

Item 1 – Cover Page

**ModernFi Advisers LLC
Part 2A of Form ADV
The Brochure**

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This brochure provides information about the qualifications and business practices of ModernFi Advisers LLC (“ModernFi” or the “Firm”). If you have any questions about the contents of this brochure, please contact us at (332) 232-6730. 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 ModernFi is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Registration as an investment adviser does not imply a certain level of skill or training.

Item 2 – Material Changes

This brochure is ModernFi's initial Form ADV Part 2A submitted with the Firm's application for registration as an investment adviser with the SEC. Therefore, there are no material changes to report.

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Item 4 – Advisory Business

ModernFi is a Delaware limited liability company and was founded in 2022. ModernFi is a wholly-owned subsidiary of ModernFi, Inc., a Delaware corporation.

ModernFi provides investment advisory services to US-based, FDIC-insured depository institutions (“Banks” or “clients”). ModernFi offers two separate and distinct investment advisory services: a Deposit Management Program (“Deposit Management Program”) and a Cash Management Service (“Cash Management Service”). ModernFi’s services are limited to these types of investments.

Deposit Management Program

The Deposit Management Program is ModernFi’s deposit management offering that allows Banks to offer extended FDIC insurance on their clients’ (“Depositors”) assets (“Deposits”) and the potential for Banks and their Depositors to earn additional interest. ModernFi provides such service only to Banks directly, who may extend the offering to their Depositors. At all times, the Bank, and not ModernFi, is responsible for maintaining the initial and ongoing relationship with the Depositors. To provide extended insurance, ModernFi places Deposits at multiple US-based, FDIC-insured depository institutions (“Receiving Banks”). Deposits are allocated using a systematic algorithm, which aims to provide access to extended insurance by placing Deposits at Receiving Banks that desire funding. Banks are granted access to ModernFi’s secure website to monitor and manage Deposits. All funds are sent from Banks to Receiving Banks (and vice-versa) through a qualified, unaffiliated custodian.

As part of the Deposit Management Program, Banks and their Depositors may exclude (opt-out of) certain Receiving Banks. All such features and exclusions are outlined in the Banks’ written agreements with ModernFi. ModernFi may add or remove Receiving Banks at its sole discretion.

ModernFi is not a member of the FDIC, but all Receiving Banks where Deposits are placed are FDIC members. The FDIC is an independent agency of the U.S. government that protects against the loss of insured deposits in the event a Receiving Bank fails. FDIC deposit insurance is backed by the full faith and credit of the U.S. government.

Cash Management Service

The Cash Management Service is ModernFi’s cash management offering that provides Banks with a liquid investment option for cash held on their balance sheet. The Cash Management Service invests Bank assets exclusively in money market mutual funds (“MMMFs”). ModernFi aims to provide income to its Bank clients through a highly liquid, low volatility asset.

Accounts, funds, and securities are held at a qualified, unaffiliated custodian. ModernFi allocates Banks’ assets to MMMFs provided by its custodian. ModernFi bases its advice on Bank investment objectives and restrictions, according to the applicable advisory agreements.

As of the date of this filing, ModernFi managed \$0 in discretionary and non-discretionary regulatory assets.

Item 5 – Fees and Compensation

ModernFi generally charges Banks a fee that is based on assets under management.

Deposit Management Program

Under the Deposit Management Program, fees charged by ModernFi represent a fixed percentage of the Banks' Deposits that have been allocated to Receiving Banks.

The fixed rate retained by ModernFi is independently negotiated by each Bank and may vary across Banks and over time. Each Receiving Bank determines, at their sole discretion, the gross interest that they will pay for Deposits. The gross interest will vary across Receiving Banks and over time. The fee earned by ModernFi is not dependent on the gross interest paid by Receiving Banks and will never exceed the gross interest earned by any Bank.

The net interest earned by Banks is equal to the weighted average of gross interest paid by all Receiving Banks less the individually-negotiated ModernFi fixed percentage rate fee. Interest on Deposits at Receiving Banks is accrued daily and paid monthly to Banks. Fees are deducted from the interest paid by Receiving Banks at the same time interest is paid to Banks.

