



Wedbush Securities Inc. Part 2A Appendix 1 of Form ADV Wrap Fee Program Brochure

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This Part 2A Appendix 1 of Form ADV (the “Wrap Fee Program Brochure” or the “Brochure”) provides information about the qualifications and business practices of Wedbush Securities Inc. (“WS” or the “Adviser”). If you have any questions about the contents of this brochure, please contact us at (213) 688-8000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Wedbush Securities Inc. is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Item 2. Material Changes

There have been no material changes that WS has made to sections of the Brochure since our last update on January 13th, 2022.

Additional information about Wedbush Securities Inc. is also available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by using a unique identifying number which is known as a CRD number. The firm's CRD number is 877.

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Item 4. Services, Fees and Compensation

WS's Advisory Services

WS was originally founded in 1955 by Edward W. Wedbush, as Wedbush & Company. Gary Wedbush is the current President of Wedbush Securities. Through the acquisitions of Noble, Cooke & Co. (1969), William R. Staats Co., Inc. (1975), and Morgan, Olmstead, Kennedy & Gardner (1988), as well as internal growth, WS continues to expand on its rich heritage by introducing innovative products and providing financial and investment services to individuals, institutions and issuing clients. Headquartered in Los Angeles, California, with offices throughout the United States, WS is the largest holding of its parent company Wedbush Financial Services, LLC. WS provides innovative financial solutions through our Wealth Management, Fixed Income, Commodities, and Securities Lending, Capital Markets, and Advanced Clearing and Prime Services divisions. WS is a broker dealer and investment adviser registered with the Securities and Exchange Commission (SEC).

Through its Wealth Management division, WS provides investment advice and management services on discretionary and non-discretionary basis to institutional and individual clients. This Brochure provides description of its wrap fee programs. A wrap fee is an all-inclusive fee assessed annually and typically charged quarterly to cover investment advice, execution, clearing, settlement services, custody of assets, and administrative services.

Additionally, WS offers non-wrap fee programs and Financial Planning services to its clients. A description of the programs and Financial Planning services are disclosed in WS's Form ADV Part 2A.

Assets Under Management

As of June 30, 2022, WS had assets under management of \$3,857,311,726, of which \$2,636,909,879 was managed on a discretionary basis and \$1,220,401,847 was managed on a non-discretionary basis.

Advisory Wrap Fee Programs

WS offers four different programs under its wrap fee arrangement: *Managed Account Program*, *Discretionary Advisory Account Program*, *Non-Discretionary Advisory Account Program*, and *Strategist Advisory Account Program*. Additional information on each of the programs is below.

Managed Account Program

The Managed Model Account (MMA) offering is WS's dedicated separate account management service designed to deliver long-term investment solutions to institutional and private clients. The MMA accounts are administered by WS's Wealth Management division, by the Wedbush Asset Management Group (WAM). The services provided by WAM may include performing due diligence on investment managers, monitoring investment managers for performance, style consistency, and organizational stability. WS provides trade execution, custodial services, trade confirmations, and periodic client account statements.

The Separately Managed Account (SMA) offering is WS's dedicated separate account management service designed to deliver customized long-term investment solutions to institutional and private clients. The SMA accounts are administered by WAM. The services provided by WAM may include performing due diligence on investment managers, monitoring investment managers for performance, style consistency, and organizational stability. WS provides trade execution, custodial services, trade confirmations, and periodic client account statements. This program allows a single third-party manager to execute investment orders directly in client accounts.

The Unified Managed Account (UMA) offering allows multiple third-party MMA strategies in a single WS account. The UMA accounts are administered by WAM. The services provided by WAM may include performing due diligence on investment managers, monitoring investment managers for performance, style consistency, and organizational stability. WS provides trade execution, custodial services, trade confirmations, and periodic client account statements.

The Independent Manager Account (IMA) offering allows independent portfolio managers to manage WS client assets on a discretionary basis. Clients evaluate and select investment managers based on an independent evaluation of the money manager's disclosure documents and other information furnished by the manager. WS does not perform any due diligence on the managers in the IMA accounts. WS relies upon the investment managers to provide accurate information, including performance data, and does not independently verify the accuracy of information provided. Transactions for IMA accounts are generally effected through or with WS.

