

## FINANCIAL ADVISORS PROGRAM

# PART 2A

# APPENDIX 1

## PROGRAM BROCHURE

Current as of March 31, 2022

**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 Appendix 1 ("Appendix 1") on March 30, 2021. Since then the following changes have occurred:

- Item 4 – Services, Fees and Compensation: The Firm has eliminated the conflict of interest where the Advisory Representative pays the separate transaction costs.
- Item 4 – Services, Fees and Compensation: The FAP Program is not being offered to new customers and is only available to the existing owners.
- Item 4 – Services, Fees and Compensation: With regard to any assets invested in mutual funds that are advised by SAA or an affiliate of SAA (as described in the Firm's 2A at [www.securitiesamerica.com](http://www.securitiesamerica.com)), the assets will be excluded from the calculation of the Administrative Fee.
- Item 4 – Services, Fees and Compensation: The surcharge fee is no longer paid by your Advisory Representative in wrapped accounts and will now be paid by the client.
- Item 4 – Services, Fees and Compensation: The Confirmation Fee and Prospectus Fee are no longer being waived.
- Item 4 – Services, Fees and Compensation: The maximum fees for fee updates within the Program has been increased.
- Item 9 – Additional Information: The disclosure of disciplinary action related failure to implement policies and procedures for the review of automatically generated surveillance alerts was added.

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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 SEC as a broker-dealer engaged in the offer and sale of securities products and is a member of the Financial Industry Regulatory Authority ("FINRA"). Advisory products and 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") is not being offered to new customers and is only available to the existing owners.

Effective on or after June 2022, SAA is amending and restating the FAP Client Agreement for clients who have such agreements. This means that for those clients, the current FAP Client Agreement is being replaced in its entirety by a new Amended and Restated Advisor Managed Portfolios Program Client Agreement. VISION 2020 Wealth Management Corp. ("V2020"), an affiliated company to SAA, will become the Manager of the Program that our Advisory Representatives use to support their business operations. SAA will remain the Advisor on your account and your account will continue to be managed with no interruption.

The 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. In addition, the Firm has limited discretionary trading, solely with respect to any and all transactions executed in order to convert certain mutual fund holdings in your Account to a lower-cost share class, whenever such share class is available.

### **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:

- i. 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").
- ii. 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.
- iii. 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.
- iv. 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.

## 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 - \$249,999	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 \$249,999 would be billed at X% with the remaining \$150,001 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 Schedules

### *Wrap Fee Option*

If you select the Wrap Fee option, you will pay a single Account Fee that is inclusive of ticket charges for the purchase and sale of securities. 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. Our policy and procedures are designed to ensure Advisory Representative’s with SAA recommend Wrap Fee Advisory Accounts only for actively managed accounts.

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. Please see below for the associated fee schedules. Please note, that older accounts can be under different fee schedules where the maximum total Account Fee paid by the client could be higher (up to 3.00%) than disclosed below. The actual Account Fee schedule will be shown in your Fee Schedule.

The Wrap Account Fee is composed of two components, the “Administrative Fee” and the “Advisory Fee.” The rates charged for these components are determined based on several factors described in more detail below, including but not limited to the size of your account, services provided, and the Advisory Fee negotiated. The annual Account Fee schedule applied to your account will not exceed 2.50% of Program Assets for new accounts. Please note, that older accounts can be under different fee schedules where the

maximum total Account Fee paid by you could be higher (up to 3.00%). The actual Account Fee schedule will be shown in the Fee Schedule. The Account Fee charged in any given month or quarter will be reflected in the account statements sent to client.

#### Administrative Fees

The portion of the Account Fee allocated to the Administrative Fee 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 with a maximum of 0.26%. With regard to any assets invested in mutual funds that are advised by SAA or an affiliate of SAA<sup>1</sup> (as described in the Firm's 2A at [www.securitiesamerica.com](http://www.securitiesamerica.com)), the assets will be excluded from the calculation of the Administrative Fee.

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 can be a partial or full 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.

#### Advisory Fees

The Advisory Fee is the remainder of the Account Fee and is primarily paid to your Advisory Representative 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. Advisory Fees are negotiated on a case-by-case basis, depending on a variety of factors, including the nature and complexity of the particular service, your relationship with us and our 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 your account.

