

## FINANCIAL ADVISORS PROGRAM

# PART 2A

# APPENDIX 1

## PROGRAM BROCHURE

Current as of March 31, 2021

**Securities America Advisors, Inc.**

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This brochure provides information about the qualifications and business practices of Securities America Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at (800) 747-6111. Securities America Advisors, Inc. is registered with the Securities and Exchange Commission (SEC) as a registered investment adviser. Registration does not imply any level of skill or training. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about Securities America Advisors, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 - Material Changes

Securities America Advisors, Inc. filed its last annual amendment to its Form ADV Part 2A Brochure and this Wrap Fee Program Brochure on March 30, 2020. Since then the following changes have occurred:

- There have been changes to the indirect owners of Securities America Advisors, Inc. (SAA) that are disclosed in Item 4. SAA's direct owner, Securities America Financial Corporation, is now owned by Advisor Group Holdings, Inc.
- Item 4 – Services, Fees and Compensation: Disclosure was added to explain that for new accounts, the Firm no longer offers the option for the Advisory Representative to pay the underlying ticket charges.
- Item 4 – Services, Fees and Compensation: Changes were made to reflect modifications to certain fees associated with your account that were effective 2/15/2021. Some of these fees are currently being waived.
- Item 4 – Core Account Investment “Sweep” Vehicle material conflicts of interest disclosures were enhanced.
- Item 9 – Additional Information - Disciplinary Information: The disclosure of disciplinary action related to the sales of complex exchange-traded products was added.
- Item 9 – Disciplinary Information: The disclosure of disciplinary action related to the recommendation of the purchase of the Business Development Corporation of America product was added.
- Duplicate disclosures throughout the entire document have been removed from the 2A and the applicable wrap fee program brochure. More specific details will now reside in the wrap fee program brochures, whereas general information about the Firm will continue to reside in the 2A.
- We have rewritten disclosure sections to enhance understandability and clarify details where appropriate. We consider these changes non-material unless otherwise mentioned in this summary.

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

The Financial Advisors Program ("Program") is sponsored by Securities America Advisors, Inc. ("SAA", the "Firm," "us" or "we" or "our"), an SEC-Registered Investment Adviser. Securities America Advisors, Inc. ("SAA") is registered as an investment advisor with the Securities and Exchange Commission ("SEC"), SEC File No. 801-45628, in order to offer investment advisory products and services to its advisory clients. Securities America, Inc. ("SAI"), SAA's broker-dealer affiliate, is registered with the Financial Industry Regulatory Authority ("FINRA") as a broker/dealer engaged in the offer and sale of securities products. Such advisory services are offered through certain Financial Advisors ("FAs") who have registered as Investment Advisor Representatives ("Advisory Representative"). Registration does not imply a certain level of skill or training. SAA and SAI are wholly owned subsidiaries of Securities America Financial Corporation ("SAFC"). SAFC is a wholly owned subsidiary of Advisor Group Holdings, Inc. ("AGHI"), which is owned primarily by a consortium of investors through RCP Artemis Co-Invest, L.P., an investment fund affiliated with Reverence Capital Partners LLC. The consortium of investors includes RCP Genpar Holdco LLC, RCP Genpar L.P., RCP Opp Fund II GP, L.P. and The Berlinski Family 2006 Trust. SAA will henceforth be referred to as "we", "us", "our" or the "Firm".

The Program is presented to the client ("you") by Advisory Representatives of SAA or an independent registered investment adviser firm (collectively "Advisor"). Please refer to the Advisor's Form ADV 2A to determine if your Advisor is SAA or an independent registered investment adviser firm.

You will enter into an investment advisory client agreement ("Client Agreement") with us and your Advisor and establish a brokerage account ("Program Account") on a fully disclosed basis with SAI. SAI is a Related Person to us and there are conflicts of interest that are further described herein and/or within the Form ADV 2A. Related Persons are defined as entities that we control or control us or are under common control with us.

#### **Advisory Services**

The Financial Advisors Program ("FAP") provides comprehensive investment management of your assets as well as the provision of execution, clearing and custodial services through Pershing, LLC ("Pershing") or National Financial Services, Inc. ("NFS").

The Program begins with your Advisory Representative working with you to identify your investment goals and objectives as well as risk tolerance. Your Advisory Representative will then create an initial portfolio allocation designed to complement your financial situation and personal circumstances.

Your Advisory Representative has the option to allocate your portfolio amongst a mix of stocks, bonds, options, exchange-traded funds, mutual funds and other securities ("Program Investments") which are based on your investment goals, objectives, and risk tolerance. Your Advisory Representative has the option to recommend model portfolios, option trading and/or margin as a part of the chosen strategy. Upon your agreement, this portfolio allocation will be managed in your Program Account.

The investment strategies utilized in the Program depend upon your investment objectives and goals as provided to your Advisory Representative. Portfolios are constructed along basic investment objective categories, however you and each client have the opportunity to place reasonable restrictions on the type of investments to be held in your Program Account.

