

**Part 2A of Form ADV: Firm Brochure  
Item 1: Cover Page  
March 2021**

**Byron Financial, LLC  
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Charlotte, NC 28210**

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This brochure provides information about the qualifications and business practices of Byron Financial, LLC. If you have any questions about the contents of this brochure, please contact us by telephone at 704-442-4402 or email [jmayor@byronfin.com](mailto:jmayor@byronfin.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 Byron Financial, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Please note that the use of the term "registered investment adviser" and description of Byron Financial, LLC and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and our employees.

## **Item 2: Material Changes to Our Part 2A of Form ADV: Firm Brochure**

Byron Financial, LLC is required to advise you of any material changes to the Firm Brochure ("Brochure") from our last annual update.

Since our most recent annual amendment filed on February 24, 2020, we have the following material change to disclose:

- We may manage assets on a discretionary basis in certain cases if a client authorized us to do so, in writing, prior to Byron Financial facilitating any such transactions. Please see Item 16: "Investment Discretion" of our Brochure for additional information.
- Our firm participated in the Paycheck Protection Program ("PPP") established by the U.S. Small Business Administration. The PPP is intended to assist businesses in response to the COVID-19 pandemic by providing low-interest loans for business essentials such as payroll. These loans are eligible for forgiveness if they are used for payroll or firm overhead. Our firm's PPP loan has been fully forgiven.

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## Item 4: Advisory Business

Our firm is a limited liability company formed in the State of North Carolina. Byron Financial, LLC ("Byron Financial") was established as a sole proprietor in 1986 and has been in business as an investment adviser since 2006. William McComas Byron is the majority owner of Byron Financial. Joshua Mayor is also a minority owner of the firm.

The professionals of Byron Financial provide financial services specializing in asset management for high net worth individuals, as well as the design, implementation, and administration of insurance, estate planning and wealth transfer planning.

### Description of the Types of Advisory Services We Offer

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#### Asset Management:

Our Asset Management service encompasses investment management as well as providing financial consulting to clients. It is designed to assist clients in meeting their financial goals through the use of financial investments. We conduct at least one, but sometimes more than one meeting (in person if possible, otherwise via telephone conference) with clients in order to understand their current financial situation, existing resources, financial goals, and tolerance for risk. Based on what we learn, we propose an investment approach to the client. We may propose an investment portfolio, consisting of exchange traded funds ("ETFs"), mutual funds, individual stocks or bonds, or other securities. Upon the client's agreement to the proposed investment plan, we work with the client to establish or transfer investment accounts so that we can manage the client's portfolio. Once the relevant accounts are under our management, we review such accounts on a regular basis and at least quarterly. We may periodically rebalance or adjust client accounts under our management. If the client experiences any significant changes to his/her financial or personal circumstances, the client must notify us so that we can consider such information in managing the client's investments.

#### Individual Consultations:

We also provide advisory or consulting services not involving the other services already described herein but still pertaining to investments or investment-related matters. As part of these services, may or may not provide any written documentation or other work product. Such services may include, but would not be limited to, the following:

- Insurance-related services and planning;
- One-time analysis of investment accounts/portfolios;
- Telephonic, electronic, or in-person consultations/communications regarding investments or investment-related matters;
- Serving as an expert witness in judicial or arbitration proceedings;
- Conferring with other professionals or services providers (i.e. accountants, CPAs, attorneys, etc.) regarding investments or investment-related matters on your behalf; and/or
- Other service as may be specifically requested.

If you wish to engage us for some type of service not specifically mentioned or referred to in the services noted above, you may provide us with guidance as to the scope of the engagement. Regardless of the

services ultimately requested, the specific services and corresponding fees will be set forth in a written agreement.

### **Financial Planning:**

We may prepare a written financial plan for our clients. Our financial planning services may involve consultation, analysis, and recommendations in the eight areas of financial planning, which include (1) asset management; (2) tax strategies; (3) liquidity event planning; (4) banking consultation; (5) cash flow planning; (6) charitable planning (7) wealth transfer and estate planning; and (8) generational wealth management.

In order to determine a suitable course of action for an individual client, we will perform a review of the variables that are presented. This review may include, but would not necessarily be limited to, investment objectives, consideration of your overall financial condition, income and tax status, personal and business assets, risk profile, and other factors unique to your particular circumstances.

