programs for existing clients of MMLIS. The reimbursement is usually based on a percentage of the assets transferred by an existing client of MMLIS into such Program at the time the Account is opened. This administrative reimbursement has no impact on the amount of the Client Fee or other fees and charges paid by client under a Program and is paid by MMLIS out of the revenues it receives under the Programs. However, not all advisory programs available through MMLIS offer such an administrative reimbursement. Accordingly, IA-Reps have an incentive to recommend that client transfer assets currently invested in other advisory programs available through MMLIS to a Program that offers an administrative reimbursement (over other advisory programs available through MMLIS).

### *Trade Errors*

The Firm attempts to effect transactions correctly and resolve any trade errors promptly and fairly. Should a trade error occur as a result of our handling of transactions for an Account, and the error correction results in a gain, the



gain will be kept by the Firm. Gains that are captured due to trade errors are placed in the Firm's general account and may be used at the Firm's discretion. If gains are not used to cover an expense within a fiscal year, such gains will be considered a profit and used for the benefit of the Firm. If the error correction results in a loss, the amount of the loss will not be charged to the client. In addition, clients will not bear any costs associated with the correction of an error.

#### *Bank Sweep Arrangement*

If client rejects the default cash sweep option selected by the Firm and elects the bank sweep arrangement as the cash sweep option for client's account, MMLIS will earn fees from NFS on the amount of money in the bank sweep arrangement. MMLIS receives a higher amount than Client on funds invested in the bank sweep arrangement. In addition, as interest rates rise, the payment the Firm receives from NFS increases. As a result, MMLIS has an incentive for clients to select the bank sweep arrangement as the cash sweep option for their accounts. MMLIS mitigates this conflict of interest by selecting a cash sweep option for which it does not earn fees as the default option for client accounts. In addition, IA-Reps do not receive any of the fees that NFS pays to MMLIS, and IA-Reps do not receive any more or less compensation based on what cash sweep option is selected by a client.

The Custodian and the financial institutions that participate in the bank sweep arrangement ("Program Banks") may also earn a fee in connection with offering and/or administering the arrangement. Please refer to the disclosure document for the bank sweep arrangement for full details. MMLIS is not affiliated with Custodian or any of the Program Banks. MMLIS and its affiliates may provide offer products and services to Custodian, Program Banks and each of their employees, officers, directors, agents and independent contractors in MMLIS's normal course of business.

#### *Aggregation of Trade Orders*

Because IA-Reps generally manage their client's Accounts independently of one another based on each client's specific needs and objectives, transactions for each client Account are often executed independently. When IA-Reps believe it is appropriate or beneficial to do so, however, they will often aggregate the purchase or sale of multiple clients' securities together to help facilitate best execution and provide each client with the same execution price. Aggregating multiple client orders together is particularly useful when IA-Reps are utilizing model portfolio management strategies.

When IA-Reps aggregate orders, they do so in a manner reasonably designed to ensure that no participating client obtains a more favorable execution price than other clients. When an IA-Rep aggregates multiple client orders, transactions are typically allocated pro rata to the participating client Accounts in proportion to the size of the order placed for each account. Your IA-Rep may increase or decrease the amount of securities allocated to each Account, if necessary, to avoid holding odd lot or small numbers of shares for particular clients. Additionally, if an IA-Rep is unable to fully execute an aggregated order and the IA-Rep determines that it would be impractical to allocate a small number of securities among the Accounts participating in the transaction on a pro rata basis, the IA-Rep will allocate such securities in a manner determined in good faith to be fair and equitable to the clients involved in accordance with the Firm's allocation policy.

#### *NFS Excess Trading Fee*

MMLIS does not pay transaction fees to NFS and MMLIS does not charge transaction fees to clients. However, when the number of trades in a client's account exceeds a certain threshold, NFS will charge MMLIS a set fee per trade. MMLIS does not pass this fee on to the client. This presents a conflict of interest because MMLIS has an incentive to limit the number of trades in a client's account below the threshold that would lead to NFS charging MMLIS a transaction fee. This conflict is mitigated because the threshold is high relative to average trading volumes and the trading fee is low.

#### *Corporate Actions*

The Firm and its IA-Reps' responsibilities under the Programs do not include taking any action or rendering any advice with respect to proxies, consents, waivers or other documents regarding any Securities held in client's Account. Except with respect to voluntary corporate action notices, the client has the responsibility for responding to proxies, consents, waivers and other documents with respect to any Securities held in a client's Account. Such notices may be received from NFS or the issuer's corporate communications service provider.