Depending on the terms you enter into with us in the client agreement, your Advisor will manage your account on either a discretionary or non-discretionary basis. We define discretionary management as the ability to trade your account, without obtaining your prior consent, the securities and amount of securities to be bought or sold, and the timing of the purchase or sale. It does not extend to the withdrawal or transfer of your account funds. Non-discretionary management means that your Advisor does not have the ability to perform the aforementioned without your consent.

## Program Costs

The FAP Program is offered alternatively as an Account with separate advisory fees and transaction charges (“Unwrapped Fee”) or as an account where no separate transactions charges apply, and a single fee is paid for all advisory services and transactions (“Wrap Fee”).

Your Account Fee will bill monthly or quarterly in advance or arrears based upon either the average daily balance (ADB) or the period ending balance (PEB) of your account assets under management for the previous period. Account Fees are determined by prorating the applicable rate in the annual Account Fee schedule for the number of calendar days for each month or quarter. The initial Account Fee schedule is illustrated in the Fee Schedule. Typically, management fees are automatically deducted from the FAP account according to an authorization provided in the client agreement. On an exception basis, you can have your management fees paid from other accounts.

In the event that additions to, or withdrawals from, the account are made in excess of \$10,000 during any given month or quarter, the Account Fee will be adjusted on a pro-rata basis to the account from which the charge was debited. Adjustments are calculated as follows:

- a. Prior fees paid in advance for the remaining calendar days in the month or quarter, as of the date of the addition or withdrawal, will be refunded (“Prior Fees Paid”).
- b. Fees will be recalculated for the remaining number of calendar days as of the date of the addition or withdrawal (“Recalculated Fees”). Recalculated Fees are determined by pro-rating the applicable rate in the annual account fee schedule for the number of calendar days remaining in the month or quarter.
- c. The applicable rate for the Recalculated Fees will be determined based on the market value of the assets as of the date of the addition or withdrawal. This may result in a different rate for Recalculated Fees versus Prior Fees Paid for the same period.
- d. The net difference of the Recalculated Fees and the Prior Fees Paid may result in a credit or debit to the account.

In computing the market value of assets, mutual fund shares will be calculated at their respective net asset values as of the valuation date in accordance with each mutual fund prospectus. With respect to accounts that utilize margin, the “net worth” or “net equity” value of the account, not the long or short market value, will be used to determine the Account Fee. With respect to accounts that purchase or sell option contracts, the positive or negative value of the option will be included in the net equity value of the account for purposes of determining the Account Fee. Please be aware that option contracts are a “wasting” asset, in that they have value only through the date on which they expire. If call option contracts are sold in conjunction with securities held in a Program Account, (often referred to as covered call options) the cash received on the sale of the option may have the effect of temporarily increasing the net equity value of the Program Account, and thus increasing the amount of the Account Fee.

**[This section purposely left blank.]**

## Methods of Calculating Account Fees

Your Account Fee may be a flat fee, a linear fee (where the percentage fee is fixed based on the total assets in your account) or a tiered fee schedule (where the percentage-based fee is lowered as assets in your accounts increase). The exact fee charged or fee schedule used is disclosed to you prior to services being provided. For an illustration of the “Tiered” or “Linear” method, please refer to the sample billing schedule below:

Total Account Value:	Account Fee:
\$0 - \$250,000	X%
\$250,000 - \$499,999	Y%

- Under the Tiered billing method, a Total Account Value of \$400,000 would be billed as follows: the first \$250,000 would be billed at X% with the remaining \$150,000 to be billed at Y%.
- Under the Linear billing method, a Total Account Value of \$400,000 would be billed at Y%.

The Fee Schedule designates how your Account Fee is calculated.

## Negotiation of Account Fees

Subject to the maximum Account Fee limitations imposed by the fee schedules that follow, each Advisory Representative: (i) negotiates with clients their own Account Fee schedule, and (ii) determines on a client by client basis the Accounts that will be included in the same “household” for purposes of calculating the Account Fee. The actual Account Fee schedule will be shown in the Fee Schedule.

Account Fees and terms are negotiated on a case-by-case basis, depending on a variety of factors, including the nature and complexity of the particular service, the requirements of your particular Advisory Representative, your relationship with your Advisory Representative, the size of the Account, the potential for other business or clients, the amount of work anticipated and the attention needed to manage the Account, among other factors.

### *Fee Options*

If you select the Wrap Fee option, you will pay a single, all-inclusive Account Fee. Please consider that depending upon the level of the Account Fee charged, the amount of portfolio activity in your account, the value of services that are provided under the Program, and other factors, the Account Fee may or may not exceed the aggregate cost of such services if they were to be provided separately. You pay a single fee because your Advisory Representative pays the transaction charges for you. When the Advisory Representative pays the ticket charges, a conflict of interest exists for the Advisory Representative to trade less frequently in order to retain a greater portion of the wrap fee. Our policy and procedures are designed to ensure Advisory Representative's with SAA recommend Wrap Fee Advisory Accounts only for actively managed accounts. For new accounts, the Firm no longer offers the option for the Advisory Representative to pay the underlying ticket charges.