We will review your present financial situation and issue a written analysis and report of recommendations in accordance with your goals and objectives. This service may include an initial consultation and subsequent follow-up visits. The services provided in this regard may include but would not be limited to the following:

- Prepare an annual net worth statement;
- Create a cash flow statement;
- Review current investments and make recommendations thereon;
- Review client's most recent tax returns and provide tax planning advice;
- Review client's life insurance and make recommendations thereon;
- Review client's estate plan and make recommendations thereon;
- Complete a retirement analysis; and
- Provide education planning advice.

### **Tailoring of Advisory Services**

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To the fullest extent possible, we will endeavor to tailor our advisory services to meet the specific needs of each and every client. In order to determine a suitable course of action for an individual client, we will perform a review of our clients' financial circumstances. Such review may include, but would not necessarily be limited to, investment objectives, consideration of a client's overall financial condition, income and tax status, personal and business assets, risk profile, and other factors unique to a client's particular circumstances.

In making investment recommendations on behalf of a client, we will rely on a data gathering document or other questionnaire, which would be completed based on information provided by a client.

Our clients are free to impose any restrictions or other conditions with regard to how we provide our advisory services. If we agree to such restrictions and/or conditions, please be advised that restrictions and guidelines imposed by a client may affect the composition and performance of custom portfolios (as a result, performance of custom portfolios within the same investment objective may differ and a client should not expect that the performance of a custom portfolio will be

identical to any other individual's portfolio performance) as well as any recommendations provided to the client.

### **Participation in Wrap Fee Programs**

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We do not offer wrap fee programs.

### **Regulatory Assets Under Management**

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Under our Registered Investment Advisor, we manage \$534,129,268 on a non-discretionary basis as of December 31<sup>st</sup>, 2020.

## **Item 5: Fees & Compensation**

### **How We Are Compensated for Our Advisory Services**

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#### **Asset Management:**

<u><b>Assets Under Management</b></u>	<u><b>Annual Percentage of Assets Charge Assessed Quarterly</b></u>
First \$2,500,000	25 bps (0.2500%)
Next \$2,500,000	15 bps (0.1500%)
\$5,000,000 - \$10,000,000	10 bps (0.1000%)
\$10,000,000 and Above	7.5 bps (0.0750%)

Our firm's annualized fees are billed on a pro-rata basis quarterly in arrears based on the value of your account on the last day of the quarter.

The Advisory Services (see Item 4) are incorporated in the asset management fee, as long as these services are within the normal and customary scope of work. If we feel like the services requested are outside the normal and customary scope of services, we reserve the right to charge additional fees. These fees would be agreed upon in writing, and in advance of any type of work. See Service Fees below.

Specific fee arrangements will be set forth in your service agreement ("Agreement") with us. Fees for our Asset Management service will be automatically deducted from your managed account via the custodian.

Contemporaneously with the execution of the Asset Management Agreement, you will be asked to sign an authorization that will allow the custodian of any of your account(s) to debit the account(s) the amount of our service fees and remit the fee to us. The authorization will remain valid unless and until we receive a written revocation of such authorization from you. In connection with this fee deduction process, the custodian will send you a statement, at least quarterly, indicating all amounts disbursed from the account, and the amount of advisory fees paid directly to us.

## **Other Types of Fees & Expenses**

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In addition to our service fees, you may be assessed other fees by parties independent from us. You may also incur, relative to certain investment products (such as mutual funds), charges imposed directly at the investment product level (i.e. advisory fees, administrative fees, and other fund expenses.) Brokerage fees/commissions charged to you for securities trade executions may be billed to you by the broker-dealer or custodian of record for your account, not us. Any such fees are exclusive of, and in addition to our compensation. You will be solely and directly responsible for all fees, including fees other than those we may bill directly to you. Our recommended custodians, Charles Schwab & Co., Inc. ("Schwab") and TD Ameritrade, Inc. ("TD Ameritrade") do not charge transaction fees for U.S. listed equities and exchange traded funds.