### *Making an Informed Decision*

The Firm wants its clients to make an informed decision when they purchase products or receive services from the Firm's RR or IA-Rep. Therefore, the Firm is disclosing material arrangements and any potential conflicts of interest that clients may find informative when making their decisions. In addition to providing disclosures to its clients, the Firm, on an ongoing basis, communicates, trains and/or supervises its RRs and IA-Reps on its policies and procedures regarding conflicts of interest.

Furthermore, when an RR or an IA-Rep makes a product or program recommendation to a client, the Firm reviews whether the recommendation is suitable for client against any financial information provided by the client, such as the client's risk tolerance, time horizon and investment objective. Nevertheless, clients should always carefully and independently review all product or program features and risks, along with any applicable disclosures before making any investment decisions.

### *Financial Information*

The Firm does not require clients who participate in the Programs to prepay its fees six months or more in advance. Additionally, the Firm does not have any material financial conditions that would impair its ability to meet its contractual commitments to clients.

## **Important Notices to Clients**

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. What this means for you: When you open an account, we will ask you for your name, address, date of birth and other information that will allow us to identify you. We may ask to see your driver's license or other identifying documents. Similarly, we will ask for identifying information and/or documents for accounts opened on behalf of an entity, rather than an individual (e.g. trusts, corporations). If you cannot provide the information or documentation we require, we may be unable to open an account or effect a transaction for you.

### **PRIVACY POLICY**

We recognize that our relationships with you are based on integrity and trust. As part of that trust relationship, we want you to understand that in order to provide our products and services to you, we must collect, use and share personal information about you. This Privacy Notice describes policies and practices about how we protect, collect and share personal information related to the financial products and services you receive from us. It also describes how you can limit some of that sharing.

#### ***We Protect Your Personal Information By:***

- Using security measures that include physical, electronic and procedural safeguards to protect your personal information from unauthorized access or use in accordance with state and federal requirements.
- Training employees to safeguard personal information and restricting access to personal information to employees who need it to perform their job functions.
- Contractually requiring business partners with whom we share your personal information to safeguard it and use it exclusively for the purpose for which it was shared.

#### ***Personal Information We May Collect:***

The types of personal information we may collect depends on the type of product or service you have with us and may include:

- Information that you provide to us on applications or forms, during conversations with us or our representatives, or when you visit our website (for example, your name, address, Social Security number, date of birth, income and assets).
- Information about your transactions with us and our affiliates, including your account balances and transactional history.
- Information from third parties such as consumer or other reporting agencies or other institutions if you transfer positions or funds to us.

#### ***We May Share All of the Personal Information We Collect, As Described Above, With:***

- Registered representatives who provide our products and services to you;
- Our affiliated companies, such as insurance or investment companies, insurance agencies or broker-dealers that market our products and services to you;
- Companies that perform marketing or administrative services for us;

- Nonaffiliated companies in order to perform standard business functions on our behalf including those related to processing transactions you request or authorize, or maintaining your account;
- Courts and government agencies in response to court orders or legal investigations;
- Credit bureaus; and
- Other financial institutions with whom we may jointly market products, if permitted in your state.

In addition, we may share certain of your personal information with your registered MMLIS representative, when he or she leaves MMLIS to join another financial institution (whom we call a “departing representative”) so that he or she can continue to work with you at his or her new firm.

### **Important Privacy Choices**

MMLIS respects your privacy choices. If you prefer that we do not share your personal information about your accounts held with us with your departing representative, you can opt out of such sharing, that is, you may direct us not to do so. If you wish to opt out of the sharing of your personal information with your departing representative you may:

- Call us at (855) 520-7715.

You may make this privacy choice and contact us at any time, however, if we do not hear from you we may share your information with your departing representative as described above. If this is a joint account, if one joint owner tells us not to share information that choice will apply to the other owner or owners. If you have already told us your choice, there is no need to do so again.

Other than as described above, we will only share your personal information as permitted by law and, if the law requires us to obtain your consent or give you the opportunity to opt-out of some types of sharing, we will do so before sharing the information.

For California and Vermont residents, we will not share your personal information with your departing representative unless we receive your express consent.

If you are no longer our customer, we may continue to share your personal information as described in this Privacy Notice.

If you have questions or concerns about this Privacy Notice, please contact us at (855) 520-7715.