

**Part 2A Appendix 1 of Form ADV: *Investor Channel Wrap Fee  
Program Brochure***

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This wrap fee program brochure provides information about the qualifications and business practices of Voya Financial Advisors, Inc. ("VFA" or "Firm"). If you have any questions about the contents of this brochure, please contact us at 800-356-2906 or [voyafacompliance@voya.com](mailto:voyafacompliance@voya.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Voya Financial Advisors, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 2882.

## **Item 2    Material Changes**

The following summarizes the material changes made to VFA's brochures since March 30, 2020:

### **1) Item 4 – Services, Fees and Compensation**

Item 4 has been updated to provide information about the Voya Wealth Portfolios Models – American Funds, T.Rowe Price Hybrid model, and to disclose that the minimum account value for investing in the IC UMA Program is generally \$5,000.

### **2) Item 5 – Account Requirements and Types of Clients**

Item 5 has been updated to disclose that the minimum account value for investing in the IC UMA Program is generally \$5,000.

### **3) Item 9 – Additional Information**

Item 9 has been updated to remove disclosure of a regulatory action that occurred more than ten years prior to the date of this Wrap Brochure.

<b>Item 3</b>	<b>Table of Contents</b>	<b>Page</b>
Item 1	Cover Page	1
Item 2	Material Changes	2
Item 3	Table of Contents	3
Item 4	Services, Fees and Compensation	4
Item 5	Account Requirements and Types of Clients	8
Item 6	Portfolio Manager Selection and Evaluation	8
Item 7	Client Information Provided to Portfolio Managers	9
Item 8	Client Contact with Portfolio Managers	9
Item 9	Additional Information	9

## Item 4 Services Fees and Compensation

### Introduction

VFA is dually registered as an SEC-registered investment adviser and broker dealer with its principal place of business located in Des Moines, Iowa. VFA began conducting business in 1994. VFA, through predecessor firms, began conducting business as a broker-dealer in 1968. Please note that being registered with the SEC does not imply a certain level of skill or training.

VFA sponsors the Investor Channel Unified Managed Account Program (the "IC UMA Program") wrap fee program for Investor Channel advisors ("IAR"). A wrap fee program is an advisory program under which a specified fee or fees, not based directly on transactions in the client's account, is charged for advisory services. Services include, but may not be limited to portfolio management or advice concerning the selection of other investment advisers, and the execution of client transactions and custody of program assets.

This Wrap Brochure is limited to describing the services, fees, and other necessary information clients should consider prior to becoming a client within the IC UMA Program. For purposes of the Wrap Brochure, "our", "us" and "we" refer to VFA, and "you" and "your" refer to prospective and existing investment advisory clients of VFA.

The value of financial investments rises and falls, and no financial plan can guarantee results. Accordingly, VFA cannot guarantee future financial results or the achievement of your financial goals through implementation of any advice or recommendations provided to you. VFA does not monitor the day-to-day performance of your specific investments.

For a complete description of the other services and fees offered by VFA, clients should refer to our Form ADV Part 2: Firm Brochure ("Firm Brochure"). The Firm Brochure contains important information about VFA's investment advisory programs and conflicts of interest associated with those programs. The Firm Brochure should be read together with this Wrap Brochure to understand VFA's investment advisory business. You may obtain a copy of our Firm Brochure by contacting us at [voyafacompliance@voya.com](mailto:voyafacompliance@voya.com) or by calling 800-356-2906

The array of products and services that Investor Channel advisors are authorized to offer is more limited than other investment adviser representatives that are affiliated with VFA. In particular, Investor Channel advisors concentrate their sales on products that are sponsored by affiliates of VFA. This creates a conflict of interest, as the products that Investor Channel advisors are authorized to sell provide a monetary benefit to VFA and its affiliates. You may be able to receive the same or similar products and services from another investment adviser for a lower cost.

### IC UMA Program Services

#### Description

VFA sponsors the IC UMA Program, a wrap fee program. A wrap fee program is an advisory program under which a specified fee or fees, not based directly on transactions in the client's account, is charged for advisory services. Services may include portfolio management or advice concerning the selection of other investment advisers, and the execution of client transactions and custody of program assets. Through the IC UMA Program, VFA provides clients with advice, custodial services, trade execution and related services for a single asset-based fee.

Through the use of ISSs, as defined below, the IC UMA Program offers the ability to combine multiple investment disciplines and investment options in a single account. Investment options include, but are not limited to, mutual funds, exchange-traded funds ("ETFs"), and model portfolios. Through the IC UMA Program, clients are provided with investment services from affiliated or unaffiliated Independent Investment Strategists ("IIS" or "Strategist").

Your IC UMA Program relationship begins with completing a Risk Tolerance Questionnaire. The purpose of this questionnaire is to assist your IAR in understanding your investment objectives, financial situation, risk tolerance, investment time horizon and other pertinent information. The information we gathered will also be used to recommend an appropriate IIS(s). Based on the answers provided, an Investment Policy Statement ("IPS") will be generated. The IPS will present to you one or more investment styles for consideration.

Your IAR may recommend investment portfolios designed by one or more affiliated or unaffiliated IIS(s) who independently select the equity or fixed income funds for the investment portfolio selected (each, an "IIS Sleeve"). Your IAR will provide you with the IIS's Form ADV Part 2A Disclosure Brochure prior to your investment in that Strategist's particular IIS Sleeve. The IIS's Form ADV Part 2A contains important information regarding the IIS's business model, investment services and fees. Transactions will be executed by VFA, which, in certain circumstances, will obtain the services of a third party or parties to support this function. VFA and any third party providing services to

VFA's support of such trading function shall be described as "Overlay Manager." Transactions will be cleared through Pershing, LLC. ("Pershing").

The IC UMA Program contains a sleeve comprised exclusively of a money market mutual fund chosen by VFA (the "Money Market Sleeve"). VFA does not assess a management fee or a custody fee, as those terms are described below, for client cash balances contained in the Money Market Sleeve.