## **Termination & Refunds**

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We charge our advisory fees quarterly in arrears. If you wish to terminate our services, you need to contact us in writing and state that you wish to cancel the advisory agreement. Upon receipt of a proper notice of termination ("Termination Notice") as described in the Agreement, we will proceed to close out your account and charge you a pro-rata advisory fee(s) for services rendered up to the point of termination. Specific fee arrangements will be set forth in your Agreement with us.

## **Commissionable Securities Sales**

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We do not sell securities for a commission in our advisory accounts.

### **Item 6: Performance-Based Fees & Side-By-Side Management**

We do not accept performance-based fees.

### **Item 7: Types of Clients & Account Requirements**

We have the following types of clients:

- Individuals
- High net worth individuals
- Pension plans / profit sharing plans
- Foundations / charitable organizations
- Trusts for non-natural persons
- Estates for non-natural persons
- Trusts for natural persons
- Estates for natural persons
- Business or corporate entities

## **Item 8: Methods of Analysis, Investment Strategies & Risk of Loss**

### **Methods of Analysis**

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In the course of our management process and as appropriate on a case by case basis, we will employ some or all of the following methods of analysis. For a description of the risks related to each particular method of analysis, see the information following each analysis method description. A description of each key risk appears later in this section.

#### **Fundamental**

Fundamental analysis is generally the considered the opposite approach to technical analysis. Fundamental analysis involves the attempt to identify the intrinsic value (i.e. the actual, true/real value) of an investment instrument by examining any related economic, financial, and other quantitative/qualitative factors relevant to that instrument. Fundamental analysis can take into account anything that may impact the underlying value of the instrument. Examples of such things may include large-scale economic issues such as the overall condition or current cycle of the economy, industry-specific or sector-specific conditions, etc. Other company/issuer-specific factors may also be taken into consideration such as the company's/issuer's current financial condition, management experience and capabilities, legal/regulatory matters, the overall type and volume of current and expected business, etc.

One of the goals of fundamental analysis is to attempt to derive a value that can be compared to the current market price for a particular financial instrument in hopes of determining whether the instrument is overpriced (time to sell) or underpriced (time to buy).

Key risk(s): Economic Risk, Financial Risk, Inflation Risk, and Interest Rate Risk.

Investing in securities or other investment products involves the risk of loss and you should be prepared to bear such losses.

### **Investment Strategies We Use**

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In the course of our management process and as appropriate on a case by case basis, we will employ any of the following investment strategies. For a description of the risks related to each particular investment strategy, see the information following each strategy description. The codes used below relate to risks described further below in this section.

#### **Long-Term Purchases**

Long-term purchases generally involve the acquisition of an investment instrument and holding it for a period of at least one year.

Key risk(s): Capital Risk, Economic Risk, Financial Risk, Inflation Risk, Interest Rate Risk, Legal/Regulatory Risk, Liquidity Risk, Market Risk, Operational Risk, Strategy Risk.

#### **Short-Term Purchases**

Short-term purchases generally involve the acquisition of an investment instrument and holding it for a period of not more than one year.



Key risk(s): Capital Risk, Economic Risk, Financial Risk, Higher Trading Costs, Interest Rate Risk, Legal/Regulatory Risk, Liquidity Risk, Market Risk, Operational Risk, Strategy Risk.

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## **Risk of Loss**

Investing in securities or other investment products involves the risk of loss and you should be prepared to bear such losses. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

### **Capital Risk**

Capital risk is one of the most basic, fundamental risks of investing; it is the risk that you may lose 100 percent of your money. All investments carry some form of risk and the loss of capital is generally a risk for any investment instrument.

### **Credit Risk**

Credit risk can be a factor in situations where an investment's performance relies on a borrower's repayment of borrowed funds. With credit risk, an investor can experience a loss or unfavorable performance if a borrower does not repay the borrowed funds as expected or required. Investment holdings that involve forms of indebtedness (i.e. borrowed funds) are subject to credit risk.

### **Currency Risk**

Fluctuations in the value of the currency in which your investment is denominated may affect the value of your investment and thus, your investment may be worth more or less in the future. All currency is subject to swings in valuation and thus, regardless of the currency denomination of any particular investment you own, currency risk is a realistic risk measure. That said, currency risk is generally a much larger factor for investment instruments denominated in currencies other than the most widely used currencies (U.S. dollar, British pound, German mark, Euro, Japanese yen, French franc, etc.).