The Wrap Fee option offers a bundled charge that is inclusive of transactional (i.e., trading) costs and is meant to be utilized by investors who have an intention to actively trade their account. An unwrapped account is generally more cost-effective for you if you do not intend to actively trade your account. While there is no precise determinant for an actively traded account, if you are engaging in a small number of transactions per year, you should discuss in detail with your advisor if a wrap-account is appropriate for your needs. To the extent that your Advisory Representative is paying for transaction charges, a conflict exists that there is a disincentive to trade actively for your account.

Clients who select the Unwrapped Fee option will pay separate transaction charges in addition to the Account Fee. Please see below for the Account Fee schedule for new accounts. Please note, that older accounts can be under different fee schedules.

The actual Account Fee schedule will be shown in your Fee Schedule.

Total Account Value	Administrative Fee <sup>1 2</sup>	Maximum Advisory Fee <sup>3</sup>	Maximum Total Account Fee Paid by Client
\$50,000 to \$250,000	0.170%	2.330%	2.500%
\$250,000 to \$500,000	0.145%	2.105%	2.250%
\$500,000 to \$750,000	0.145%	1.855%	2.000%
\$750,000 to \$1,000,000	0.120%	1.630%	1.750%
\$1,000,000 to \$1,250,000	0.095%	1.655%	1.750%
\$1,250,000 to \$2,000,000	0.095%	1.405%	1.500%
\$2,000,000 to \$5,000,000	0.070%	1.180%	1.250%
\$5,000,000 to \$25,000,000	0.045%	1.205%	1.250%
Over \$25,000,000	0.035%	0.965%	1.000%

<sup>1</sup> **Administrative Fee:** A portion of the Total Account Fee is allocated to the Administrative Fee, which covers administrative, and supervisory services provided by your Advisor's associated Broker-Dealer as well as transaction, execution, clearing and custodial services as provided by the clearing broker-dealer. The Administrative Fee is set on a sliding scale depending on the size of the assets in the account.

<sup>2</sup> **Platform Administrative Fee Discount:** A discounted Administrative Fee Schedule is available for certain Advisory Representatives that meet the qualifications. The discount will be based upon the aggregated total of Account Fee billings of all clients your Advisory Representative maintains in the Program. The discount ranges from a 10% to 75% reduction of the Administrative Fee. If your Advisory Representative receives a discounted Administrative Fee, your Advisory Representative's compensation will increase or decrease by the amount of the discount received, but your Total Account Fee and cost will remain unchanged.

<sup>3</sup> **Maximum Advisory Fee:** The Advisory Fee is paid to Advisory Representatives for the provision of their personal advisory services rendered in qualifying you for investment in the Program, as well as for ongoing supervision and/or portfolio monitoring of Program Investments. The amount of Advisory Fees charged to clients is determined by each Advisory Representative up to an amount not to exceed the fee breakpoint set for each level of investment as described above.

Transaction charges can apply to securities sales, purchases and exchanges. Factors that determine transaction charges include size of purchase, type of transaction, mutual fund family, variable product sponsor, the representative involved and processing method (on-line/phone/systematic).

For more information on these transaction charges or commissions, please ask your representative or visit [www.securitiesamerica.com](http://www.securitiesamerica.com) under Investors/Investor Information.

### No Transaction Fee Programs

Certain no-load or load at net asset value ("NAV") mutual funds are available for purchase, sale or exchange without incurring transaction costs. These funds are offered through Pershing and NFS' no transaction fee programs (respectively, the "Pershing Mutual Fund NTF Program" and "NFS Mutual Fund NTF Program") as described below. Certain exchange-traded funds are also available through Pershing and NFS' no transaction fee program (the "Pershing ETF-NTF Program" and the "NFS ETF-NTF Program"), also described below.

#### *Pershing Mutual Fund NTF Program*

You can purchase, sell or exchange a select group of no-load or load at NAV mutual funds through Pershing's no- transaction fee program (the "Pershing Mutual Fund NTF Program") without incurring transaction costs, purchase minimums or holding periods.

#### *Pershing ETF-No Transaction Fee Program*

Pershing offers a no-transaction fee exchange-traded fund program (the “Pershing ETF-NTF Program”) which, includes ETFs with no transaction fees. ETFs in the Pershing ETF-NTF Program have no purchase minimums or holding periods.

#### *NFS Mutual Fund NTF Program*

You can purchase, sell or exchange a select group of no-load or load at NAV mutual funds through NFS’ no- transaction fee program (the “NFS Mutual Fund NTF Program”) without incurring transaction costs, purchase minimums or holding periods.