#### *Unwrapped Fee Option*

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 where the maximum total Account Fee paid by the client could be higher (up to 3.00%) than disclosed below. The actual Account Fee schedule will be shown on the Fee Schedule.

#### Administrative Fees

The portion of the Account Fee allocated to the Administrative Fee 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 with a maximum of 0.17%. With regard to any assets invested in mutual funds that are advised by SAA or an affiliate of SAA<sup>1</sup> (as described in the Firm's 2A at [www.securitiesamerica.com](http://www.securitiesamerica.com)), the assets will be excluded from the calculation of the Administrative Fee

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

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<sup>1</sup> Ladenburg Thalmann Asset Management, Inc. ("LTAM") is an SEC registered investment adviser affiliated with VISION2020 Wealth Management Corp. LTAM offers the Ladenburg Funds (i.e., Ladenburg Income Fund, Ladenburg Income & Growth Fund, Ladenburg Growth & Income Fund, Ladenburg Growth and Ladenburg Aggressive Growth), each of which is an open-end fund; as well as the Total Portfolio Series funds (Collective Investment Trusts) established for retirement plans. Our Advisory Representative can recommend clients invest in these funds as well as other Ladenburg portfolios. Transactions within these funds are executed through Ladenburg Thalmann & Co, Inc. (a registered broker/dealer affiliated with VISION2020 Wealth Management Corp.) which receives no commissions when executing trades on behalf of the Funds.

billings of all clients your Advisory Representative maintains in the Program. The discount ranges can be a partial or full 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.

#### Advisory Fees

The Advisory Fee is the remainder of the Account Fee and is primarily paid to your Advisory Representative 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. Advisory Fees are negotiated on a case-by-case basis, depending on a variety of factors, including the nature and complexity of the particular service, your relationship with us and our 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 your account.

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 refer to the [Client Fee Disclosure - Pershing Clearing](#) and [Client Fee Disclosure - NFS Clearing](#) located at [www.securitiesamerica.com/disclosures](http://www.securitiesamerica.com/disclosures) to find additional details regarding custodial fees.

#### **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*

No-load, institutional share classes and Class A share purchases at NAV mutual funds may be purchased without incurring transaction costs subject to a \$500 minimum purchase amount through Pershing (the "Pershing Mutual Fund NTF Program"). If a mutual fund in the Pershing NTF Program is sold prior to a 2 month hold/redemption period, a \$25.00 charge will be passed on to you, under both wrap and non-wrap fee contracts (except for wrap programs where we pay the ticket charge). This charge is in addition to other fees, charges, and restrictions that may be imposed by the mutual fund company for short-term trading and redemptions. Please see the below table as a reference guide.

Purchases of \$500 or more	\$0.00
Purchases Less Than \$500	\$7.00
Redemptions held 2 months or longer	\$0.00
Redemptions held Less Than 2 months	\$25.00

##### *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 Account*

A surcharge of up to \$10 is assessed to you for transactions in certain mutual funds. The surcharge applies to each purchase and sale transaction for such mutual funds but excludes exchanges and periodic investments. Upon request, your Advisory Representative will provide you with a list of mutual funds subject to the surcharge fee. This list is subject to change from time to time. For additional information regarding these fees, please refer to the Client Fee Disclosure - Pershing and Client Fee Disclosure - NFS located at [www.securitiesamerica.com/disclosures](http://www.securitiesamerica.com/disclosures).

### **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.

The variable annuity policy prospectus contains information about limitations and restrictions on making cash additions and withdrawals from any 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.

### **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.

For more information on these charges, please ask your Advisory Representative or please refer to the [Client Fee Disclosure - Pershing Clearing](#) and [Client Fee Disclosure - NFS Clearing](#) located at [www.securitiesamerica.com/disclosures](http://www.securitiesamerica.com/disclosures) to find additional details regarding custodial fees.

## **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 share 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 share 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.

### **Sweep Program**

When your Program Account is maintained at Pershing or NFS, as part of the Sweep Program, your Free Credit Balance will be automatically deposited or "swept" to a deposit account at one or more banks whose deposits are insured by the FDIC (up to applicable limits) or, in limited cases, a money market mutual fund product (collectively, the "Sweep Program").