### **Economic Risk**

The prevailing economic environment is important to the health of all businesses. Some companies, however, are more sensitive to changes in the domestic or global economy than others. These types of companies are often referred to as cyclical businesses. Countries in which a large portion of businesses are in cyclical industries are thus also very economically sensitive and carry a higher amount of economic risk. If an investment is issued by a party located in a country that experiences wide swings from an economic standpoint or in situations where certain elements of an investment instrument are hinged on dealings in such countries, the investment instrument will generally be subject to a higher level of economic risk.

### **Financial Risk**

Financial risk is represented by internal disruptions within an investment or the issuer of an investment that can lead to unfavorable performance of the investment. Examples of financial risk can be found in cases like Enron or many of the dot com companies that were caught up in a period of extraordinary market valuations that were not based on solid financial footings of the companies.

**Higher Trading Costs**

For any investment instrument or strategy that involves active or frequent trading, you may experience larger than usual transaction-related costs. Higher transaction-related costs can negatively affect overall investment performance.

**Inflation Risk**

Inflation risk involves the concern that in the future, your investment or proceeds from your investment will not be worth what they are today. Throughout time, the prices of resources and end-user products generally increase and thus, the same general goods and products today will likely be more expensive in the future. The longer an investment is held, the greater the chance that the proceeds from that investment will be worth less in the future than what they are today. Said another way, a dollar tomorrow will likely get you less than what it can today.

**Interest Rate Risk**

Certain investments involve the payment of a fixed or variable rate of interest to the investment holder. Once an investor has acquired or has acquired the rights to an investment that pays a particular rate (fixed or variable) of interest, changes in overall interest rates in the market will affect the value of the interest-paying investment(s) they hold. In general, changes in prevailing interest rates in the market will have an inverse relationship to the value of existing, interest paying investments. In other words, as interest rates move up, the value of an instrument paying a particular rate (fixed or variable) of interest will go down. The reverse is generally true as well.

**Legal/Regulatory Risk**

Certain investments or the issuers of investments may be affected by changes in state or federal laws or in the prevailing regulatory framework under which the investment instrument or its issuer is regulated. Changes in the regulatory environment or tax laws can affect the performance of certain investments or issuers of those investments and thus, can have a negative impact on the overall performance of such investments.

**Liquidity Risk**

Certain assets may not be readily converted into cash or may have a very limited market in which they trade. Thus, you may experience the risk that your investment or assets within your investment may not be able to be liquidated quickly, thus, extending the period of time by which you may receive the proceeds from your investment. Liquidity risk can also result in unfavorable pricing when exiting (i.e. not being able to quickly get out of an investment before the price drops significantly) a particular investment and therefore, can have a negative impact on investment returns.

**Market Risk**

The market value of an investment will fluctuate as a result of the occurrence of the natural economic forces of supply and demand on that investment, its particular industry or sector, or the market as a whole. Market risk may affect a single issuer, industry or sector of the economy or may affect the market as a whole. Market risk can affect any investment instrument or the underlying assets or other instruments held by or traded within that investment instrument.

**Operational Risk**

Operational risk can be experienced when an issuer of an investment product is unable to carry out the business it has planned to execute. Operational risk can be experienced as a result of human failure, operational inefficiencies, system failures, or the failure of other processes critical to the business operations of the issuer or counter party to the investment.

### **Past Performance**

Charting and technical analysis are often used interchangeably. Technical analysis generally attempts to forecast an investment's future potential by analyzing its past performance and other related statistics. In particular, technical analysis often times involves an evaluation of historical pricing and volume of a particular security for the purpose of forecasting where future price and volume figures may go. As with any investment analysis method, technical analysis runs the risk of not knowing the future and thus, investors should realize that even the most diligent and thorough technical analysis cannot predict or guarantee the future performance of any particular investment instrument or issuer thereof.

### **Strategy Risk**

There is no guarantee that the investment strategies discussed herein will work under all market conditions and each investor should evaluate his/her ability to maintain any investment he/she is considering in light of his/her own investment time horizon. Investments are subject to risk, including possible loss of principal.