Your IAR will assist you in determining an appropriate investment strategy to follow. Decisions to move to/from IIS Sleeves managed by an affiliated IIS in the IC UMA Program will be executed only with the client's prior authorization. Decisions to move between unaffiliated IISs in the IC UMA Program will be executed only with the client's prior authorization.

The program currently utilizing affiliated strategists' mutual fund portfolios is Voya Investment Management's Global Perspectives Market Models ("GPMM") – Mutual Fund Series. In making its fund selections, the Voya IM Strategist generally chooses from the Voya family of mutual funds (the "Voya Funds"). However, it is possible that non-Voya funds will be selected if the Voya Funds fail to meet a particular investment need of the GPMM – Mutual Fund Series. The GPMM – Mutual Fund Series contains Voya Funds that utilize a "W" share class, which carry no fees pursuant to Rule 12b-1 under the Investment Company Act of 1940, as amended (referred to as "12b-1 fees"). The program transaction charges are waived for purchases of program-qualified funds that would normally carry transaction charges. An ETF version of GPMM ("GPMM – ETF Series") is also available and follows the same investment management process as the Mutual Fund version. The GPMM – ETF Series and the GPMM – Mutual Fund Series are collectively referred to as the "GPMM Models."

### **No Discretion or Fiduciary Role by VFA or its Affiliates Pursuant to ERISA or Internal Revenue Code § 4975**

Neither VFA nor its affiliates have discretion over the client's decision to invest through the IC UMA Program. The final decision to select and invest in an IIS is made by the client. Furthermore, with respect to an IRA or ERISA account invested in an IIS, neither VFA nor its affiliates act as a fiduciary within the meaning of the Employee Retirement Income Security Act of 1974 ("ERISA") or the Internal Revenue Code of 1986. You represent, by signing the Agreement, that you are capable of making an independent and informed decision concerning the opening and maintenance of the Account, and that any services provided by VFA pursuant to your investment in the IC UMA Program will not serve as the primary basis for your investment decisions with respect to assets held in the Account.

### **Strategist's Authority to Rebalance the Model Portfolios**

VFA has the authority to rebalance a client's account in the event that client's portfolio and/or investments within client's account fall outside of acceptable allocation ranges determined by the Strategist for the Model Portfolio the Client has selected.

### **GPMM Models**

Voya IM relies on a set of pre-determined rules to rebalance the GPMM Models. With respect to the GPMM Models, Voya IM will apply a mathematical process to rebalance the portfolio automatically on a quarterly basis so that the percentages invested in each fund approximate the percentages invested in each fund initially; this may entail reducing investments in certain funds and increasing the investment in others. With respect to the GPMM – ETF Series, rebalancing occurs quarterly when a position increases or decreases by 5% or more. With respect to the GPMM – Mutual Fund Series, rebalancing occurs quarterly when a position increases or decreases by any percentage and is not subject to a minimum trade restriction. For example, in general, if year-over-year earnings growth of companies in the Standard & Poor's 500 Index changes from positive to negative, half of the equities in GPMM are sold and reinvested in fixed income; if earnings growth changes from negative to positive, the portfolios are restored to their original allocation.

### **Changes to the Mutual Fund Line-Up**

In certain situations, such as where a mutual fund closes or where a mutual fund's portfolio manager departs, a Strategist may replace the fund with another appropriate fund for the Model Portfolio.

## **Modifications may have Tax Ramifications**

The Strategists do not possess knowledge of the client's individual information or investment information or provide personalized investment advice. From time to time, the Strategists will add and remove investments from their respective Model Portfolios, and will modify the allocation within and/or rebalance the Model Portfolios. Such modifications in the Model Portfolios will then be effected through the sale of investments in client accounts, which may have tax ramifications for clients based on the transactions that result in the client's account.

## **Risk of Loss**

All investments have risks, including the risk of loss of the client's principal investment. While VFA, the IAR and respective Strategists seek to balance potential for investment gain against the risk of loss, there is risk in these investments as outlined in the Firm Brochure and in the prospectus and offering documents of the underlying investments. While the use of the IC UMA Program, including the Model Portfolios developed by the Strategists, can help manage this risk, there have been periods in the past where markets in general and individual investments have lost value and there will be similar periods in the future. Investment returns, particularly over shorter time horizons, are highly dependent on trends in the various investment markets. Thus, VFA's respective investment advisory services are generally suitable for long term investment objectives or strategies, rather than for short term trading purposes. There is no guarantee that client investment objectives will be achieved. As with any investment program, you can lose some or all of your money by investing through the IC UMA Program.

## **Termination of the Advisory Relationship**

A client agreement may be terminated at any time, by either party, for any reason. Termination by the client is effective upon receipt of written notice by VFA unless a later date is requested in the client's notice and agreed to by VFA. Termination by VFA is effective 30 days from the date of written notice to the client, unless a later date is stated in the notice. Client may terminate without penalty within five business days of entering into an investment advisory agreement. As disclosed below, fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, VFA will prorate the reimbursement according to the number of days remaining in the billing period.

## **IC UMA Program Fees**

### **General Information**

In general, fees for VFA investment advisory services are based upon a percentage of assets under management and are charged quarterly or monthly in advance by debiting advisory Wrap Program fees from client accounts, except as otherwise specified below.

If management of the assets begins after the start of a quarter or the month, as applicable, Wrap Program fees will be prorated accordingly. You authorize VFA to debit fees from your account in accordance with the terms set forth in your IC UMA Program Account Agreement, Exhibits, and Addenda ("Agreement"). VFA will prorate the monthly or quarterly fee it charges you if more than \$10,000 is deposited or withdrawn from your account during the billing period. Advisory services fees charged by other investment advisers may be similar to or lower than the fees that VFA charges. Other investment advisers offer similar wrap fee programs to those offered by VFA, but for a lower cost.