As set forth in the terms of your Customer Agreement with SAI, you may remove your Program Account from participating in the Sweep Program by notifying your Advisory Representative. In addition, there are always alternatives for the short-term investment of cash balances that may offer higher returns than the sweep options made available to you.

### **Sweep Program – Pershing**

#### Eligible Products

1. FDIC Insured Deposit Program (*BDSP & ICAP*)
2. Money Market Mutual Fund

Accounts custodied at Pershing will be eligible for the Pershing sweep program the ("Sweep Program – Pershing"). The Sweep Program – Pershing automatically transfers free credit balances in your account to a deposit account at one or more banks whose deposits are insured by the Federal Deposit Insurance Corporation (the Bank Deposit Sweep Program ("BDSP") or the Insured Cash Account Program ("ICAP")) or, in limited cases, to a money market mutual fund product (the "Money Market Mutual Fund Program").

### **FDIC Insured Deposit Program (*BDSP & ICAP*)**

#### Eligible account types: all accounts except ERISA Title 1 accounts, 403(b)(7), & Keogh plans

Free credit balances swept to a deposit account earn interest that is compounded daily and credited to your account monthly. Interest begins to accrue on the date of deposit with the banks participating in the program ("Program Banks"), through the business day preceding the date of withdrawal from the deposit account. The daily rate is 1/365 (or 1/366 in a leap year) of the posted interest rate.

#### Bank Deposit Sweep Program - *BDSP*

SAI has established deposit levels or tiers which ordinarily pay different rates of interest on different deposit balances; accounts with higher deposit balances may receive higher rates of interest than those with lower

balances. The amount of interest you receive on deposit accounts will be determined by the amount of interest paid by the Program Banks, minus the amount of fees charged by Pershing, SAI, and other service providers. Interest rates paid on the deposit accounts may be higher or lower than interest rates available to depositors making deposits directly with Program Banks or with other depository institutions in comparable accounts. The amount of fees received by SAI, Pershing, and any other service provider reduces the interest you receive on your deposit account(s). Your Advisory Representative does not receive any portion of the fees paid by the Program Banks.

#### Insured Cash Account Program - ICAP

SAI will receive a monthly per-account fee (not to exceed \$21.25) for services it provides in connection with maintaining and administering the Sweep Program for IRA accounts held in an advisory/ fee-based office range (the "Sweep Account Fee"). The Sweep Account Fee is not based on the amount of assets in the FDIC Program or in your Program Account, and it does not depend on or vary with (and is not affected by) the actual amounts held in the deposit accounts or your Program Account. The Sweep Account Fee will reduce the interest you are paid on the amount of assets in your Program Account. The Sweep Account Fee will generally be paid by the Program Banks on your Program Account's behalf; however, the Fee or a portion thereof may be deducted directly from your Program Account if, for example, the amounts paid by the Program Banks are insufficient to cover the Fee. In a low interest rate environment, SAI at its discretion may decide to waive (that is, to not collect) all or a portion of the Fee paid by the Program Banks. Waiving all or a portion of the Sweep Account Fee will reduce the impact of the Fee on the interest you receive. Under this Program, SAI will receive a fee from the Program Banks in connection with the deposit accounts. The fee received may differ among each Program Bank. You will have no rights to the amounts paid by the Program Banks, except for interest actually credited to your account. The amount of fees received by SAI, Pershing, and any other service provider reduces the interest you receive on your deposit account(s).

Your Advisory Representative does not receive any portion of the fees paid by the Program Banks.

#### **Money Market Mutual Funds**

Free credit balances in the following brokerage account types will be automatically swept into the Federated Hermes Government Reserves Fund ("Fund") (GRFXX), which is managed by Federated Hermes Investors ("Federated Hermes"):

- All ERISA Title 1 account types, including Profit Sharing Plans, 401(k), Roth 401(k), Simple 401(k), Individual 401(k), qualified deferred compensation plans, defined benefit plans, target benefit plans, and money purchase pension plans
- 403(b)(7) accounts
- Keogh plans

The Federated Hermes Government Reserves Fund is a money market mutual fund and seeks to maintain a stable share price of \$1.00. The Fund invests primarily in a portfolio of short-term U.S. Treasury and government securities. These investments include repurchase agreements collateralized fully by U.S. Treasury and government securities. The Fund uses repurchase agreements to provide a liquidity base for the portfolio and a potential yield advantage relative to other short-term securities. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

SAI does not receive any additional compensation from the Fund.