### **Description of Material, Significant or Unusual Risks**

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There is no single type of investment instrument that we predominantly recommend, however, please be mindful that all investments carry some form and degree of risk. Certain types of investments carry greater types and levels of risk than others and you should make sure that you fully understand not only the investment product itself but also the attendant risk factors associated with such products.

### **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to the evaluation of our advisory business or the integrity of our management.

### **Item 10: Other Financial Industry Activities & Affiliations**

#### **Insurance**

Representatives of our firm are also licensed to sell insurance products through Byron Financial Services and may receive compensation for the sale of insurance products. This compensation may provide incentive to recommend these insurance products.

Any Additional Compensation received by our supervised persons in connection with the products/services described in the preceding section is deemed routine and customary compensation for such activities and is not believed to be inappropriate.

The potential conflict of interest resulting from the relationship described above is commonplace in the investment industry and we believe that such arrangements are not only appropriate but that they bring added value and opportunities to our clients. The arrangement is also appropriate in light of the added examination, licensing, registration, and other regulatory oversight that also takes place in the insurance area of the investment industry. Our supervised persons have satisfied various regulatory examination, registration, licensing, and continuing education requirements that allow

not only for the offering of the types of products and services described in the information related to the relationship described above but also the receipt of the normal and customary compensation that any similarly registered, licensed, and qualified person could receive in the form of sales compensation for those same products/services.

First and foremost, we address the conflict described above by disclosing them to you in this Brochure as well as your representative's Brochure Supplement. As a matter of general policy, we aggressively discourage activities that put your interests anywhere but first. Additionally, we have instituted a comprehensive supervisory process, detailed in our Written Supervisory Procedures ("WSP") that was designed to address, among other things, conflicts of interest such as this. In addition, we have designated a Chief Compliance Officer to be the party responsible for the overall application and oversight of our supervisory process and our WSP. Our Chief Compliance Officer has the authority to delegate certain supervisory responsibilities to other supervised persons within our firm in order to ensure that our overall system of supervision is being adequately carried out and in a timely manner.

### **Item 11: Code of Ethics, Participation or Interest in Client Transactions & Personal Trading**

We take great pride in our commitment to serving our clients' needs and the integrity with which we conduct our business. In our recent history, the financial services industry has come under significant scrutiny, especially in the area of the inherent responsibility of financial professionals to behave in the best interests of their clients.

We have developed a Code of Ethics ("Code") as a means of memorializing our vision of appropriate and professional conduct in carrying out the business of providing investment advisory services. Our Code addresses issues such as the following:

- Standards of conduct and compliance with applicable laws, rules, and regulations
- Protection of material non-public information
- The addressing of conflicts of interest
- Employee disclosure and reporting of personal securities holdings and transactions
- The firm's IPO and private placement policy
- The reporting of violations of the Code
- Educating employees about the Code
- Enforcement of the Code

Each of our representatives has been furnished with a copy of our Code and has signed their names to a written acknowledgement attesting to their understanding of the Code and acceptance of its terms. A copy of our Code is available to all current and/or prospective clients upon request.

On occasion, we may invest for our own accounts or have a financial interest in the same securities or other investments that we recommend or acquire for the accounts of our clients. Further, we may also engage in transactions that are the same as or different than transactions recommended to or made for our client's accounts. Such transactions are permitted if effected, pre-cleared and reported in compliance with our policy on personal securities transactions. Generally, personal securities transactions will not be pre-cleared when an order for the same or a related security is pending for the account of a client.

Our Chief Compliance Officer reviews reports of personal transactions in securities by all of our associated persons quarterly or more frequently if required.

### **Investment Policy:**

None of our associated persons may effect for himself/herself or for accounts in which he/she holds a beneficial interest, any transactions in a security which is being actively recommended to any of our clients, unless in accordance with the following procedures.

### **Firm Procedures:**

In order to implement our Investment Policy, the following procedures have been put into place.

1. If we are recommending that any of our clients buy any security, no associated person may purchase that security prior to a client's purchase of that security; and
2. If we are recommending that any of our clients sell any security, no associated person may sell that security prior to a client's sale of that security.

As an alternative to the procedures described in the preceding points, we may include our own order(s) in a batch order with other client orders that would involve average pricing for the entire batch such that we would receive the same pricing as all other clients participating in the batch.