### **IC UMA Program Fee Description**

The Management Fee is assessed based on the total market value of the IC UMA account and applied by asset tier per account, as stated on the Fee Schedule in the IC UMA account agreement. On the client's behalf, VFA pays a portion of the asset-based fee to the IIS for services. In certain circumstances, a transfer of assets from one IIS to a different IIS will result in a higher or lower Management Fee based on the difference in the Management Fees that each IIS charges. Miscellaneous, one-time, or other fees, including, but not limited to wire transfer fees (if applicable), will not be offset against the asset-based fee.

The IC UMA Program incorporates fees that would otherwise be assessed to the client account including, among other things, transaction costs, paper surcharges and the annual IRA custodial fee. However, clients may incur charges for other account services provided that are not directly related to the execution and clearing of transactions, including, but not limited to, safekeeping fees, wire transfer fees, exchange fees, and fees for transfers of securities. Details regarding the miscellaneous fees applicable to your account are contained in your Agreement.

## Maximum Annual Total Client Fee

Portfolio Value:	From	To	Voya GPMM MF Series	Voya GPMM ETF Series	Morningstar Wealth Management	Morningstar Wealth Management Tax Sensitive	Symmetry Mutual Fund Series
First	\$0	\$250,000	0.87%	1.30%	1.20%	1.20%	1.37%
Next	\$250,001	\$500,000	0.77%	1.20%	1.10%	1.10%	1.27%
Next	\$500,001	\$750,000	0.67%	1.10%	1.00%	1.00%	1.17%
Next	\$750,001	And over	0.57%	1.00%	0.90%	0.90%	1.07%

Portfolio Value:	From	To	Voya Wealth Portfolios Models – American Funds, T.Rowe Price Hybrid
First	\$0	\$50,000	1.15%
Next	\$50,001	\$250,000	1.05%
Next	\$250,001	\$500,000	0.95%
Next	\$500,001	\$750,000	0.85%
Next	\$750,001	And over	0.75%

A minimum account value of \$5,000 - \$50,000 is generally required for the IC UMA Program, dependent upon the strategist selected. Please refer to the IC UMA Program Agreement for more detailed information.

The information gathered will be used to propose an appropriate asset allocation strategy. Once you receive your proposal and meet with your IAR, you will determine whether to adopt, modify or reject the recommended asset allocation strategy.

The IC UMA Program also offers a money market sleeve, which is described in further detail in the IC UMA Agreement.

## Payments to Strategists and IARs

On the client's behalf, VFA pays a portion of the fee it receives from the client to the selected account managed by that particular Strategist. Voya IM has waived charging a management fee for the GPMM - Mutual Fund Series and Voya Wealth Portfolios Models – American Funds, T. Rowe Price Hybrid. Voya IM has not waived charging a management fee for the GPMM - ETF Series models. This creates a conflict of interest as it incentivizes VFA to promote the GPMM-ETF Series models, as such models provide additional income to affiliates of VFA. Your total management fee will vary depending on the fees charged by the Strategist you choose.

The IAR that recommends the IC UMA Program to you receives a salary as an Investor Channel IAR, and also receives asset-based compensation as a result of you purchasing an investment product. Such asset-based compensation is based upon the amount of assets invested, regardless of in which product you choose to invest. This creates a conflict of interest, as the IAR is incentivized to increase the amount of funds you invest with the IAR, thereby increasing the asset-based compensation payable to the IAR. Clients receive disclosure regarding the particular product and fees as well as the arrangement or affiliation between the entities.

As discussed earlier in this Item 4, the UMA Program offers the Money Market Sleeve, which invests customer cash balances in a money market mutual fund. The money market mutual fund used in the Money Market Sleeve participates

in Pershing's FundVest mutual fund program. As such, VFA avoids paying transaction costs when it invests client cash balances in the Money Market Sleeve. VFA's avoidance of transaction costs is a conflict of interest, as it incentivizes VFA to recommend clients use the Money Market Sleeve instead of IIS sleeves where VFA is charged transaction costs for client investments and to choose a money market mutual fund for the Money Market Sleeve that results in a lower return for the client, but avoids transaction costs for VFA. More information regarding Pershing's FundVest mutual fund program can be found in Item 12 of the Firm Brochure. Clients can obtain higher yielding money market mutual funds at other broker-dealers and investment advisers for lower cost.

## **Consider Fees Carefully**

Under the Program, the client receives investment advisory services, the execution of brokerage transactions, custody and reporting services for a single specified Wrap Program Fee. Other investment advisers offer wrap fee programs that are similar to those offered by VFA, but for a lower cost. The Program Fee may be higher or lower than that charged by other sponsors of comparable wrap fee programs. In addition, a disparity in wrap fees may exist between the wrap fees charged to other clients, and the client could pay for each of the services offered under the Program separately, which could result in lower overall costs depending upon the client's individual circumstances.

All fees paid to VFA for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible 12b-1 fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge.

A client could invest in a mutual fund directly, without our services, which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

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

### **Minimum Account Requirements IC UMA Program**

Participation in the IC UMA Program is subject to certain minimum account requirements. A minimum account value of \$5,000 - \$50,000 is generally required for the IC UMA Program, dependent upon strategist selected. Please refer to the IC UMA Program Agreement for more detailed information.

The minimum deposit may consist of both cash and securities. In the event that a deposit for less than the required minimum opening balance is received, the assets will not be managed until the minimum opening balance is met. Any cash deposited during this interim period will be deposited into client's cash sweep vehicle, if one has been selected. IISs may have different account minimums and restrictions on the types of investments they manage.