For additional information about the [Sweep Program](http://www.securitiesamerica.com/disclosures-sweep-program-resources) please visit our website located at [www.securitiesamerica.com/disclosures-sweep-program-resources](http://www.securitiesamerica.com/disclosures-sweep-program-resources).

## **Sweep Program – NFS**

### Eligible Products

1. FDIC Insured Deposit Program (*BDSP & ICAP*)
2. Money Market Mutual Fund

Accounts custodied at NFS will be eligible for the NFS sweep program, the (“Sweep Program – NFS”). The Sweep Program automatically transfers free credit balances to a deposit account at one or more banks whose deposits are insured by the Federal Deposit Insurance Corporation (the Bank Deposit Sweep Program (“BDSP”) or the Insured Cash Account Program (“ICAP”)) or, in limited cases, to a money market mutual fund product (the “Money Market Mutual Fund Program”).

### **FDIC Insured Deposit Program (*BDSP & ICAP*)**

Eligible account types: all accounts except ERISA Title 1 accounts, 403(b)(7), & Keogh plans

Free credit balances swept to a deposit account earn interest that is compounded daily and credited to your account monthly. Interest begins to accrue on the date of deposit with the banks participating in the program (“Program Banks”), through the business day preceding the date of withdrawal from the deposit account. The daily rate is 1/365 (or 1/366 in a leap year) of the posted interest rate.

### Bank Deposit Sweep Program – *BDSP*

SAI has established deposit levels or tiers which ordinarily pay different rates of interest on different deposit balances; accounts with higher deposit balances may receive higher rates of interest than those with lower balances. The amount of interest paid on deposit accounts will be determined by the amount of interest paid by the Program Banks, minus the amount of fees charged by SAI, NFS, and other service providers. Interest rates paid on the deposit accounts may be higher or lower than interest rates available to depositors making deposits directly with any Program Banks or with other depository institutions in comparable accounts. Your Advisory Representative does not receive any portion of the fees paid by the Program Banks. The amount of fees received by SAI, NFS, and any other service provider reduces the interest you receive on your deposit account(s).

### Insured Cash Account Program – *ICAP*

SAI will receive a monthly per-account fee (not to exceed \$26) for services it provides in connection with maintaining and administering the Sweep Program for IRA accounts held in an advisory/fee-based office range (the “Sweep Account Fee”). The Sweep Account Fee is not based on the amount of assets in the FDIC Program or your Program Account, and it does not depend on or vary with (and is not affected by) the actual amounts held in the deposit accounts or your Program Account. The Sweep Account Fee will generally be paid by the Program Banks on your Program Account's behalf; however, the Fee or a portion thereof may be deducted directly from your Program Account if, for example, the amounts paid by the Program Banks are insufficient to cover the Fee. In a low interest rate environment, SAI at its discretion may decide to waive (that is, to not collect) all or a portion of the Fee paid by the Program Banks. Waiving all or a portion of the Sweep Account Fee will reduce the impact of the Fee on the interest you receive. Your Advisory Representative will not receive any portion of the fees paid by the Program Banks. The amount of fees received by SAI, NFS, and any other service provider reduces the interest you receive on your deposit account(s). Under this Program, SAI will receive a fee from the Program Banks in connection with the deposit accounts. The fee received may differ among each Program Bank. You will have no rights to the amounts paid by the Program Banks, except for interest actually credited to your account. The amount of fees received by SAI, NFS, and any other service provider reduces the interest you receive on your deposit account(s).

Your Advisory Representative does not receive any portion of the fees paid by the Program Banks.