#### *NFS ETF-No Transaction Fee Program*

NFS’ offers a no-transaction fee exchange-traded fund program (the “NFS ETF-NTF Program”) which, includes ETFs with no transaction fees. ETFs in the NFS ETF-NTF Program have no purchase minimums or holding periods.

#### *Surcharge Fees Imposed on Your Advisory Representative*

A \$10 surcharge is assessed to you for transactions in certain mutual funds in unwrapped accounts. The surcharge applies to each purchase and sale transaction for such mutual funds but excludes exchanges and periodic investments. This surcharge is paid by your Advisory Representative in wrap accounts where the Advisory Representative pays the ticket charges. This creates a conflict of interest for your Advisory Representative to recommend mutual funds that are not subject to this surcharge over mutual funds that are to avoid paying the surcharge. Upon request, your Advisory Representative will provide you with a list of mutual funds subject to the \$10 surcharge. This list is subject to change from time to time.

#### **Advisory Services to Variable Annuity Sub-Accounts**

Your Advisory Representative has the option to utilize the Program tools to manage Variable Annuity products (“Program VAs”) that are maintained outside of a standard Program Account. Although the Variable Annuities and their respective Sub-Accounts will be represented on various Program reports (i.e., Performance Reporting) the Variable Annuities are held directly at the Variable Annuity Sponsor.

Variable annuity policies can be linked to FAP accounts. The variable annuity policy prospectus contains information about limitations and restrictions on making cash additions and withdrawals from any linked policy, and you should review that information. The market value of variable annuity accounts included in the management portfolio can be included in the calculation of management fees as long as it was not sold by a SAI representative who earned an up-front load or sales charge. SAA might not receive daily account valuation information for variable annuities from the insurance companies or their custodians. In some circumstances, management fees on certain variable annuity accounts can be based on the weekly or monthly average balance. You can pay more or less in management fees when the pricing is based on a weekly or monthly average balance compared to management fees charged when the pricing is based on the average daily balance. The fee may be a flat fee, a linear fee (where the percentage fee is fixed based on the total assets in your account) or a tiered fee schedule (where the percentage-based fee is lowered as assets in your account increase). The exact fee charged or fee schedule used is disclosed to you in the fee schedule prior to services being provided.

Fixed and fixed index annuities can also be linked to your FAP account to assist in consolidating and uniformly reporting on your holdings. Any fixed and fixed index annuity positions, however, are excluded from fee billing calculations as well as from management and/or valuation services.



## **General Information Concerning Fees and Other Client Charges**

### *Confirmation & Prospectus Paper Fees*

In addition to the fees discussed above, Confirmation and Prospectus Paper Fees also apply to your Program account.

The Confirmation Fee can be avoided by signing up for electronic delivery. Your Advisory Representative can also choose to pay this fee on your behalf. Refer to the trade confirmation to determine if this fee applies to you.

The Prospectus Fee can be avoided by signing up for electronic delivery. The Prospectus Fee is paid by your Advisory Representative.

In cases where your Advisory Representative pays the above fees, there is an incentive for your Advisory Representative to trade less often or to recommend different products to avoid the fee. Our policy and procedures are designed to ensure our Related Persons make recommendations to you that are in your best interest. Furthermore, to mitigate this conflict, you can sign up for electronic delivery. Currently, the Confirmation Fee and Prospectus Fee are being waived.

For more information on these charges, please ask your Advisory Representative or visit [www.securitiesamerica.com](http://www.securitiesamerica.com) under Investors/Investor Information.

### **Mutual Funds**

Please be aware that Account Fees are charged on all mutual fund shares that are designated as Program Investments, including shares on which you have previously paid a sales charge. Also, to the extent that cash used for investments in an account comes from redemptions of your other non-managed mutual fund investments, you should consider the cost, if any, of the sales charge(s) previously paid and redemption fees that would be incurred. Such redemption fees would be in addition to the Account Fee on those assets. Please be aware that such redemptions and exchanges between mutual funds that participate in the Program might have tax consequences, which should be discussed with your independent tax adviser.

You will bear a proportionate share of the fees and expenses of any mutual funds selected and for money market funds used as “sweep vehicles” for uninvested cash balances. These fees and expenses typically include investment advisory, administrative, distribution, transfer agent, custodial, legal, audit and other customary fees and expenses related to investment in Funds and are in addition to the Account Fee. Please read the prospectuses of the funds selected for a more complete explanation of these fees and expenses.

You have the option to purchase shares of mutual funds outside of the Program directly from the mutual fund issuer, its principal underwriter or a distributor without purchasing the services of the Program or paying the Account Fee on such shares (but subject to any applicable sales charges). Certain mutual funds are offered to the public without a sales charge. In the case of mutual funds offered with a sales charge, the prevailing sales charge is determined by the mutual fund (as described in the mutual fund prospectus) and may be more or less than the applicable account fee.