### **Types of Clients**

VFA provides investment advisory services in the IC UMA Program, where appropriate, to:

- Individuals, including high net worth individuals
- Pension & Profit Sharing Plans (other than plan participants)
- Charitable Organizations
- Corporations or other business not listed above

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

### **Strategist Selection**

As previously disclosed, VFA has selected certain affiliated and unaffiliated Strategists to participate in the IC UMA Program. In its role as sponsor and investment adviser of the Program, VFA is responsible for conducting due diligence and selecting the Strategists and Model Portfolios to be offered through the IC UMA Program. We evaluate Strategists based on information provided by that Strategist, including descriptions of its investment process, asset allocation strategies, sample portfolios, financials and the Strategist's disclosure brochure(s). We also analyze performance, risk characteristics and management style. VFA monitors the Strategists' ongoing management of the Model Portfolios to ensure the Strategists are adhering to the Model Portfolios' stated investment policies and strategies. VFA periodically reassesses, but does not continuously monitor, the performance of the selected



strategist(s). If VFA or the IAR determines that a particular selected strategist(s) is not managing the client's portfolio in a manner consistent with the client's IPS, or the client's investment objectives and situation changes, the IAR may recommend a different strategist.

VFA may terminate the relationship, at our sole discretion, with any Strategist and may retain one or more new or existing Strategists to participate in the Program. Circumstances under which a Strategist might be removed include (but are not limited to) performance, departure from the Strategist's stated investment discipline, or material changes in the organization.

See Item 4 for additional information about how the IAR recommends Strategists for each client and the IAR's process for reviewing Strategists.

### **Selection of Affiliated Strategists**

We recognize the inherent conflicts of interest when assessing affiliated Strategists and assisting clients in selecting investment managers, because VFA and/or our affiliates may receive more aggregate fees if clients select an investment manager that is affiliated with our firm. To mitigate this conflict, VFA applies the same methodology described in the section entitled "Strategist Selection," above, to our review of affiliated and unaffiliated Strategists.

### **Portfolio Performance Reporting**

Clients have access to quarterly performance reports summarizing account performance, balances and holdings.

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

Although the Strategists remain responsible for managing the Model Portfolios, they do not possess knowledge of your individual information or investment goals and objectives, and do not have a direct relationship with you.

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

Clients utilizing the Model Portfolios generally do not have contact with the Strategists. Clients should contact their IAR or VFA with any questions they may have regarding their Accounts.

## **Item 9 Additional Information**

### **Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

The following are disciplinary events relating to our firm and/or our management personnel:

1) The Financial Industry Regulatory Authority (FINRA) alleged that Voya Financial Advisors, Inc. (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) between January 1, 2009 and May 26, 2016. 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. FINRA also alleged that during this period, the Firm failed to reasonably supervise the application of sales charge waivers to mutual funds transactions by Eligible Customers, failed to maintain written supervisory procedures designed to assist financial advisors in determining whether a customer was eligible for a sales charge waiver, and failed to notify and train its financial advisors regarding the availability of mutual fund sales charge waivers for Eligible Customers. FINRA alleged that these supervisory violations resulted in the Firm violating NASD Conduct Rule 3010 (for violations before December 1, 2014), FINRA Rule 3110 (for violations after December 1, 2014), and FINRA Rule 2010. Without admitting or denying these findings, the Firm entered into a Letter of Acceptance, Waiver and Consent (AWC) with FINRA, in which it consented to the entry of censure, and agreed to provide remediation to Eligible Customers who qualified for, but did not receive, the applicable mutual fund sales-charge waiver. The Firm further agreed to provide FINRA with i) a schedule of Eligible Customers identified for remediation, and a detailed plan to remediate Eligible Customers based on specific details within 60 days of the AWC's acceptance, and ii) a satisfactory proof of payment of restitution to Eligible Customers by a registered principal of the Firm no later than 180 days from the AWC's acceptance. The Firm estimates that Eligible Customers were overcharged by

\$125,982. FINRA accepted the AWC on 4/23/2019.

2) The Securities and Business Investments Division of the Connecticut Department of Banking ("Division") alleged that Voya Financial Advisors, Inc. ("Firm") violated Section 36b-31-6(f) of the Regulations of Connecticut State Agencies (the "Regulations") by failing to enforce and maintain a system for supervising the activities of its agents, investment adviser agents and Connecticut office operations that was reasonably designed to achieve compliance with applicable securities laws and regulations. The allegations pertain to former Firm agent Dale Quesnel's ("Quesnel") sale of unregistered securities to investors in Connecticut and other states ("Investors"). The Division found, through a March 3, 2016 order against Quesnel, that Quesnel participated in private securities transactions without providing prior written notice to the Firm. The Firm acknowledged the Division's allegations against it and, without admitting or denying them, entered into a Consent Order (the "Order") in which it consented to the entry of the following sanctions: a) the Firm shall cease and desist from directly or indirectly violating the Connecticut Securities Act or any regulation, rule, or order adopted or issued thereunder, including, without limitation, any activity in or from Connecticut that violates Section 36b-31-6(f) of the Regulations; b) an administrative fine, payable to the Treasurer of the State of Connecticut, of \$100,000; c) the establishment and administration of a fund (the "Fund") to reimburse Investors in the amount of \$915,000, and the use of all reasonable efforts to confirm that the contact and address information for the Investors is up to date; d) no later than thirty days from the Order, distribution of a copy of the Order and a written notice, preapproved by the Division Director, to Investors stating that the Investor or its estate is entitled to a payment from the Fund if he or she responds to the Firm within sixty days and provides distribution instructions sufficient to make a payment, and e) no later than ninety days from the Order, disbursement of money owed from the Fund, according to the amounts identified by the Division, to the Investors that replied, and provide proof of disbursement to the Division via a copy of the check or wire transfer to each Investor. The Firm agreed to immediately notify the Division if any Investor cannot be located after a diligent search, fails to provide sufficient disbursement instructions, fails to timely respond to the notice, or unequivocally denies disbursement in writing. The Order was entered on March 11, 2019.