## Money Market Mutual Funds

Free credit balances in the following brokerage account types will be automatically swept into either the Fidelity Government Cash Reserves Fund (FDRXX), or the Fidelity Government Money Market Fund – Capital Reserves Class (FZAXX) (“Funds”), which are both managed by Fidelity Investments:

- All ERISA Title 1 account types, including Profit Sharing Plans, 401(k), Roth 401(k), Simple 401(k), Individual 401(k), qualified deferred compensation plans, defined benefit plans, target benefit plans, and money purchase pension plans
- 403(b)(7) accounts
- Keogh plans

The Fidelity Government Cash Reserves Fund and the Fidelity Government Money Market Fund are money market mutual funds and seek to maintain a stable share price of \$1.00 per share. Both Funds invest at least 99.5% of their total assets in cash, U.S. Government securities and/or repurchase agreements that are collateralized fully (i.e., collateralized by cash or government securities). Both Funds invests in U.S. Government securities issued by entities that are chartered or sponsored by Congress but whose securities are neither issued nor guaranteed by the U.S. Treasury. Although the Funds seek to preserve the value of your investment at \$1.00 per share, neither can guarantee they will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

SAI does not receive any additional compensation from the Funds.

For additional information about the [Sweep Program](http://www.securitiesamerica.com/disclosures-sweep-program-resources) please visit our website located at [www.securitiesamerica.com/disclosures-sweep-program-resources](http://www.securitiesamerica.com/disclosures-sweep-program-resources).

## Material Conflicts of Interest

Because the Sweep Program – Pershing and Sweep Program – NFS generate payments from third parties to SAI, a conflict of interest exists. A conflict of interest also arises because we earn more compensation from cash balances being swept to or maintained in the Sweep Program than if you purchase other investment funds or securities. This additional compensation is in addition to the management fee that SAA receives in connection with such assets 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 a Sweep Program over which they have control of certain functions. SAI has the ability to establish and change interest rates paid on Sweep Program balances, to select or change Participant Banks, and to determine the tier levels at which interest rates are paid, all of which generates additional compensation for SAI. SAI may earn up to a maximum of 400 basis points (4.00%) annually on the amounts deposited with the Program Banks through the BDSP.

The Advisory Representative who makes investment recommendations for your Program Account does not receive any compensation from these payments or based on the selection of the sweep vehicle. The Firm maintains policies and procedures to ensure recommendations made to you are in your best interest.

## Distribution Assistance

For additional information on such distribution assistance, please refer to the [Indirect Compensation Disclosure](http://www.securitiesamerica.com/disclosures) located at [www.securitiesamerica.com/disclosures](http://www.securitiesamerica.com/disclosures), 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**

This Program is closed to new clients and accounts. There is no minimum account requirement for the Financial Advisors Program.

### **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.

Please refer to the Firm's Privacy Policy located at [www.securitiesamerica.com/disclosures](http://www.securitiesamerica.com/disclosures) to find details.

## **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 Actions Related to Failure to Implement Policies and Procedures to Prevent Misappropriation of Funds

On June 30, 2021, Securities America Advisors, Inc. ("SAA") entered into a Settlement Order ("Order") with the Securities Exchange Commission ("SEC"). The SEC found that SAA violated Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder. More specifically, during the period of November 2014 to March 2018, SAA failed to implement policies and procedures for the review of automatically generated surveillance alerts before and after client disbursements to ascertain possible misappropriation.

Without admitting or denying the SEC's findings, SAA agreed to cease and desist from committing or causing any violations and any future violations of Section 206(4) of the Advisers Act Rule 206(4)-7. SAA reimbursed clients for their losses and agreed to pay a civil monetary penalty totaling \$1,750,000 to the SEC.

Additionally, SAA agreed to retain the services of an independent consultant to conduct a comprehensive review of SAA's policies and procedures designed to detect and prevent the misappropriation of assets from client accounts. We encourage all clients to review their official brokerage statements on a regular basis and report any concerns or irregularities with withdrawals to SAA.

#### 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.

This response is only intended to provide you with a summary description of our Code of Ethics. Please refer to our Code of Ethics located at [www.securitiesamerica.com/disclosures](http://www.securitiesamerica.com/disclosures) in its entirety for additional details.

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 Disclosure](#) located at [www.securitiesamerica.com/disclosures](http://www.securitiesamerica.com/disclosures).

### **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.