Fees and compensation for MMA, SMA, and UMA accounts

WS's fee schedule, as set forth below, is a sliding scale based on the size of the client assets under management. The fees charged for participation in a Managed Account Program may be higher than if the client were to purchase the individual securities without participation in the managed program. The fees listed in the schedule below are negotiable but will typically not exceed 3% per year. WS deducts management fees from client accounts quarterly, in advance, retains its portion of the fees, and forwards the appropriate portion of these fees (pre-negotiated with the underlying investment manager based on assets under management) to the investment manager. The management fee is typically 50 basis points but can be higher or lower based on manager requirements and investment category (i.e., equity, fixed income, etc.). Of the remaining wrap fee, your Financial Consultant will generally receive up to 50% (and up to 90% for Financial Consultants on the Independent Contractor platform). The accounts are subject to a minimum quarterly fee of \$250 (\$1,000 annually). Account terminations result in a pro-rata return of fees billed but not yet incurred.

Typical Client Fee Schedule is as follows:

Account Size	Annualized Overall Fees (% of assets)
Up to \$250,000	3.00%
\$250,001 to \$500,000	2.80%
\$500,001 to \$1,000,000	2.50%

\$1,000,001 to \$3,000,000	1.90%
\$3,000,001 to \$5,000,000	1.60%
\$5,000,001 and above	Negotiable

Fees and compensation for IMA accounts

The following table is the fee schedule for the IMA accounts. In exchange for services provided under this program, clients will pay a quarterly fee based on the amount of assets held in the account, which covers investment advisory services provided to the account by the independent portfolio manager(s), and to WS for custodial services and trade execution through or with WS. The fees charged for participation in IMA may be higher than if the client were to purchase the individual securities without participation in IMA. WS deducts management fees from client accounts quarterly, in advance. There is no termination fee, and terminations result in a pro-rata return of fees billed but not yet incurred. Generally, the fees assessed by WS are negotiable. Fees charged by WS for their services would be described and disclosed in the client's Managed Assets Client Agreement (the "Account Agreement") but *typically* would not exceed 3%. The portfolio manager will *generally* receive up to 50 basis points of the wrap fees but can be higher or lower based on manager requirements and investment category (i.e., equity, fixed income, etc.). Of the remaining wrap fee, your Financial Consultant will generally receive up to 50% (and up to 90% for Financial Consultants on the Independent Contractor platform). Fees charged by the independent money managers for their services would be described and disclosed separately in the money manager's client agreement and disclosure statement.

Typical Client Fee Schedule is as follows:

Account Size	Annualized Overall Fees (% of assets)
Up to \$250,000	3.00%
\$250,001 to \$500,000	2.80%
\$500,001 to \$1,000,000	2.50%
\$1,000,001 to \$3,000,000	1.90%
\$3,000,001 to \$5,000,000	1.60%
\$5,000,001 and above	Negotiable

In general, quarterly fees are payable to the independent money managers and WS for advisory services. Generally, the fees assessed by WS are negotiable and WS does not charge a termination fee. Fees charged by WS as sponsor for and manager of advisory services would be described and disclosed in the account agreement but typically would not exceed 2%. The portfolio manager will generally receive up to 50 basis points of the wrap fees but can be higher or lower based on manager requirements and investment category (i.e., equity, fixed income, etc.). Of the remaining wrap fee, your Financial Consultant will generally receive up to 50% (and up to 90% for Financial Consultants on the Independent Contractor platform). Fees charged by outside money managers for their services would

be separately described and disclosed in the money manager's client agreement and disclosure statement.

Discretionary Advisory Account Program

WS's Discretionary Advisory Account program is designed to serve the needs of institutional and individual clients. WS Financial Consultants manage and direct appropriate investment and reinvestment of the assets in client accounts consistent with the client's investment objective and risk profiles.

Fees and compensation for Discretionary Managed Account (DMA) accounts

The full service asset fee, which is based on the amount of assets under management by WS, covers investment advisory discretionary services provided by Financial Consultants and commissions and markups charged for securities transactions effected through or with WS, provided that the number of transactions does not exceed certain amount as set forth in the account agreement. Clients will pay commissions, markups, markdowns or commission equivalent, at a discounted rate, for any transaction in excess of the maximum annual trades. The minimum amount necessary to open the account is \$100,000 in assets; however, the Financial Consultant can request an exception to accept lower minimum account size. The fees charged for participation in DMA may be higher billed in advance on a quarterly basis, than if the client were to purchase the individual securities without participation in DMA. Accounts are subject to a minimum quarterly fee of \$250 (\$1,000 annually). There is no termination fee, and terminations result in a pro-rata return of fees billed but not yet incurred.