Cash Management Service

Under the Cash Management Service, ModernFi will charge each Bank client a percentage of assets under management. The percentage may vary as negotiated for each Bank and over time. ModernFi will deduct this fee at the same time income is paid to the Bank. At no point will the ModernFi fee exceed the income earned from each MMMF under the Cash Management Service.

Other Fees and Expenses

With prior notice, the custodian may charge Banks directly for specific costs incurred in processing transactions and/or administrative fees that go beyond the typical scope of the Deposit Management Program and/or Cash Management Service. Such amounts may be deducted by the custodian from the Bank's account. Additionally, Banks may charge Depositors certain fees as it pertains to the Depositors' agreements with Banks. ModernFi is not a party to any of these charges.

Item 6 – Performance Based Fees and Side-by-Side Management

ModernFi does not charge any performance-based fees.

Item 7 – Types of Clients

ModernFi provides investment advisory services to US-based, FDIC-insured depository institutions as defined in [12 U.S.C. § 1813\(c\)\(2\)](#) (Banks).

ModernFi may impose a minimum dollar commitment for both the Deposit Management Program and the Cash Management Service. However, such minimum commitment is negotiated on a case-by-case basis.

Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss

Deposit Management Program

ModernFi utilizes a systematic algorithm to allocate Deposits to Receiving Banks through its custodian. Through the Deposit Management Program, ModernFi allows Banks to offer extended FDIC-insurance to Depositors by placing Deposits at multiple Receiving Banks that desire funding.

Through the Deposit Management Program, ModernFi provides access to extended insurance coverage on Deposits. Specifically, Depositors receive pass-through deposit insurance coverage through the FDIC. All Deposits are placed in deposit accounts at Receiving Banks, including demand deposit and money market deposit accounts.

ModernFi monitors the financial health of each Receiving Bank. Specifically, the Firm uses quarterly public data from the FFIEC to assess and grade the capital adequacy, asset quality, earnings, liquidity, and sensitivity to interest rates of all Receiving Banks. ModernFi only allocates assets to institutions with high scores in all categories. In addition, ModernFi only allocates assets to institutions that the Firm considers to be well capitalized. ModernFi requires each Receiving Bank to make a representation to their well-capitalized status on an ongoing basis. The Firm may supplement its analysis using public data from sources such as the FDIC, OCC, and Federal Reserve.

ModernFi may use manual intervention to amend its systematic allocation in cases where, for example, the health of a Receiving Bank is declining or a Receiving Bank has limited space on their balance sheet.

ModernFi is not a member of the FDIC, but all Receiving Banks where Deposits are placed are FDIC members. The FDIC is an independent agency of the U.S. government that protects against the loss of insured deposits in the event a Receiving Bank fails. See **Depository institution risk** below for more details.

Cash Management Service

The Cash Management Service is ModernFi's cash management offering that provides Banks with a liquid investment option. The Cash Management Service invests Bank assets exclusively in money

market mutual funds (MMMFs). By allocating assets to MMMFs, ModernFi aims to provide income to its Bank clients while maintaining liquidity and low volatility.

Accounts, funds, and securities are held at a qualified, unaffiliated custodian. ModernFi allocates Banks' assets to MMMFs through its custodian. ModernFi bases its advice on Bank investment objectives and restrictions, according to the applicable advisory agreements.

ModernFi's approach seeks to maximize current income consistent with the preservation of capital and liquidity by investing directly in MMMFs. ModernFi selects MMMFs that represent a diversified portfolio of high-quality short-term debt and debt-related instruments. The strategy strives to maintain the net asset value of an account either constant at par (net of earnings) or at the value of the clients' initial capital plus earnings. The strategy will comply with applicable legal requirements. This strategy also may invest in ancillary liquid assets, such as bank deposits and instruments, consistent with applicable client restrictions and investment guidelines.

When selecting MMMFs, ModernFi evaluates each fund's liquidity and quality, including the composition of its underlying assets. ModernFi also evaluates each fund's underlying credit risk and historical return profile, in addition to whether the fund is subject to potential liquidity fees, redemption gates, or floating net asset value.