3) Voya Financial Advisors, Inc. ("Firm") has submitted an offer of settlement that the Securities and Exchange Commission ("SEC") has agreed to accept. The Firm agrees, without admitting or denying such findings, that it violated Rule 30(a) of Regulation S-P (the "Safeguards Rule") and Rule 201 of Regulation Reg S-ID (the "Identity Theft Red Flags Rule") by failing to adopt written policies and procedures reasonably designed to protect customer records and information, and failing to develop and implement a written Identity Theft Prevention Program. Over six days in April, 2016, one or more persons impersonating the Firm's independent contractor representatives called the Firm's technical support line, in two instances using phone numbers the Firm had previously identified as associated with fraudulent activity, and requested a reset of three representatives' passwords for the web portal used to access Firm customer information. The portal was serviced and maintained by the Firm's parent company, Voya Financial, Inc. The intruders used the Firm's independent contractor representatives' usernames and passwords to log in to the portal and gain access to personal identifying information ("PII") for at least 5,600 Firm customers, and subsequently obtained account documents containing PII of at least one Firm customer. The intruders used customer information to create new voya.com customer profiles, giving them access to PII and account information of two additional customers. There have been no known unauthorized transfers of funds or securities from Firm customer accounts as a result of the attack. The Firm violated the Safeguards Rule because its policies and procedures to protect customer information and to prevent and respond to cyber security incidents were not reasonably designed to meet these objectives. In particular, the Firm's policies and procedures with respect to resetting the Firm's independent contractor representatives' passwords, terminating web sessions in its proprietary gateway system for such representatives, identifying higher-risk representatives and customer accounts for additional security measures, and creation and alteration of voya.com customer profiles, were not reasonably designed. The Firm violated the Identity Theft Red Flags Rule because it did not review and update its Identity Theft Prevention Program in response to changes in risks to its customers, or provide adequate training to its employees. Additionally, the Identity Theft Prevention Program did not include reasonable policies and procedures to respond to identity theft red flags, such as those detected by the Firm during the April 2016 intrusion. The Firm consented to the entry of an Order Instituting Administrative and Cease and Desist Proceedings ("Order"), a censure, and civil money penalty in the amount of \$1,000,000. The Firm agreed to cease and desist from committing or causing any violations or future violations of Rule 30(a) of Regulation S-P and of Rule 201 of Regulation S-ID. The Firm further agreed to comply with the following undertakings. The Firm shall retain an independent compliance consultant ("Consultant") to conduct a comprehensive review of the Firm's policies and procedures for compliance with Regulation S-P and Regulation S-ID. , The Firm will fully cooperate with the Consultant, and require the Consultant submit a written Initial Report to the Firm and the SEC within ninety days of this Order. The Firm agrees to adopt the recommendations from the Initial Report, subject to adoption of alternative policies, procedures, or systems, within 90 days of its issuance. The Consultant shall complete its review and issue a written Final Report within nine months of the Order, and the Firm shall take necessary and appropriate steps to implement all recommendations and alternative policies, procedures or systems. The Firm will certify its compliance with each of the previous undertakings. The Order was executed on September 26, 2018.

4) The Commonwealth of Massachusetts Securities Division alleged that Voya Financial Advisors, Inc. ("Firm") violated

the Massachusetts Uniform Securities Act, Mass. Gen. Laws Ch. 110A ("Act"), by failing to register two (2) of its investment adviser representatives who had a place of business in Massachusetts and provided investment advisory services to residents of the Commonwealth between August 24, 2012 to January 30, 2017 (the "Relevant Period"). The Firm admitted to the facts described but neither admitted nor denied any violations of law. The Firm consented to the entry of a Consent Order that found that the Firm violated sections 201(c) and 201(d) of the Act. The Firm agreed to i.) cease and desist from any violations of sections 201(c) and 201(d) of the Act in the Commonwealth, ii.) register its investment adviser representatives in the Commonwealth prior to them providing investment advisory services in the Commonwealth, iii.) review its written supervisory policies and procedures with respect to, and provide compliance with sections 201(c) and 201(d) of the Act, iv.) pay restitution of all asset management fees paid by clients located in the Commonwealth to the representatives in question during the Relevant Period ("Eligible Clients"), which was determined to amount to \$10,936.47, v.) memorialize its restitution in a letter ("Restitution Letter") to each Eligible Client within thirty (30) days of the Consent Order, and vi.) provide the Restitution Letter to the Division at least ten (10) days prior to the sending of the Restitution Letter to Eligible Clients. The Firm further agreed to reimburse the asset management fees to each Eligible Client within forty-five (45) days of the Consent Order, and submit to the Division a report detailing the distribution of all funds to Eligible Clients within ninety (90) days of the Consent Order. The Firm paid a fine of \$75,000. This matter was resolved on July 31, 2017.

5) The Securities and Exchange Commission ("SEC") alleged that Voya Financial Advisors, Inc. ("Firm"), in its role as a Registered Investment Adviser, failed to disclose to its clients the compensation it received through an arrangement with a third party broker-dealer ("Clearing Firm"), and conflicts of interest arising from that compensation. Through an addendum to the fully-disclosed clearing agreement between Clearing Firm and the Firm, Clearing Firm shared with the Firm certain revenues it received from the mutual funds in Clearing Firm's no-transaction-fee mutual fund program ("NTF Program"). In a separate agreement, Clearing Firm agreed to pay the Firm a certain percentage of service fees that Clearing Firm received from certain mutual funds in the NTF Program in exchange for the Firm performing certain administrative services on Clearing Firm's behalf. The SEC alleged that these payments created a conflict of interest in that they provided a financial incentive for the Firm to favor the mutual funds in the NTF Program over other investments when giving investment advice to its advisory clients. The SEC alleged that the Firm did not disclose the aforementioned arrangements or the resulting conflict of interest to its advisory clients, resulting in a violation of Sections 206(2) and 207 of the Advisers Act. The SEC also alleged that, by not adequately implementing policies and procedures reasonably designed to ensure proper disclosure of conflicts of interests, the Firm violated Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder. Without admitting or denying these findings, the Firm consented to the entry of an Order Instituting Administrative and Cease and Desist Proceedings ("Order"). The Firm agreed to a censure and disgorgement of \$2,621,324, prejudgment interest of \$174,629.78 and a civil monetary penalty of \$300,000. The Firm agreed to cease and desist from committing or causing any violations or future violations of Sections 206(2), 206(4) and 207 of the Advisers Act and Rule 206(4)-7 thereunder. The Firm further agreed to comply with the following undertakings: the Firm will provide a copy of the Order to each of the Firm's existing advisory clients within forty-five days of the entry of the Order and further comply with all disclosure obligations concerning the Order under the Advisers Act. The Firm will certify its compliance with the previous undertaking no later than sixty days from the completion of the undertaking. The Order was executed on March 8, 2017.