Mutual funds generally offer multiple share classes available for investment based upon certain eligibility and/or purchase requirements. For instance, in addition to the more commonly offered retail share classes (typically, Class A, B, and C shares), certain mutual funds also offer institutional shares classes and other share classes that are specifically designed for purchase in an account enrolled 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.

## **Variable Annuities**

Variable annuity companies generally impose internal fees and expenses on your variable annuity investment, including contingent deferred sales charges and early redemption fees. In addition, variable annuity companies generally impose mortality charges. These fees are in addition to the fees and expenses referenced above. Complete details of such internal expenses are specified and disclosed in each variable annuity company's prospectus. Please review the variable annuity prospectus for full details.

## **Retirement Accounts**

There are additional fees relating to IRA and Qualified Retirement Plan accounts such as maintenance and termination fees. You will find these fees disclosed in the account application paperwork provided to you associated with these accounts.

Accordingly, you should review the Account Fee and the other fees outlined above to fully understand the total amount of fees you pay.

Depending upon the level of the Account Fee, your Advisor may receive more compensation:

- 1) as a result of your participation in the Program than if you participate in other programs that your Advisor offers.
- 2) if your Advisor charges you the Wrap Account Fee which wraps management, administrative and transaction costs into one fee rather than having you pay for these services separately.

As such, your Advisor could have a financial incentive to recommend the Program to you over other programs or services.

Advisory Representatives have the ability to purchase certain securities products outside of an advisory account, but which are held in the client's advisory account. Though these assets are not subject to the advisory account fee, you should be aware that the purchases are subject to commissions or loads which are earned by the Advisory Representative.

## **Illiquid and Alternative Investments**

There is a \$35.00 annual fee charged for registered daily NAV REITs.

## **Core Account Investment "Sweep" Vehicle**

Each eligible brokerage account has an associated account to hold cash waiting to be reinvested. This account is called a "sweep" account because cash balances are automatically "swept" into the core account investment vehicle.

By opening an account with Securities America, you authorize us to establish a core account investment vehicle in the appropriate program. For eligible accounts, those programs are the Insured Cash Account Program and the Bank Deposit Sweep Program. For eligible advisory Individual Retirement Accounts (IRAs), the applicable core account investment vehicle is the Insured Cash Account Program. For all other eligible accounts, the core account investment vehicle is the Bank Deposit Sweep Program. Your Advisory Representative can help determine if your account is eligible for one of these programs.

If your account is not eligible for either program, we provide access to other core account investment vehicles, including money market funds, to hold cash balances waiting to be reinvested. Money market funds can lose value and have done so in the past. In addition, different core account investment vehicles can have different rates of return and different terms and conditions, such as FDIC insurance or SIPC

(Securities Investor Protection Corporation) protection. For more information on FDIC insurance, please consult [www.FDIC.gov](http://www.FDIC.gov).

If you do not wish to use the applicable core account investment vehicle, we generally will not be able to maintain your account. You are not obligated to use any of our managed accounts and can select a managed account at another broker-dealer where similar programs may not exist. However, you would lose the benefit of having your account managed by your Advisory Representative and Securities America Advisors. We describe the Bank Deposit Sweep Program and the Insured Cash Account in more detail below.

### **FDIC Programs**

The Insured Cash Account Program and Bank Deposit Sweep Program offer FDIC insurance (FDIC Programs). The maximum amount of FDIC insurance coverage for your deposits in the FDIC Programs is \$1.5 million (for an individual account) or \$3 million (for a joint account). Funds deposited through the FDIC Programs are not eligible for SIPC coverage. Any deposits you maintain in the same insurable capacity, outside of the FDIC Programs but with a Program Bank, are aggregated with your deposits for purposes of determining the maximum applicable FDIC deposit insurance. You are responsible for monitoring the total amount of your deposits with each Program Bank to determine the extent of FDIC deposit insurance coverage available to you. If you are eligible to participate in the FDIC Programs, you can expect to receive the appropriate disclosure document when you establish or fund your account and we encourage you to review it carefully.

Available cash in your account is deposited through the FDIC Programs into interest-bearing deposit accounts at one or more FDIC-insured depository institutions (i.e., the Program Banks). The list of Program Banks and current interest rates for each FDIC Program is available from your Advisory Representative and on the Investors section of the Securities America website.

The FDIC Programs can also create financial benefits for our firm, our affiliates, and our clearing firms: National Financial Services, LLC, Member NYSE/SIPC (National Financial Services) and Pershing, LLC, Member FINRA, NYSE, SIPC, and a subsidiary of The Bank of New York Mellon Corporation (Pershing). The revenue generated by us can be greater than revenues generated by sweep options at other brokerage firms. It can also be greater than other core account investment vehicles currently available to you or possible core account investment vehicles we have used in the past or may consider using in the future.