The following is a brief summary of certain material risks associated with the Firm's analysis and investment strategies. This summary does not describe every risk. **All investing involves a risk of loss that clients should be prepared to bear.**

Material Risks

Market risk. The success of client portfolio activities will be affected by general economic and market conditions, such as interest rates. The Cash Management Service may also be affected by regulatory reform risks, fluctuation of security prices, risks of issuer default, risks that a party to a transaction will fail to meet its obligations, risks that the financial services sector will perform poorly, risks of default of a credit enhancement provider, and risks of foreign investing. Clients may lose money in MMMFs. Although MMMFs classified as government funds (i.e., MMMFs that invest 99.5% of total assets in cash and/or securities backed by the U.S. government) seek to preserve value at \$1.00 per share, they cannot guarantee they will do so. The price of other MMMFs may fluctuate and when shares are sold, they may be worth more or less than originally paid. MMMFs may impose a fee upon sale or temporarily suspend sales if liquidity falls below required minimums. During suspensions, shares would not be available for purchases or sales.

Bankruptcy of a custodian or mutual fund provider could cause excessive costs or loss of client funds. If a custodian with which the Firm has an account or one of the mutual fund providers becomes insolvent or bankrupt, the Firm may be unable to recover all or even a portion of the assets maintained by clients with that custodian or provider in a timely manner.

Depository institution risk. Deposits placed at depository institutions up to the FDIC's Standard Maximum Deposit Insurance Amount (SMDIA) generally carry no principal risk because those Deposits are backed by the full faith and credit of the U.S. government. If a depository institution were to fail, ModernFi will submit a claim to the FDIC on behalf of the Depositors. Any Deposits

in excess of the SMDIA carry principal risk. Furthermore, if a Depositor holds additional deposits at a Receiving Bank, independently from the Deposit Management Program, the combination of Deposit Management Program and non-Program deposits may exceed the SMDIA and carry principal risk. ModernFi allows any Bank or Depositor to opt out of a program bank to avoid such breaching of the SMDIA. ModernFi does not monitor the level of Deposits that are not part of the Deposit Management Program at Receiving Banks. The extent to which ModernFi can provide access to extended FDIC insurance is based on the number of Receiving Banks in the Deposit Management Program and is clearly communicated to Banks within their respective agreements. As mentioned, ModernFi closely monitors the credit worthiness and overall health of each Receiving Bank. These measures, amongst others, are intended to mitigate such risks.

Data and algorithmic risk. The method of analysis and techniques employed by ModernFi are based on the information and data available to it as well as on its assumptions, assessments, and estimates, all of which are subject to error. As a result, such methods of analysis and techniques may not account for all relevant factors or may not account for any such factors correctly. More generally, there can be no assurance that such models and techniques would be effective. ModernFi algorithms may not perform as intended for a variety of reasons, including but not limited to incorrect assumptions, changes in the market, and/or changes to data inputs. Any incorrect data entries may result in undesirable asset allocations. Periodically, ModernFi may change or modify these algorithms, system code, or underlying assumptions, and these changes may have unintended consequences. ModernFi conducts testing designed to ensure that the Firm's algorithms continue to function as intended when new code is introduced and existing code is updated. Although such testing is intended to ensure that code changes do not create unintended consequences, clients should understand that testing, no matter how comprehensive, cannot guarantee the absence of code-related issues with the Firm's algorithms.

Cybersecurity breaches and identity theft. The information and technology systems of the Firm and its affiliates, the clients, and their service providers may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons, other security breaches, and/or usage errors by their respective professionals. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security.

Although the Firm has implemented measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time, or cease to function properly, the Firm, the clients, or their service providers may have to make a significant investment to fix or replace them. The failure of these systems for any reason could cause significant interruptions in such parties' operations and/or a failure to maintain the security, confidentiality, or privacy of sensitive client data, including personal information relating to Depositors. Such a failure could harm the reputation of the Firm or its clients and subject any such entity and their respective affiliates to legal claims and/or otherwise affect their business and financial performance. Specifically, cyberattacks and the failure of such systems may interfere with the processing of wires, cause the release of confidential information, and/or subject the clients to compliance costs. The clients could be negatively impacted as a result.