6) The Financial Industry Regulatory Authority ("FINRA") alleged that Voya Financial Advisors, Inc. ("Firm") failed to report to TRACE 100 transactions in TRACE Agency/Securitized Products ("SP") within the time permitted by FINRA Rule 6730, constituting 26.25 percent of the transactions in TRACE-eligible SP (381) that the Firm reported to TRACE during the fourth quarter of 2015. This conduct constituted separate and distinct violations of FINRA Rule 6730(a) and a pattern or practice of late reporting without exceptional circumstances in violation of FINRA Rule 2010. Without admitting or denying FINRA's findings, the Firm accepted and consented to the described findings and to the entry of a censure and fine in the amount of \$7,500 by agreeing to a Letter of Acceptance, Waiver and Consent ("AWC") with FINRA. FINRA accepted the AWC on March 1, 2017.

7) The Financial Industry Regulatory Authority (FINRA) alleged that Voya Financial Advisors, Inc. (Firm) failed to (a) implement a supervisory system and procedures designed to reasonably ensure suitability of its multi-share class variable annuities sold to customers, (b) identify and investigate red flags in variable annuity sales, (c) supervise variable annuity sales, and (d) implement an adequate supervisory system and procedures for variable annuity exchange transactions. The Firm's failures included, but were not limited to supervision and oversight, and the maintenance of policies and procedures regarding the sale of L-share variable annuities with Long-Term Income riders and no persistency credits to investors with long-term time horizons. Without admitting or denying FINRA's findings, the Firm accepted and consented to the entry of findings and the sanctions described below by agreeing to a Letter of Acceptance, Waiver and Consent (AWC) that was accepted by FINRA on November 2, 2016. The AWC included a Firm censure and fine in the amount of \$2,750,000. The Firm agreed to pay restitution to customers in accordance with a plan not unacceptable to FINRA in an amount that will total not less than \$1,800,000. The Firm additionally agreed to review and revise, as necessary, its systems, policies and procedures and training with respect to multi-share class variable annuity sales. The Firm will certify to FINRA that it has established policies and procedures that are reasonably designed to achieve compliance with applicable FINRA and NASD rules.

8) The Commonwealth of Massachusetts Securities Division (the "Division") alleged that the Firm violated Section

204(a)(2)(J) of the Massachusetts Uniform Securities Act by failing to include specific policies regarding voting shareholder proxies in its written supervisory procedures or other manuals. The Division found that two Firm representatives voted shareholder proxies on behalf of customers despite VFA's position that it does not permit registered representatives to vote shareholder proxies on behalf of customers. VFA entered into a Consent Order with the Division on June 22, 2016. VFA admitted the Division's Statement of Facts but neither admitted nor denied the Violations of Law contained therein. VFA was censured and paid an administrative fine of \$100,000.00 to the Commonwealth of Massachusetts. VFA was also required to certify that it had reviewed its written supervisory policies and procedures with respect to broker-dealer representative proxy voting. VFA agreed to report to the Division within thirty (30) days of the Consent Order regarding the steps taken by VFA during its review, along with conclusions and recommendations resulting from the review.

9) The Florida Office of Financial Regulation alleged that Voya Financial Advisors, Inc. (Firm) was in violation of Rule 69W-600.013(1)(h)(1), Florida Administrative Code, by violating NASD Rule 3010(b)(1), by failing to enforce its written supervisory procedures in the supervision of variable annuity purchases. Without admitting or denying the findings, the Firm consented to the described sanctions and to the entry of a Final Order. In the Final Order, the Florida Office of Financial Regulation stated that the Firm's trade review principals failed to request additional information to determine suitability for six (6) customer annuity purchases, failed to obtain full documentation of variable annuity purchases for four (4) customer files, and failed to adequately review surrender charges on twenty-two (22) annuity transactions, of which fourteen (14) were identified by the Firm. - The Firm agreed to cease and desist from violations of Chapter 517, Florida Statutes, and the Office's rules promulgated thereunder. The Firm paid an administrative fine of \$50,000. This matter was resolved on February 25, 2016.

10) The Financial Industry Regulatory Authority (FINRA) alleged that Voya Financial Advisors, Inc. (Firm) failed to identify and apply volume discounts to certain customers' eligible purchases of Real Estate Investment Trusts (REITs) and Business Development Companies (BDCs), resulting in customers paying excessive sales charges of approximately \$42,000. The Firm has paid restitution in the amount of \$42,166.56, in addition to interest in the amount of \$3,519.65. Also, it was found the Firm failed to establish, maintain and enforce a supervisory system and written supervisory procedures with respect to the sale of REITs and BDCs. The FINRA findings also stated that the Firm failed to identify and apply sales charge discounts to certain customers' eligible purchases of Unit Investment Trusts (UITs). Specifically, the Firm failed to supply discounts resulting in the customers paying excessive sales charges of \$322,000. The Firm has already paid restitution to all affected customers. Also, the Firm failed to establish, maintain and enforce a supervisory system and written supervisory procedures reasonably designed to ensure customers received sales charge discounts on eligible UIT purchases. Without admitting or denying FINRA's findings, the Firm consented to the described sanctions and to the entry of findings by agreeing to a Letter of Acceptance, Waiver and Consent with FINRA on July 20, 2015, which included a Firm censure and fine in the amount of \$325,000.