### **Bank Deposit Sweep Program**

Except for advisory IRAs, the Bank Deposit Sweep Program is the core account investment vehicle for eligible accounts custodied at National Financial Services and/or Pershing. The cash balance in an eligible brokerage account is automatically deposited or “swept” into the Bank Deposit Sweep Program, which uses an insured bank deposit account. Our firm may, when allowable, receive a fee from each Program Bank in connection with the respective programs. We will also pay a fee to National Financial Services, Pershing and necessary third-party vendors for the services they provide in conjunction with the program.

### **Insured Cash Account Program**

The Insured Cash Account Program is the core account investment vehicle offered for eligible advisory IRA accounts custodied at National Financial Services and/or Pershing. Each month for any advisory IRA using the Insured Cash Account Program as the core account investment vehicle, a level administrative fee applies for the administrative services performed in operating the program. The level account fee is predetermined by formula, as stated in the Insured Cash Account Program Disclosure Document. We cannot earn income in excess of the stated level account fee. The aggregate interest generated by banks participating in the Insured Cash Account Program is used to pay the level account fee for each individual client and to pay any third-party vendor fees.

All interest left over after these payments is then credited to client accounts in the Insured Cash Account Program. A detailed explanation of the method for calculating interest and fees is available in the Insured Cash Account Program Disclosure Documents provided at account opening and on the Investors section of the Securities America website.

### **Deutsche Bank Insured Deposit Program (DBIDP) Conversion to Total Bank Solutions Deposit Program (TBSDP)**

The Deutsche Bank Insured Deposit Program was closed to new accounts in December 2017. Any legacy accounts remaining at that time were custodied at Pershing and continued to participate in the Program until converted by Pershing into the Total Bank Solutions Deposit Program. As of December 2018, all legacy DBIDP accounts have been converted to the TBSDP. The TBSDP is not available for any new accounts. Account owners whose account uses the TBSDP should refer to the disclosure document provided to them (also available upon request from Pershing or your Advisory Representative) for information on how the TBS Program operates.

### **Material Conflicts of Interest**

A conflict of interest arises due to the financial incentive from offering sweep vehicles that generate third party payments to SAA's broker/dealer affiliate, SAI. Since additional compensation is earned by SAI through the sweep vehicles offered, a conflict of interest also arises due to an economic benefit derived by cash balances being swept into the program rather than reinvested in other investment funds or securities. This additional compensation is in addition to the management fee that SAA receives in connection with such balances pursuant to the client's advisory contract.

In addition, a conflict of interest arises as a result of the financial incentive for SAA and SAI to recommend and offer the Bank Deposit Sweep Program that may be viewed as a proprietary product and that generates additional compensation, up to a maximum of 300 basis points annually. The foregoing conflicts of interest are mitigated under our policies and procedures that have been adopted for this purpose and by the fact that the Advisory Representative who makes investment recommendations for your program account does not receive any economic benefit from these payments.

### **Distribution Assistance**

For additional information on such distribution assistance, please visit [www.securitiesamerica.com](http://www.securitiesamerica.com) and refer to the "Indirect Compensation" section underneath the "Disclosures" link, or you may refer to the Fund's prospectus or your Advisory Representative for additional information related to such fees. In an effort to maintain a positive yield to a customer, a fund company may reduce or waive a portion or all of its internal management and/or distribution fees. Please consult the Fund's prospectus, or your Advisory Representative, for additional information on such fee waivers.

### **Section 31 SEC Transaction Fee**

In accordance with Section 31 of the Securities Exchange Act of 1934, self-regulatory organizations (SROs) -- such as the Financial Industry Regulatory Authority (FINRA) and all of the national securities exchanges -- must pay transaction fees to the Securities and Exchange Commission (SEC) based on the volume of securities that are sold on their markets ("Section 31 SEC Transaction Fee"). The Section 31 SEC Transaction Fee is designed to recover the costs incurred by the government, including the SEC, for supervising and regulating the securities markets and securities professionals. The SROs have adopted rules that require their broker-dealer members to pay a share of these fees. Broker-dealers, in turn, impose fees on their customers that provide the funds to pay the fees owed to their SROs.

Section 31 SEC Transaction Fees imposed on your Program Account are calculated as number of shares multiplied by price per share multiplied by a specified rate set by the SEC; a small fraction of a cent that will fluctuate periodically. The applicable fee will appear on your trade confirmation. To find the current rate for Section 31 transaction fees, please visit the Division of Market Regulation's Frequently Requested Documents webpage, and click on the most recent Fee Rate Advisory under "Section 31 Fees."

Neither the Firm, your Advisory Representative, nor your Advisor receive any portion of the Section 31 SEC Transaction Fee.

### **Termination of Program Investments**

We reserve the right to terminate the offering of any Program Investment at any time and in any manner. In the event of termination, you will be given reasonable advance notice of the termination.