Business continuity risk. ModernFi has adopted a business continuation strategy to maintain critical functions in the event of a partial or total building outage affecting the Firm's office or a technical problem affecting applications, data centers, or networks. The recovery strategies are designed to limit the impact on clients from any business interruption or disaster. Nevertheless, ModernFi's ability to conduct business may be curtailed by a disruption in the infrastructure that supports the Firm's operations and the region in which the Firm's office is located. In addition, ModernFi's management activities may be adversely impacted if certain service providers to the Firm or the clients fail to perform their services.

Business, terrorism, and catastrophe risks. Clients are subject to the risk of loss arising from exposure that it may incur, indirectly, due to the occurrence of various events, including hurricanes, earthquakes, and other natural disasters, nuclear accident, terrorism, and other catastrophic events such as a pandemic. These catastrophic risks of loss can be substantial and could have a material adverse effect on ModernFi's business and clients' assets and portfolio investments.

Item 9 – Disciplinary Information

ModernFi and its employees have not been involved in any legal or disciplinary events that would be material to a client's evaluation of the Firm or its personnel.

Item 10 – Other Financial Industry Activities and Affiliations

Neither ModernFi, nor any of its employees, are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

In addition, neither ModernFi, nor any of its employees, are registered or have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

ModernFi and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

ModernFi has adopted a written code of ethics that is applicable to all employees pursuant to rule 204A-1 under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Among other things, the code of ethics requires ModernFi and its employees to act in clients' best interests, abide by all applicable regulations, avoid even the appearance of insider trading, and pre-clear and report on all reportable personal securities transactions. ModernFi's restrictions on personal securities

trading apply to employees, as well as employees' family members living in the same household. A copy of ModernFi's code of ethics is available upon request for any current or prospective client.

The Chief Compliance Officer monitors employee trading to ensure that employees do not engage in improper transactions. As a general matter, the Chief Compliance Officer will not grant preclearance if it would appear that an employee's trading could disadvantage the Firm's clients.

ModernFi believes that these general principles are a core part of its obligations undertaken as an investment adviser and instills in employees ModernFi's commitment to honesty, integrity, and professionalism.

All employees are required to acknowledge receipt and understanding of the code of ethics both as a condition of initial employment and on an annual basis. Employees who violate the code of ethics may be subject to disciplinary action, up to and including termination of employment.

Item 12 – Brokerage Practices

ModernFi does not engage broker-dealers in connection with the administration of the Deposit Management Program.

For the Cash Management Service, the custodian uses a broker-dealer in order to complete securities transactions when investing in MMMFs. ModernFi plays no role in the custodian's process for selecting a broker-dealer. ModernFi takes into account a range of applicable factors when hiring custodians or other intermediaries for the purpose of completing said transactions. Factors include general expertise and background, the type and size of the transaction involved, the stability or solvency of the service provider or counterparty, settlement capabilities, time required to complete the transaction, and/or any arrangements relating to overall performance in the best interest of the clients. In doing so, ModernFi will seek to obtain best execution. As noted in *Item 5 – Fees and Compensation*, the custodian may charge the Banks other fees and expenses for processing transactions and/or administrative fees. ModernFi is not a party to these charges.

Soft Dollar Benefits

ModernFi does not currently receive (or anticipate receiving) research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions.

Brokerage for Client Referrals

ModernFi does not compensate any custodian or broker-dealer for referring client accounts.

Directed Brokerage

Brokerage commission rates in the U.S. are not fixed by any authority but are subject to negotiation. Clients that direct ModernFi to use a particular broker or dealer to execute all transactions would be responsible for negotiating commission rates with the broker. To the extent that clients direct brokerage and negotiate their own commission rates, it is possible that such clients may have commission arrangements that are more or less favorable than other clients that use the same

directed broker. As such, this practice may cost clients more money. For example, in a directed brokerage account, the client may pay higher brokerage commissions because the Firm may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.

ModernFi does not permit clients to direct brokerage.

Item 13 – Review of Accounts

Accounts under ModernFi’s management are monitored on an ongoing basis by the Chief Executive Officer, the Chief Financial Officer, and/or the Chief Compliance Officer. Such reviews may include, for example, the review of allocations to confirm that accounts are rebalanced as intended, that portfolios are managed in accordance with applicable advisory agreements, and that ModernFi adequately monitors the depository institutions in the Deposit Management Program to review, amongst other things, their credit worthiness, capital adequacy, asset quality, earnings, liquidity, and sensitivity to interest rates.