It is the primary intent of these procedures to ensure that the best interests of our clients are always served over that of our own. Trading on our own behalf that results in our own interests being served over that of our clients could be considered a breach of our fiduciary duty and thus, is aggressively discouraged.

### **Batch Trading:**

Transactions for the client's account generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at the same or approximately the same time. We may (but are not obligated to) combine or "batch" such orders in order to obtain best execution or to negotiate more favorable transaction rates. To the extent that we elect to aggregate client orders for the purchase or sale of securities, including securities in which our associated persons may invest, we will generally do so in accordance with the parameters set forth in SEC No-Action Letter, *SMC Capital, Inc.* We will not receive any additional compensation or remuneration as a result of a batched order.

## **Item 12: Brokerage Practices**

### **Selecting a Brokerage Firm**

The purpose of this Item is to present to you the factors that we take into consideration when (1) selecting or recommending broker-dealers to you for the purpose of effecting transactions on your behalf and (2) for determining the reasonableness of such broker-dealers' compensation related to such transactions.

Unless the client directs otherwise, Byron Financial shall generally recommend that all client accounts be maintained at, by, or through certain other firms that are unaffiliated with Byron Financial. Such firms shall generally be broker-dealers that may also maintain registrations that allow such firms to engage in other types of businesses outside of their broker-dealer activities.

Any such other firm may act in the capacity of “broker of record” for the client’s accounts, in which case, another firm may serve as the custodian for the Client account(s). Alternatively, any such other firm may serve as both the “broker of record” and “custodian” for the client’s accounts. In no case shall Byron Financial act or attempt to act in the capacity of “broker of record” or “custodian” of the client’s account, funds, or other assets.

Although not an all-inclusive listing, Byron Financial may recommend the following brokers of record and their corresponding custodian: Charles Schwab & Co., Inc. and TD Ameritrade, Inc.

Factors that Byron Financial considers in recommending certain broker-dealers or custodians to clients may include such entity’s financial strength, reputation, execution, pricing, and service. In return for effecting securities transactions through certain broker-dealers/custodians, Byron Financial or certain of its representatives may receive certain support services that may assist Byron Financial in its investment decision-making process for all of Byron Financial’s clients.

In seeking best execution, the determinative factor is not always the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a brokerage services, including factors such as execution capability, commission rates, and responsiveness. Accordingly, although Byron Financial will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for the client’s account transactions.

### **Soft Dollars**

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Soft dollar benefits are items such as research or other products or services (other than the typical execution and other brokerage services available to all other investment advisers) that we may receive from a broker-dealer or other party in connection with the client securities transactions we direct to that/a broker-dealer(s). We do not participate in any soft dollar arrangements.

### **Client Brokerage Commissions**

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We do not acquire client brokerage commissions (or markups or markdowns).

### **Procedures to Direct Client Transactions in Return for Soft Dollars**

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We do not direct client transactions to a particular broker-dealer in return for soft dollar benefits.

### **Brokerage for Client Referrals**

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Our firm does not receive brokerage for client referrals.

### **Directed Brokerage**

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Our primary custodians are Charles Schwab & Co., Inc. and TD Ameritrade, Inc.

That said, you may direct us to use a particular broker-dealer (subject to our approval) to execute some or all transactions for your account or otherwise on your behalf. As a result, you may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

### **Order Batching**

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Transactions for the client's account generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at the same or approximately the same time. We may (but are not obligated to) combine or "batch" such orders in order to obtain best execution or to negotiate more favorable transaction rates. Reasoning for attempting to effect a batch order is that we may need to trade in the same security for multiple accounts at or around the same time and batching may allow us to achieve a more favorable price on average for all clients. Batching, however, doesn't guarantee the lowest possible price for execution. It is intended to reduce the overall volatility in execution price for a large number of orders that if not batched together, may experience significantly different execution prices. Conversely, in the event that we do not batch a group of orders that otherwise may be a prime candidate for a batched order, the resulting cost for some clients may be higher or lower than what we might be able to achieve by processing a batched order for the benefit of those same clients.