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

### **Types of Clients**

The Program is available to individuals (including high net worth individuals), banking or thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, state and municipal governmental entities, as well as other business entities.

### **Minimum Account Size**

The minimum account size is \$25,000, which, in certain scenarios, is waived by the Advisor. This includes but is not limited to instances where the client intends to bring in additional assets or the account depreciates.

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

Your Advisory Representative is the sole portfolio manager available with respect to the Program. Because your Advisory Representative is the portfolio manager in this Program you acknowledge that you have chosen him or her to act in this capacity. Advisory Representatives are selected by their Firms based on various criteria including experience. You should refer to the relevant Form ADV of the Firm with which your Advisory Representative is associated.

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

Your personal identification, account and holdings data are disclosed to your Advisor to enable your Advisor to help determine the Program Investments that are suitable for you.

Your Advisor provides us with access to the following client related information: (i) account opening documents (which include, among other things, your investment objective, risk tolerance and any account restrictions you imposed on management of assets); (ii) your investment guidelines (if applicable); and (iii) reports relating to the performance of your account.

A copy of the Firm's privacy notice is available in the disclosure section of our website: [www.securitiesamerica.com](http://www.securitiesamerica.com).

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

### **Client-Advisor Relationship**

You are encouraged to contact your Advisor with respect to any changes regarding your investment objectives, risk tolerance and requested restrictions with respect to management of your Program Investments.

You should direct any questions that you have regarding the Program to your Advisor.

## Item 9 - Additional Information

### Disciplinary Information

#### Disclosure of Disciplinary Action Relevant to Business Development Corporation of America

On February 19, 2021, SAI and SAA (the "Firms") collectively entered into a Settlement Order ("Order") with the Commonwealth of Virginia State Corporation Commission ("Commission"). The Firms consented to the Order as a result of one representative's alleged conduct in his capacity as a registered representative of SAI and as an investment adviser representative of SAA. The representative was alleged to have violated Rule 21 VAC 5-20-280 (A) (3) of the Commission's Rules Governing Broker-Dealers ("B-D Rules") by recommending the purchase of the unsuitable Business Development Corporation of America ("BDCA"), as well as Rule 21 VAC 5-80-200 (A) (1) of the Commission's Rules Governing Investment Advisors ("IA Rules"). In the Order, the Commission alleged that the Firms failed to reasonably supervise one of its financial professionals for recommending the purchase of the unsuitable BDCA securities to a client.

Without admitting or denying the findings, the Firms agreed to purchase the remaining shares the client holds in BDCA for the full purchase price of \$50,000 and pay penalties and costs totaling \$25,000.

#### Disclosure of Disciplinary Action Related to the Sales of Complex Exchange-Traded Products

On November 13, 2020, Securities America Advisors, Inc. ("SAA") entered into a settlement agreement with the Securities and Exchange Commission ("SEC") and an administrative order has been issued by the SEC. The SEC found the Firm violated Section 206 and Rule 206(4)-7 of the Investment Advisers Act of 1940. More specifically, during the period from January 2016 through February 2018, SAA did not adopt and implement policies and procedures reasonably designed to prevent unsuitable investments by its investment advisor representatives in volatility-linked exchange traded products ("ETPs").

Without admitting or denying the SEC's findings, the Firm agreed to cease and desist from committing or causing any violations and any future violations of Section 206(4) of the Advisers Act and Advisers Act Rule 206(4)-7. The Firm also agreed to pay disgorgement, prejudgment interest, and a civil monetary penalty totaling \$603,776.82 to the Securities and Exchange Commission.

The SEC noted that SAA cooperated with the SEC and promptly took remedial steps to adopt policies and procedures that, with a few narrow exceptions, prohibited trading in volatility-linked ETPs.

#### Disclosure of Disciplinary Action Related to Mutual Fund Share Classes

While SAA neither admitted nor denied the SEC's findings, the SEC found that SAA breached its fiduciary duty, had inadequate disclosures and was deficient in its compliance policies and procedures in connection with SAA's mutual fund share selection practices.

During February 1, 2012 to December 31, 2016 (the relevant period), the SEC found that SAA's IARs invested advisory clients in mutual fund share classes charging 12b-1 fees and that SAI, SAA's affiliated broker/dealer, received 12b-1 fees based on those investments. SAI then paid a portion of the 12b-1 fees to its registered representatives who also acted as SAA IARs. The SEC found that SAA's disclosure documents failed to adequately inform clients that this was a conflict of interest because less expensive share classes were available for the same fund and that this made SAA's practice inconsistent with its duty to seek best execution for its clients' transactions.

Also during the relevant period, the SEC found that SAA failed to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act and its Rules. The SEC found SAA's conduct violated Sections 206(2), 206(4) and 207 of the Advisers Act and Rule 206(4)-7.