As the portfolios are reviewed on an ongoing basis, ModernFi will generally address any triggering events as part of such ongoing reviews. That said, certain events may require the Firm to take prompt or immediate action. For example, in the event a Receiving Bank were to fail, ModernFi will submit an insurance claim to the FDIC on behalf of the affected Depositors. To address this risk, ModernFi closely monitors the credit worthiness and overall health of each depository institution. If the health of an institution were to decline materially, ModernFi may reduce allocation to the institution and may remove the institution from its Deposit Management Program. Other triggering factors for the Cash Management Service may include, but are not limited to, overall market movement, security-specific events and corporate events, a significant change to one or more of the securities owned by a particular client, changes to the client’s risk/return objectives, net taxes incurred, or historical turnover.

As general matter, ModernFi provides the location and balances of allocated deposits using a secure website to its Bank clients. ModernFi provides monthly reporting statements to its Bank clients, which include account balances, interest earned if applicable, and investment performance if applicable. ModernFi gathers consent to electronically provide account information. Banks are responsible for reporting and passing on this information to their Depositors, as outlined in each Bank’s written agreement with their Depositors.

ModernFi’s qualified, unaffiliated custodian will keep complete, accurate, and current records of all receipts from and disbursements to Bank clients and all aggregate transfers of Banks’ funds. Subject to the custodian’s obligations of confidentiality with respect to all of its clients, Banks may examine such records at any reasonable time during the custodian’s normal business hours. The Firm urges clients to compare the account statements received from ModernFi to any account statements received from the custodian.

ModernFi will report and provide information on its secure website and/or in the form of reports on items related to each Bank client’s performance. Clients are strongly encouraged to coordinate with a qualified tax professional for all tax related matters. ModernFi does not provide tax advice.

Item 14 – Client Referrals and Other Compensation

ModernFi does not receive any economic benefit for providing investment advice or other advisory services from someone who is not a client.

ModernFi does not directly or indirectly compensate any third party for client referrals.

Item 15 – Custody

ModernFi does not maintain custody of clients' funds and/or securities. ModernFi utilizes a qualified, unaffiliated custodian to hold clients' funds and/or securities. For the Deposit Management Program, funds will be held in the name of the custodian, acting as custodial agent for ModernFi Advisers LLC for the benefit of its Bank clients which may be acting for the benefit of others. For the Cash Management Service, securities will be held in separately managed accounts in the name of each Bank client.

ModernFi provides reporting statements to Bank clients. The Firm urges clients to compare the account statements received from ModernFi to any account statements received from a qualified custodian.

Item 16 – Investment Discretion

Any limitations on authority are included in the respective agreement that is executed between ModernFi and a Bank client at the inception of the advisory relationship.

Under the Deposit Management Program, ModernFi acts as agent for Banks, the Banks which in turn act as agents for their Depositors. ModernFi enters agreements with Banks, and Banks independently enter agreements with Depositors at the onset of the advisory relationship. ModernFi is not party to any agreements between Banks and their Depositors. On an ongoing basis, Banks and Depositors may opt out of allocating deposits to specific Receiving Banks.

Under the Cash Management Service, ModernFi receives discretionary investment authority from its Bank clients at the outset of the advisory relationship. ModernFi will endeavor to direct Banks' assets to the most suitable MMMFs that are eligible to participate in the Cash Management Service.

Item 17 – Voting Client Securities

Proxy voting is currently not applicable to the Deposit Management Program or the Cash Management Service. When applicable, ModernFi does not vote client securities, nor does it provide advice about proxy solicitations. In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Advisers Act, ModernFi has adopted and implemented written policies and

procedures governing the voting of client securities. All proxies that ModernFi receives will be treated in accordance with these policies and procedures.

A copy of ModernFi's proxy voting policies and procedures, as well as specific information about how the Firm has voted in the past (as applicable), is available upon written request by reaching out to the contact information included on the Cover Page of this brochure.

Item 18 – Financial Information

ModernFi does not require or solicit the prepayment of more than \$1,200 in fees per client, six months or more in advance.

ModernFi has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.