Typical Client Fee Schedule is as follows:

Account Size	Annualized Overall Fees (% of assets)
Up to \$250,000	3.00%
\$250,001 to \$500,000	2.80%
\$500,001 to \$1,000,000	2.50%
\$1,000,001 to \$3,000,000	1.90%
\$3,000,001 to \$5,000,000	1.60%
\$5,000,001 and above	Negotiable

Non-Discretionary Advisory Account Program

Self-Directed Investment Advisory (SDI) account is in a non-discretionary program in which the client has the sole authority to purchase and/or sell securities. SDI accounts will assess clients an annual fee, charged in quarterly installments. SDI accounts are designed for investors who regularly conduct

transactions in their portfolio and want their Financial Consultants to provide active management. These investors prefer to approve all transactions before execution instead of granting discretion to their Financial Consultant. This type of account is not for clients who are primarily interested in purchasing money market or mutual funds or in holding inactively traded securities.

Maximum Annual Trades

The SDI fee covers an annual maximum number of trades on eligible assets without brokerage commission for all WS trades directed by the client in client's account ("Maximum Annual Trades"). For purposes of determining Maximum Annual Trades, "trade" means any purchase or sale of a security. The initial Maximum Annual Trades are based on the SDI account value (which includes cash and money market funds) as of the opening day. Thereafter, the Maximum Annual Trades will be re-established annually, based on the SDI account value on each annual anniversary of the opening day, or revised immediately upward to include eligible assets received into the SDI account. Any unused portion of Maximum Annual Trades will not be carried over to the following anniversary year. The Maximum Annual Trades per SDI account value are as shown below.

If client directs trades in excess of the Maximum Annual Trades, such additional trades will be charged a commission at a 30% discount to WS's standard commission schedule.

<u>Account Value</u>	<u>Maximum Annual Trades</u>
\$100,000 to \$249,999	50
\$250,000 to \$499,999	60
\$500,000 to \$999,999	70
\$1,000,000 to \$2,999,999	100
\$3,000,000 to \$4,999,999	120
\$5,000,000 and above	Negotiable

Fees and compensation for SDI accounts

The SDI fee covers an annual maximum number of trades on eligible assets without brokerage commissions for all WS trades directed by the client in client's account as set forth in the account agreement and below. If client directs trades in excess of the Maximum Annual Trades, such additional trades will be charged a commission at a 30% discount to WS's standard commission schedule. The fees charged for participation in SDI may be higher than if the client were to purchase the individual securities without participation in SDI. Fees are negotiable and billed in advance on a quarterly basis. There is no termination fee, and terminations result in a pro-rata return of fees billed but not yet incurred.

Should the SDI account value be less than the required minimum opening value on any payment date as the result of withdrawals by the client, the minimum charge (agreed upon fee percentage x \$100,000) shall apply. Should the SDI account value be less than the required minimum account size on any payment date solely due to market fluctuations, the SDI fee shall be the SDI account value x the agreed upon fee percentage. In all instances, the client understands and agrees that WS shall be entitled to a minimum quarterly fee of \$250 (\$1,000 annually) per account.

Typical Client Fee Schedule is as follows:

Account Size	Annualized Overall Fees (% of assets)
Up to \$250,000	3.00%
\$250,001 to \$500,000	2.80%
\$500,001 to \$1,000,000	2.50%
\$1,000,001 to \$3,000,000	1.90%
\$3,000,001 to \$5,000,000	1.60%
\$5,000,001 and above	Negotiable

Strategist Advisory Account Program (Mutual Funds/ETF)

Clients invested in the Strategist Advisory Account Program have access to portfolios constructed of mutual funds and/or ETFs provided by independent or affiliated adviser firms that are allocated to a single account. WS acts as overlay manager and with discretion to determine the specific portfolios to be made available for the program, as well as to buy and sell securities, adjust allocations, and rebalance client accounts. The mutual funds and/or ETFs available in the program are part of the independent or affiliated adviser firm's mutual fund or ETF recommended list, as applicable, which are limited to load-waived or no-load shares of such eligible funds. Independent adviser firms review their choices on an ongoing basis and adjusts accounts when an investment held in a portfolio is no longer recommended and/or they are advised that a different investment represents a better investment opportunity for the portfolio.

Independent advisory firms consider many factors in determining an appropriate diversified allocation model for each client, including the client's account inception value, risk tolerance, and investment objectives generated from the risk tolerance questionnaire.