On December 14, 2017, without admitting or denying the SEC's findings, SAA submitted an Offer of Settlement. On April 6, 2018, the SEC entered an order against SAA (File Number 3-18424) in which SAA was instructed to cease and desist from committing or causing violations of Sections 206(2), 206(4) and 207 of the Advisers Act and Rule 206(4)-7 thereunder. SAA was also censured and ordered to pay disgorgement of \$4,473,025.50, prejudgment interest of \$580,423.14 and a civil penalty of \$775,000.00.

Clients can also refer to Investment Adviser Public Disclosure at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) for additional information.

Prior to the entry of the SEC's order, SAA implemented several policies to address the mutual fund share class selection practices described in the SEC's order. SAA now requires that its IARs complete all new purchases of mutual funds in advisory accounts at the lowest cost share class available to SAA, and SAA has worked with its clearing platforms to ensure compliance with this policy. Additionally, SAA has taken steps to convert mutual fund investments in all Class A shares (or comparable classes) to the lowest cost share classes available for the same funds at no costs or tax consequences to its existing advisory clients. For those shares that cannot be or have not yet been converted, SAA has implemented a policy to credit back any newly incurred 12b-1 fees to existing advisory clients.

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

Advisors that offer the Program may be "Related Persons" to us. You should see the ADV Part 2A of your Advisor that will be provided to you for information regarding any of their other financial industry affiliations and for any associated conflicts of interest.

### **Code of Ethics**

We have adopted a Code of Ethics (the "Code") to address securities-related conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The Code includes our policies and procedures developed to protect your interests in relation to the following topics:

- The duty at all times to place your interests first;
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the code of ethics and to avoid any actual or potential conflict of interest or any abuse of an employee's position of trust and responsibility;
- The principle that investment adviser personnel should not take inappropriate advantage of their positions;
- The fiduciary principle that information concerning the identity of security holdings and your financial circumstances is confidential; and
- The principle that independence in the investment decision-making process is paramount.

We provide a copy of the Code to any client or prospective client upon request to their Advisory Representative.

It is SAA's policy to prohibit agency cross transactions where representatives act as brokers for both buying and selling a single security between two different clients and are compensated through an agency commission or principal mark-up for the trades. If we adopt a different policy in this area, we will observe all rules and regulations in accordance with the disclosure and consent requirements of Section 206(3) of the *Advisers Act*. Additionally, we are aware that such transactions only occur if we ensure that we meet our duty of best execution for the client.

Individuals who are covered by our Code ("Access Persons") can buy or sell securities identical to those recommended to you for their personal accounts. In addition, any of our Related Person(s) may have an interest or position in securities which are recommended to you. Our Code requires Access Persons to report their personal securities holdings for review by us.

### **Participation or Interest in Client Transactions**

Your Advisor, who may be a Related Person to us, can recommend or buy and sell securities that it or its Related Persons' have a financial interest in. Please see the ADV Part 2A of your Advisor for further details on these financial interests and associated conflicts of interest.



## **Trade Errors**

Occasionally, a trading error can occur where either we, or our Advisory Representatives, are at fault for effecting one or more erroneous securities transactions for a client's brokerage account. If this occurs in your account, the error will be corrected, and your account will be restored to the same economic position had the error never occurred. In the process of restoring your account, a profit may be realized, or a loss suffered in connection with correcting this error. Neither losses nor gains realized will be passed on to you. As a result, trade corrections can result in a financial benefit to us or our affiliated broker/dealers.

By opening an account with us, you are directing us to follow the error correction policy described above and to retain the financial gains, if any, recognized from error-correction transactions in the manner described as the payment of reasonable compensation for services provided.

## **Review of Accounts**

Your Advisor periodically reviews your account and contacts you annually. For further account review details, please see the ADV Part 2A of your Advisor.

## **Indirect Compensation and Revenue Sharing Disclosure**

The Advisor and Broker-Dealer offer a range of investments and services to its clients. As you work with your Advisory Representative to determine the right investments and services to achieve your investment goals, it is also important for you to understand how your Broker-Dealer, Advisor, and Advisory Representative are compensated. This is because various forms of compensation create potential conflicts of interest, and it is important for you to assess potential conflicts of interest in making investment decisions.

To better understand how your Advisor and Advisory Representative are compensated, please refer to your Advisor's Form ADV Part 2A. For additional information regarding Broker-Dealer and SAA compensation please refer to the "Indirect Compensation" disclosures in the "Client Information and Disclosures" section of our website [www.securitiesamerica.com](http://www.securitiesamerica.com).

## **Client Referrals and Other Compensation**

As Program Sponsor, we receive a portion of the Account Fee as described in Item 4 above. For further details on compensation and other economic benefits that your Advisor receives, please see their ADV Part 2A.

## **Financial Information**

Your Program assets will be custodied at National Financial Services, LLC or at Pershing LLC. The Program does not allow, require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We have no financial condition that might impair our ability to meet our contractual commitments to clients, and have never been the subject of a bankruptcy proceeding.