To the extent that we elect to aggregate client orders for the purchase or sale of securities, including securities in which our associated persons may invest, we will generally do so in accordance with the parameters set forth in SEC No-Action Letter, *SMC Capital, Inc.* We will not receive any additional compensation or remuneration as a result of a batched order.

## **Item 13: Review of Accounts or Financial Plans**

### **Review of Client Accounts**

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We will review your accounts at least annually. The Chief Compliance Officer will review your accounts for best execution, suitability, and service. The Chief Compliance Officer will review the performance and cost basis for your transactions. Your investment objectives are used to review for suitability. Transactions are reviewed referencing your investment objectives for any transaction that may not fit your stated objectives, or our understanding of your investment objectives will be flagged and reviewed with the investment adviser representative placing the trade.

Name and title of Chief Compliance Officer: Josh Mayor, CCO.

Mr. Mayor will employ the procedures noted above for the client's accounts subject to Byron Financial's investment advisory services.

### **Non-Periodic Account Reviews**

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Events that may trigger further client account reviews in addition to the standard review process may include, but would not be limited to, a notable increase in the volume of requests by the client to effect transactions in his/her accounts, where such transactions may appear to be inconsistent with the client's previously stated investment objectives. Other factors may include requests by the client to liquidate certain securities positions/contracts where such transactions may appear to be inconsistent with the client's previously stated investment objectives. Additional triggering factors

could be the performance on an individual account being an outlier to the performance of accounts with similar investment objectives, and a very important trigger would be customer complaints. This last trigger would be a prime example of a trigger for an intermittent review of a client account.

## **Reports to Clients**

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Account statements will be provided no less frequently than quarterly by the custodian, not by us. Account statements will identify account positions, balances, and transaction details. Upon your request, a quarterly account appraisal (written or electronic) may be created for you as well as an annual year-end statement.

In the event we also send account statements to you in addition to those provided by the qualified custodian, you are urged to compare any account statements provided by us to those provided by the custodian.

## **Item 14: Client Referrals & Other Compensation**

### **Charles Schwab & TD Ameritrade**

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As our custodians, Charles Schwab and TD Ameritrade provide assistance to Byron Financial in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Charles Schwab or TD Ameritrade. These products and services, how they benefit us, and the related conflicts of interest are described in Item 12 – Brokerage Practices. The availability of products and services from Schwab and TD Ameritrade is not based on us giving particular investment advice, such as buying particular securities for our clients.

### **Referral Fees**

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We do not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940.

## **Item 15: Custody**

All of our clients receive at least quarterly account statements directly from their custodians. Upon opening an account with a qualified custodian on a client's behalf, we promptly notify the client in writing of the qualified custodian's contact information. If we decide to also send account statements to clients, such notice and account statements include a legend that recommends that the client compare the account statements received from the qualified custodian with those received from our firm.

The SEC issued a no-action letter ("Letter") with respect to the Rule 206(4)-2 ("Custody Rule") under the Investment Advisers Act of 1940 ("Advisers Act"). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction ("SLOA") is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with the account custodian:



- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

We encourage our clients to raise any questions with us about the custody, safety or security of their assets. The custodians we do business with will send you independent account statements listing your account balance(s), transaction history and any fee debits or other fees taken out of your account.

#### **Item 16: Investment Discretion**

Byron Financial generally does not accept discretionary authority to manage securities accounts on behalf of clients. When granted non-discretionary authority, our firm is required to obtain the client's permission prior to effecting securities transactions except for the establishment of "bond ladders." In all other instances, we will not possess or exercise investment discretion with respect to this service offering.

We would exercise discretion on behalf of a client only if the client authorized us to do so, in writing, prior to Byron Financial facilitating any such transactions (i.e., bond ladders and trust arrangements). By granting investment discretion, our firm is authorized to execute securities transactions, determine which securities are bought and sold, and the total amount to be bought and sold. As may be separately agreed to in writing, we will observe any other specific limitations that may be imposed by you in relation to this discretionary authority.

#### **Item 17: Voting Client Securities**

We do not accept proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

### **Item 18: Financial Information**

We are not required to provide financial information in this Brochure because:

- We do not require the prepayment of more than \$1,200 in fees and six or more months in advance.
- We do not take custody of client funds or securities.
- We do not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.
- We have never been the subject of a bankruptcy proceeding.