11) The Financial Industry Regulatory Authority (FINRA) alleged that Voya Financial Advisors, Inc. and four control affiliates (Directed Services, LLC, Voya America Equities, Inc., Voya Financial Partners, LLC, and Voya Retirement Advisors, LLC) collectively known as ("Respondent Firms"), were involved in violations of the supervision and email retention requirements of FINRA rules and federal securities laws over an extended period of time. Without admitting or denying FINRA's findings, the Respondent Firms consented to the described sanctions and to the entry of findings by agreeing to a Letter of Acceptance, Waiver and Consent with FINRA. The Respondent Firms were censured and fined in the aggregate amount of \$1.2 million, of which Voya Financial Advisors, Inc. was responsible for \$347,394.96. In the Acceptance, Waiver and Consent, FINRA acknowledged that the Respondent Firms self-reported the email issues described herein and undertook an internal review of their supervisory policies, procedures and systems relating to these issues. FINRA stated that the sanctions reflect the credit that the Respondent Firms have been given for self-reporting these issues, and for the substantial assistance they provided to FINRA during its investigation by, among other things, providing information obtained as a result of their internal investigation. The Respondent Firms further agreed to comply with the following undertakings: the Respondent Firms will each conduct a comprehensive review of their systems and procedures for the capture, retention and review of email to determine that those systems and procedures are reasonably designed to achieve compliance with the recordkeeping and supervisory requirements of FINRA rules and the federal securities laws.

12) New Jersey Bureau of Securities ("Bureau") alleges that the Voya Financial Advisors, Inc. ("Firm") failed to follow its procedures, or that its procedures were inadequate, with respect to detecting prior undisclosed employment disciplinary issues, customer fund disbursement procedures, and trade review procedures. Without admitting or denying the Bureau's findings of fact and conclusions of law, the Firm entered into a consent order with the Bureau pursuant to which the Firm agreed to cease and desist from future violations of New Jersey Uniform Securities Laws and to the payment of a \$50,000 civil monetary penalty with \$30,000 of this amount suspended based upon the Firm voluntarily and on its own initiative: 1. Promptly terminating the two subject registered representatives upon discovering their misconduct, and placing their supervisor on suspension; 2. Promptly paying restitution to certain affected customers, and; 3. Revising its supervisory procedures with respect to authorization of third party checks. The remaining civil monetary penalty in the amount of \$20,000 is due and payable within 10 days of the entry of the consent order. This matter was resolved on December 13, 2011.

13) VFA entered into a Consent Order with the New Jersey Bureau of Securities on December 13, 2011 that it failed to follow its procedures, or that its procedures were inadequate, with respect to detecting prior undisclosed employment disciplinary issues, customer fund disbursement procedures, and trade review procedures. As a result of this New Jersey matter, the Minnesota Department of Commerce stated that such conduct in New Jersey would be a violation of Minnesota Statutes 80A.67 (d)(9) and subject to disciplinary action. The Firm agreed to resolve this matter with the Minnesota Department of Commerce by payment of a \$5,000 civil penalty and acknowledgment of the findings of fact and conclusions of law as set forth in the Consent Order issued by the New Jersey Bureau of Securities. This matter was resolved on April 18, 2012.

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

VFA is indirectly owned by Voya Financial, Inc., and is under common control with the following insurance companies: Security Life of Denver Insurance Company, Voya Retirement Insurance and Annuity Company, ReliaStar Life Insurance Company and ReliaStar Life Insurance Company of New York.

In addition to being a registered investment adviser, VFA is registered as a FINRA member broker-dealer. A list of affiliated broker-dealers is specifically disclosed in Section 7.A. on Schedule D of Form ADV, Part 1, which can be accessed by following the directions provided on the Cover Page of this Firm Brochure.

IARs of VFA are separately licensed as registered representatives of VFA and may be independent insurance agents appointed with various insurance companies. As such, VFA receives separate, yet customary, commission compensation resulting from IARs implementing (non-investment advisory) brokerage and insurance product transactions on behalf of investment advisory clients.

VFA will hold customers' checks made payable to third parties, such as insurance companies, investment companies, and VFA's clearing broker-dealer, Pershing, LLC (Pershing) in connection with subscription- way (directly held) transactions, , to rollover funds from a qualified retirement plan, and the opening of a new account with VFA and Pershing. VFA holds such checks during the pendency of its principal review of the transaction or the new account in accordance with applicable FINRA and SEC guidance and rules. Each check held by VFA is safeguarded in accordance with VFA's procedures. VFA may hold a check for no more than seven (7) business days. If the VFA principal reviewer approves the transaction or new account, the check will be forwarded to the product issuer or Pershing, respectively, no later than Noon on the business day following approval of the transaction or new account. If the VFA principal reviewer rejects the transaction or new account, the check will be returned to the customer no later than Noon on the business day following rejection of the transaction or new account.

VFA policies make certain financial products, such as illiquid non-traded products, available to clients only in the Firm's role as a broker-dealer, for which it receives commissions. Other registered investment advisers may offer such financial products in an investment advisory account, shares of which may be purchased net of commission, resulting in more shares to the customer than if the same product is purchased through the Firm on a commission basis. Purchasing such products through the Firm in its role as broker-dealer will result in the client receiving fewer shares for the same purchase price than the customer would receive if purchased in an investment advisory account. Clients will receive lower investment returns over the short term, and incur higher execution costs due to the Firm's policy, as compared to the same financial product held in an investment advisory account. In certain scenarios, a client will pay more fees and expenses over the course of holding the product by purchasing it from VFA in its capacity as a broker-dealer than the client would pay if the product had been purchased in an investment advisory account. Since offering such financial products only in the Firm's capacity as a broker-dealer creates a conflict of interest, the Firm has an obligation to notify clients of, and to obtain informed consent for, these types of recommendations at the time of sale. VFA does not owe clients a fiduciary duty in circumstances when it offers clients products in its role as a broker-dealer.

## **Custodian**

As previously disclosed, clients are required to direct us to custody their assets with and to place trades through Pershing as a condition for participation in IC UMA Program. Pershing is an unaffiliated, FINRA broker-dealer and VFA's clearing firm and custodian.