SEI Asset Management accounts

Clients enrolled in the SEI Asset Management accounts have access to the discretionary portfolio management services of SEI Asset Management Corporation, an independent adviser. Financial Consultants will recommend, and clients will select, an asset allocation model managed by SEI, comprised of SEI's mutual funds, consistent with such client's specified investment objectives, risk tolerance, and overall asset allocation. SEI utilizes multiple institutional managers as advisers to the SEI mutual funds. SEI is responsible for fund selection for its models and rebalancing of accounts. SEI Trust Company (a subsidiary of SEI Asset Management Corporation) acts as the transfer agent and custodian for each client account that SEI manages on a discretionary basis. Fees for the SEI Asset Management accounts and the underlying mutual funds are set by SEI and are not subject to WS's control.

Russell Strategy accounts

The Russell accounts, asset allocation and investment selection decisions are determined by Russell and implemented by WS. The Russell account models exclusively contain Russell mutual funds. Russell employs a “multimanager, multi-style” approach to investing whereby the assets of Russell funds are allocated to different money managers who employ distinct investment strategies for the funds. Russell has the right to engage or terminate a money manager at any time. These money managers may or may not be affiliated with Russell Investment Management Company, an affiliate of Russell Investment Group.

For more information on the underlying funds in the Russell models, clients should review the applicable Russell Fund prospectuses. Manager research is the core of Russell’s investment process. Russell’s manager research emphasizes both a qualitative (organization, ownership, people and investment process) and a quantitative (performance and investment profile) analysis to conduct comprehensive evaluations. Russell’s ongoing due diligence includes performance and portfolio monitoring and monthly interaction with each manager. Russell also performs annual on-site due diligence visits by both Russell investment personnel and Russell compliance and legal personnel. Fees for the Russell Management Program and the underlying mutual funds are set by Russell Investment Management Company and are not subject to WS’s control.

Morningstar Wealth Builder Program

The Morningstar® Wealth Builder Asset Allocation Series offers broad and diversified market exposure to accounts as small as \$10,000. These portfolios span the risk spectrum and use the same asset allocation process as other offerings; their ETF approach can accommodate broker- dealers, RIAs, banks, and other providers looking to provide smaller clients with a fiduciary solution. Using passive ETFs, they actively manage asset class exposures in the Morningstar Wealth Builder Asset Allocation portfolios. They roll up security-level data to the asset-class level, weighing valuation, sentiment, and other inputs before holistically building portfolios. Their disciplined and principled approach to finding value builds risk management into every purchase.

Fees and compensation for Strategist Advisory Account Program (Mutual Fund/ETF) accounts

For WS's services provided to the account, client shall pay WS a fee based on the value of the assets in the account (Asset Based Fee), in accordance with the Asset Based Fee structure, or based on such different rate as WS may subsequently declare to be its Asset Based Fee, in accordance with the account agreement. The maximum annual Asset Based Fee, payable in advance on a quarterly basis, is established according to the Asset Based Fee structure. The minimum asset amount necessary to open an account is \$10,000 (Minimum Account Size). In all instances the client understands and agrees that WS shall be entitled to a minimum quarterly fee of \$62.50 (\$250 annually) per account. Fees are negotiable. There is no termination fee, and terminations result in a pro-rata return of fees billed but not yet incurred.

The full-service asset fee, which is based on the amount of assets under management by WS, covers investment advisory services provided by money managers under the Strategist Advisory Account Program (Mutual Fund/ETF) fee.

Typical Asset Based Fee Structure (MF/ETF Accounts) is as follows:

Value of Assets	Maximum Effective Annualized %
\$10,000 - \$25,000	2.50%
\$25,001 - \$50,000	2.00%
\$50,001 and above	Negotiable

Management and Administrative Fees (Mutual Fund/ETF)

If an independent or affiliated adviser firm manages or provides portfolios, a portion of the total Asset Based Fee is applicable to management fees to compensate such independent or affiliated adviser firm for its services and strategy management. WS may have additional fees for the administrative cost of overlay trading, operational and general processing of portfolio positions within each account. Management fees vary by strategist and/or portfolio (including based on whether it is a manager-traded or WS-traded account), and are generally not negotiable and generally range as follows:

- Strategist Management Fee: 0% to 0.25%, depending on the portfolio and strategy management firm
- Administrative Fees: 0.10% to 0.25%, depending on the portfolio and strategy execution requirements

Disclosure on Financial Advisor's Conflict of Interest Relating to Brokerage and Advisory Accounts

The wrap fees charged may be higher than if the client were to purchase the individual securities without participation in the advisory programs. A non-advisory brokerage account based on commissions instead of an advisory fee-based account could be used to effect few transactions in which case the amount of revenue earned by the firm and the Financial Consultant would be less than if a wrap fee were assessed on the account's asset base. This may pose a conflict of interest in that the Financial Consultant may have an incentive to recommend a wrap fee program instead of a brokerage account. Your Financial Consultant is responsible for assessing whether a wrap fee program is appropriate for you and in your best interest based on your investment strategy and the frequency of transactions.

Additional Compensation Received by the Financial Consultant and Wedbush Securities Inc.

In addition to the wrap fee, you may be charged a mark-up, mark-down, or spreads on securities purchased or sold for your account. Different advisory programs, types accounts, money managers, or the structure of your Financial Consultant's association with WS have different fee structures. These items may pose a conflict of interest in that it provides an incentive for the Financial Consultant to recommend those investments that result in higher compensation to the Financial Consultant and/or WS. The Financial Consultant and/or their respective supervisors periodically reviews accounts to determine that investments made in your account are in your best interest.

Mutual Fund Share Classes and 12b-1 Fees

Financial Consultants seek to purchase or recommend share classes that are in the best interest of their clients, which may include mutual funds that charge 12b-1 fees that cover the mutual fund companies' distribution and shareholder services expenses. The recurring annual fees vary by share class but typically range from 0.25% to 1.00% and are included in the mutual fund's total annual fund operating expenses. The fees are deducted from the mutual fund's assets and paid to the fund's distributors or principal underwriters. WS, as a registered broker dealer, receives shareholder distribution fees from mutual fund companies under Rule 12b-1 of the Investment Company Act of 1940. This presents a conflict of interest in that it provides a financial incentive for the Financial Consultant to recommend those funds that charge their shareholders a higher 12b-1 fee. To address this conflict of interest, the 12b-1 fees received by WS, are rebated to the client accounts where an advisory fee is being assessed in the managed fee-based account.

Certain mutual funds may offer only one class of shares that charge 12b-1 fees, while other mutual funds may offer multiple share classes that are available for investment that do not charge 12b-1 fees such as institutional or advisory program share classes based upon certain eligibility and/or purchase requirements. A client who holds an institutional or advisory share class will usually pay a lower total annual fund operating expense over time than one who holds the same fund that charges a 12b-1 fee. Therefore, the 12b-1 fees will have a negative impact on investment performance.

Mutual funds often permit the conversion of shares from one class to another, subject to certain conditions as determined by the applicable fund. If a client contributes to, or holds mutual fund shares that charge 12b-1 fees in a fee-based account, such shares will be converted, if feasible, into a lower cost class of shares of the same mutual fund that are available to WS Managed Account Program. A client's mutual fund share class may not be converted if, for example, there is no equivalent share class eligible for the client or the Managed Account Program or in other circumstances. In situations whereby a 12b-1 fee is being charged in a mutual fund and no eligible lower share class is available or the purchase requirements are not met, then the 12b-1 fees will be rebated to the client's account and will be available to the client as cash. Since the rebate is in the form of cash in the client account, this may have a negative impact on the performance of the mutual fund in the client account as compared to an investment in a lower cost institutional or advisory share class of the same mutual fund. Depending on the circumstances, though not always, a client could be subjected to higher expenses overall once the shares are converted to an Institutional or advisory program share class.

Clients should discuss the impact of a conversion of mutual fund shares with their Financial Consultant prior to contributing any mutual fund investments to a managed fee-based account. The specific amount of 12b-1 fees assessed is found in a fund's prospectus and will be provided to you upon request.

Mutual Fund Networking and Shareholder Servicing Fees

Certain mutual funds pay fees to WS for the performance of administrative functions alleviating the mutual fund of the responsibility for the specific account servicing function taken on by WS or their providers. These networking and shareholder servicing fees are usually fixed dollar amounts or determined based on a percentage paid to WS from certain fund groups or their providers. If expressed as a percentage of invested client fund assets, networking and shareholder servicing fees can range from 0.02% up to but less than 0.30% annually on the value of invested fund holdings.

Important Information Regarding Wrap Fees

The wrap fee for all the advisory programs, unless stated otherwise in the Fees and Compensation section of this brochure for certain advisory wrap fee programs, typically includes the investment advisory services, execution, custodial, administrative, platform, as well as transaction, activity assessment and exchange fees.

The wrap fee does not include commissions or other charges incurred due to transactions effected through a broker or dealer other than WS.

The asset-based fee will not be adjusted during any period for appreciation or depreciation in the value of the account or for any deposits or withdrawals in the account.