Pursuant to an agreement with Pershing, Pershing reimburses the Firm for transition fees incurred in moving new customer assets to the Pershing platform. Additionally, pursuant to its agreement with Pershing, the Firm is credited \$5.00 of each annual maintenance fee as revenue sharing for Individual Retirement Accounts (IRA) held on the Pershing platform. This reimbursement and credit creates a conflict of interest as it incentivizes the Firm to custody assets, including IRA accounts, on the Pershing platform as opposed to another custodian that neither reimburses the Firm for transition fees nor credits the Firm a portion of the annual IRA maintenance fee.

Pershing also provides compensation to VFA based upon the assets of VFA customers that are held in money market mutual funds on the Pershing platform. This creates a conflict of interest, as it incentivizes VFA to retain Client assets in money market mutual funds on the Pershing platform.

Through an agreement with Pershing, VFA is paid a percentage fee by Pershing on all assets (mutual funds, exchange traded funds, equities, bonds and other assets) above a certain threshold custodied at Pershing by VFA customers. VFA receives this percentage fee payment from Pershing in addition to any payments it may receive on such assets from its Product Partners, as that term is defined in Part 2A of the Firm Brochure. In addition, Pershing pays VFA a per account fee for each customer account of VFA held at Pershing. These payments creates a conflict of interest between VFA and its customers, as these payments provide VFA with an incentive to recommend investing through Pershing as opposed to another investment program that does not provide VFA with such fees.

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

VFA has adopted a Code of Ethics which sets forth high ethical standards of business conduct required of our employees and IARs, including compliance with applicable federal securities laws. A copy of VFA's Code of Ethics is available to advisory clients and prospective clients. A copy may be requested by email sent to [voyafacompliance@voya.com](mailto:voyafacompliance@voya.com), or by calling 800-356-2906.

VFA's Code of Ethics is designed to ensure that the personal securities transactions, activities and interests of VFA's employees and IARs will not interfere with (i) making decisions in the best interests of investment advisory clients, and (ii) implementing such decisions while, at the same time, allowing employees and IARs to invest for their own accounts. VFA's Code of Ethics requires the review of quarterly securities transactions reports of its IARs, including initial and annual securities holdings reports. These reports must be submitted to VFA by IARs quarterly and annually. IARs may buy or sell for their personal accounts securities identical to or different from those recommended to clients.

VFA's Code of Ethics includes the firm's policy prohibiting the use of material non-public information. All registered representatives, employees and IARs are reminded that such non-public information may not be used in a personal or professional capacity. Among other things, VFA's Code of Ethics requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering ("IPO"). The Code also provides for oversight, enforcement and record keeping provisions. VFA and its IARs may buy securities for the firm or for themselves from VFA investment advisory clients, or sell securities owned by the firm or the individual(s) to investment advisory clients. We will ensure, however, that such transactions are conducted in compliance with all the provisions under Section 206(3) of the Advisers Act governing principal transactions to investment advisory clients.

VFA may, at times, effect an agency cross transaction for an investment advisory client, provided that the transaction is consistent with the firm's fiduciary obligation to the client and that all requirements are met. An agency cross transaction is a transaction where VFA acts as an investment adviser in relation to a transaction in which VFA or any person controlled by or under common control with VFA, acts as broker for both the investment advisory client and for another person on the other side of the transaction.

Client funds may be invested in shares of mutual funds for which an affiliate of VFA serves as an investment adviser ("affiliated Funds"). The affiliate will receive a management fee, outlined in the prospectus, from the affiliated Fund. Assets invested in affiliated Funds are included in the asset-based fee charged to the client. In addition, IARs are required to report all personal securities transactions conducted in affiliated Funds.

VFA and its IARs may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in certain securities which may also be recommended to a client. It is the expressed policy of VFA that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

As previously disclosed, IARs are separately registered as securities representatives of VFA, and/or licensed as an insurance agent/broker of various insurance companies. Please refer to the preceding section and the Firm Brochure for a detailed explanation of these relationships and important conflict of interest disclosures.

## **Review of Accounts**

Client accounts are reviewed by the IAR at least quarterly. More frequent reviews may be conducted in the event of changes in management style or fund closures. Account reviews are conducted by IARs and by designated investment advisory supervisors. We also review the investment results of client portfolios on a regular basis and, where appropriate, we may change or recommend a change in a Strategist for the client's account.

At least annually, IARs contact the client to review performance, changes in the client's net worth, income, goals and investment objectives and to determine if there are material changes to the client's financial condition. However, should there be material change in the client's personal and/or financial situation, we should be notified immediately to determine whether revision of the client's investment profile is warranted.

Reports: Clients have access to monthly statements (when trading activity occurs) and confirmations of transactions from Pershing and also have access to quarterly statements and quarterly performance reports summarizing account performance, balances and holdings to clients in the IC UMA Program.

## **Client Referrals and Other Compensation**

VFA offers its financial advisors incentive programs through which financial advisors are eligible to receive awards, including but not limited to trips, bonuses, and other non-cash items. These incentive programs are based on securities product sales or assets retained through and on behalf of VFA. All incentive awards are pre-approved by VFA, administered according to its procedures, and are based on total production or asset retention for all products and services. From time to time, VFA will weigh certain products or services more heavily in its calculations for purposes of qualifying for such incentives. For example, VFA may weigh investment advisory programs assets under management more heavily than other sales. Such weighting provides incentives for your IAR to recommend such weighted products or services over others with less weighting. The existence of these incentive programs and the possibility of receiving incentive awards create a conflict of interest, as they incentivize financial advisors to sell customers products through VFA, and retain customer assets with VFA.

Please see Item 14 of VFA's Form ADV Part 2A for further information regarding Client Referrals and Other Compensation.

## **Financial Information**

As an advisory firm that maintains discretionary authority for client accounts we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. To the best of VFA's knowledge and belief, VFA has no financial circumstance that is reasonably likely to materially adversely affect our ability to provide investment advisory services to our clients, and has not been the subject of a bankruptcy proceeding.