Item 5. Account Requirements and Types of Clients

Account Requirements

The minimum amount necessary to open an advisory account is typically \$100,000 in assets; however, the Financial Consultant can request an exception to accept lower minimum account size. The Strategist Advisory Account Program requires a \$10,000 minimum. Accounts that fall below \$1,000 in assets will be closed and the WS Managed Assets Department will coordinate with the Financial Consultant to inform the client.

WS provides advisory services to individuals, high net worth clients, trusts, pension and profit sharing plans.

Item 6. Portfolio Manager Selection and Evaluation

Managed Account Program (MMA, SMA, UMA and IMA) Selection Criteria

Portfolio managers under the Managed Accounts Program are reviewed and selected based on a set of criteria which may include performance, assets under management, investment philosophy, years in business, education and business background. However, under the IMA program, you, and not the Financial Consultant, designate the independent portfolio managers to manage your assets on a discretionary basis.

Reviews of Portfolio Managers

Portfolio managers are reviewed on a regular basis and on an as needed basis. Portfolio managers may be replaced for the program or for the client if it does not meet certain criteria which include those mentioned above. Performance information for portfolio managers is reviewed and compared to a relevant benchmark or a qualitative process that is broader than relative benchmark comparisons. Performance information may not be calculated on a uniform and consistent basis by the various portfolio managers. WS does not verify the accuracy of the performance information. Portfolio manager performance may or may not be based on the Global Investment Performance Standards

(GIPS). The quarterly performance of your accounts is calculated quarterly and is time weighted. Performance results are calculated on a total return basis inclusive of accrued dividends and income.

Selection of Portfolio Managers for Your Accounts

Your Financial Consultant will assist you in selecting your portfolio managers for the Managed Accounts Program based on your responses to a set of criteria such as investment objectives, risk tolerance, liquidity needs and time horizon. Your Financial Consultant will help you select your portfolio managers and determine the asset allocation and investment style based on your financial situation and needs. Your Financial Consultant will receive a portion of the wrap fee in connection with the introduction of accounts and for his/her client-related services.

WS may receive advice and other services from its affiliates and other related persons.

Financial Consultants to Act as Portfolio Managers in the DMA accounts

Your Financial Consultant acts as a portfolio manager, and manages your accounts on a discretionary basis, which allows your Financial Consultant to make the investment decision regarding the purchase or sale of investments in your account, however, you may inform your Financial Consultant to not invest in certain securities or types of securities, or to invest only in certain securities or types of securities. Your Financial Consultant will purchase or sell securities in your portfolio on a discretionary basis based on a set of criteria such as investment objectives, risk tolerance, liquidity needs and time horizon. Before managing your account under a discretionary authority, your Financial Consultant must obtain approval from you, as well as from his or her Branch Office Manager. The Branch Office Manager has knowledge of your Financial Consultant's licenses/credentials, past work experience, and disclosure history and these factors are used in the review process.

Your Financial Consultant will receive a portion of the wrap fee for his/her advisory services.

Performance-Based Fee and Side-by-Side Management

WS does not charge performance-based fees with respect to the wrap fee programs.

Methods of Analysis, Investment Strategies and Risk of Loss

For the Managed Accounts Program (MMA, SMA, UMA, and IMA), your portfolio manager for these programs employs methods of analysis that are described in each adviser's disclosure document. Each portfolio manager utilizes a variety of investment strategies based on your investment objectives, financial circumstances, risk tolerance, and financial needs. Such strategies typically include long term and short-term purchases of securities.

Similarly, for the Discretionary Advisory Accounts Program, your Financial Consultant employs a variety of investment strategies based on your investment objectives, financial circumstances, risk tolerance, and financial needs. Such strategies typically include long term and short-term purchase of securities.

Risk of Loss - General

Investing in securities involves risk of loss, including the possible loss of principle, that you should be prepared to bear. You must understand that we do not guarantee any returns on any investments or investment strategies. Your investments are not bank deposits, and are not guaranteed by any agency of the U.S. government. Additionally, frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Risk of Loss - Other

The performance of your investments can also be affected by other risks such as:

Market Risk: the risk of a security's market value declining, rapidly and unpredictably for short or extended periods. These fluctuations may cause a security to be worth less than the price the investor originally paid

Liquidity Risk: the risk that a security is difficult or impossible to sell at the time and price the seller wishes. The seller may have to accept a lower price for the security, sell other securities instead, or forgo a more attractive investment opportunity

Call Risk: The risk that a bond investment will be called or purchased back from a client when conditions are favorable to the bond issuer and unfavorable to the client.

Manager Risk: The risk that an actively managed mutual fund's investment adviser will fail to execute the fund's stated investment strategy.

Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar in the future, because purchasing power is eroding at the rate of inflation.

Purchasing Power Risk: The risk that, over time, inflation will lower the value of the returned principal. This means that an investor will be able to purchase fewer goods or services with the proceeds received at maturity.

Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

Business Risk: These risks are associated with a particular industry or a particular company within an industry.

Financial Risk: Excessive borrowing to finance a business's operations increases the risk of loss, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value. Senior debt instruments (e.g., secured bonds) generally have a higher priority of payment if an issuer's financial strength declines than equity investments (e.g., common stocks). A company facing financial challenges generally must stop paying dividends to shareholders before interrupting interest payments to bondholders.

Correlation Risk: The risk that the actual correlation (a statistical measure of how two or more variables move in relation to each other) between two assets (or variables) will be different than the

correlation that was assumed or expected. Differences between the actual and expected correlation may result in a portfolio being riskier than was anticipated.

Counterparty/Default Risk: The risk that a party to a contract will not live up to (or default on) its contractual obligations to the other party to the contract.

Valuation Risk: The risk that an asset is improperly valued in relation to what would be received upon its being sold or redeemed at maturity.

Political and Legislative Risk: Companies face a complex set of laws and circumstances in each country in which they operate. The political and economic environment can change rapidly and without warning, with significant impact, especially for companies operating internationally or those companies who conduct a substantial amount of their business internationally. Political and legislative events anywhere in the world may have unforeseen consequences to markets around the world.

Credit Risk: the risk that the issuer of a security will default or otherwise become unable to honor a financial obligation. Generally, the lower a security's credit rating, the higher its credit risks. If a security's credit rating is downgraded, its price tends to decline sharply, especially as it becomes more probable that the issuer will default. Adverse changes in the creditworthiness of the issuer (whether or not reflected in changes to the issuer's rating) can decrease the current market value and may result in a partial or total loss of an investment.

Interest Rate Risk: the risk that debt prices overall will decline over short or long periods due to rising interest rates. Interest rate risk usually is modest for shorter-term securities, moderate for intermediate-term securities, and high for longer-term securities. A change in a central bank's monetary policy or improving economic conditions may result in an increase in interest rates. Rising interest rates could decrease liquidity in the fixed income securities markets, making it more difficult to sell fixed income securities. Additionally, decreased market liquidity also could make it more difficult to value a fixed income security

Reinvestment Risk: the risk that the proceeds, dividends, or interest generated from an investment are reinvested in a security that offers a lower rate of return compared to the returns generated by the original investment

Concentration/Non-diversification Risk: the risk involved with excessive exposure to securities in any one issuer, industry, or sector

Management Risk: the risk that a strategy or investment technique used by your Financial Consultant or WS may fail to produce the intended result or achieve its investment objective

Tax Risk: the risk of unfavorable tax consequences to a client that could result from the administration of a client account pursuant to the advisory services described in this Brochure

ETFs, Mutual Funds and Other Pooled Vehicles Risk

In addition to all of the risks associated with investing in securities generally, ETFs, mutual funds and other pooled vehicles are subject to the risk that they may not effectively achieve the performance of the index, industry or other market(s) they are intended to track (if they seek such tracking), in addition

to the risks that expenses reduce returns, that management is not successful at its stated program, that there are conflicts of interest, that the investment is illiquid or has low trading volume and that non-investment operations become subject to error and mismanagement, resulting in losses. These securities may also have exposure to derivative instruments, which may not perform as expected, along with other investment risks described in their prospectuses, statements of information and other disclosure documents.

High Levels of Trading Risk

Investment strategies such as portfolio rebalancing can lead to high levels of trading. High levels of trading could result in (a) bid-ask spread expense; (b) trade executions that may occur at prices beyond the bid-ask spread (if quantity demanded exceeds quantity available at the bid or ask); (c) trading that may adversely move prices, such that subsequent transactions occur at worse prices; (d) trading that may disqualify some dividends from qualified dividend treatment; (e) unfulfilled orders or portfolio drift, in the event that markets are disorderly or trading halts altogether and (f) unforeseen trading errors.

Investment Style Risk

Different investment styles tend to shift in and out of favor depending upon market and economic conditions and investor sentiment. Portfolios will outperform or underperform other portfolios that invest in similar asset classes but employ different investment styles.

Management Risk

A portfolio is subject to management risk, which is the risk that the investment process, techniques and analyses applied will not produce the desired results, and those securities or other financial instruments selected for a portfolio has in the past and likely will in the future result in returns that are inconsistent with the portfolio's investment objective. In addition, legislative, regulatory, or tax developments will affect the investment techniques or opportunities, available in connection with managing the portfolio and has in the past and likely will in the future also adversely affect the ability of the portfolio to achieve its investment objective.

Underlying Fund Risk

A portfolio investing in funds (underlying funds), includes, but is not limited to the performance of the underlying fund and investment risk of the underlying funds' investment, as the underlying funds could involve highly speculative investment techniques, including extremely high leverage, highly concentrated portfolios, workouts and startups, control positions and illiquid investments. In particular, the risks for a portfolio operating under a fund of funds structure include, but are not limited to, the following: the performance of the portfolio will depend on the performance of the underlying funds' investments; there can be no assurance that a multi-manager approach will be successful or diversified, or that the collective performance of underlying fund investments will be profitable; one or more underlying funds will be allocated a relatively large percentage of the portfolio's assets; there can be limited information about or influence regarding the activities of the underlying fund's investment advisors and underlying funds, like any other asset, will be subject to

trading restrictions or liquidity risk. Portfolio investments in underlying funds will generally be charged the proportionate share of the expenses of investing in the underlying fund(s).

Technology and Cyber Security Risks

WS and our clients rely heavily on telecommunication, information technology and other operational systems, whether WS or those of others. These systems may fail to operate properly or become disabled because of events or circumstances wholly or partly beyond our or their control. Despite the implementation of a variety of risk management and security measures, our information technology, and other systems, and those of others, could be subject to physical or electronic breaches resulting in a failure to maintain the security, availability, integrity, and confidentiality of data assets. Technology failures or cyber security breaches, deliberate or unintentional, could delay or disrupt our ability to do business or service our clients, harm our reputation, result in a violation of applicable privacy and other laws, require additional compliance costs, subject us to regulatory inquiries or proceeding and other claims, lead to a loss of clients and revenues or financial loss to our clients or otherwise adversely affect our business.

Business, Terrorism, and Catastrophe Risks

These are the risks of loss that may be incurred, indirectly, due to the occurrence of various events, including hurricanes, earthquakes and other natural disasters, 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 WS's business and on your portfolios.

Voting Client Securities

WS does not vote client proxies. Although WS may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for:

- 1) Directing the manner in which proxies solicited by issuers of securities beneficially owned by client shall be voted; and
- 2) Making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to client's investment assets.

WS, as custodian of client assets, will forward to clients copies of all proxies and shareholder communications relating to clients' investment assets.

For the Managed Accounts Program, respective third-party money managers are responsible for voting proxies on behalf of clients. Each money manager has respectively adopted policies and procedures in an effort to ensure that votes are cast in the best interests of its clients. The proxy voting policies and procedures relating to third-party money managers can generally be found in their respective Part 2A of Form ADV (or substitute brochures) and other documents prepared or information furnished by the money managers.

Item 7. Client Information Provided to Portfolio Managers

For the Separately Managed Accounts, your portfolio manager(s) will receive records necessary to initiate trading and ongoing account maintenance. Updated information will be provided to the portfolio manager(s) only as necessary to continue servicing your account.

Item 8. Client Contact with Portfolio Managers

For the Separately Managed Accounts, you may communicate directly with your portfolio manager(s) although you are encouraged to engage in such communication through your Financial Consultant.

Item 9. Additional Information

Disciplinary Information

WS is a registered investment adviser and a registered broker-dealer. The disciplinary information listed below is related to the activities of the broker-dealer and investment adviser.

In addition to the disciplinary events listed below, you can find additional information at <http://www.adviserinfo.sec.gov/>

In January 2022, NYSE ARCA Enforcement alleged that: the Firm failed to establish and maintain a reasonable supervisory system as to the Firm's founder and former president, and certain accounts that he actively traded on behalf of customers, himself, and the Firm or its affiliates; the Firm continued to allow the founder to trade for these customer accounts along with his personal and proprietary accounts, without an adequate process or procedures in place to supervise the order entry, trade executions, or trade allocations in these accounts; the founder and his trading assistant used an order management system that was not frequently used by other members of the Firm; the order management system did not provide the ability to assign orders to a specific Firm affiliate accounts before execution and did not interface directly with the Firm's back office system; the founder's trading assistant manually inputted account allocations for trades executed by him after the trades occurred; the method for determining trade allocations for executed orders in the affiliate accounts remained undocumented and unapproved by the Firm, and there continued to be no independent mechanism at the Firm to assess the appropriateness of the allocations; the founder's trading activity presented conflicts of interest, and these conflicts were compounded by the fact that the founder regularly engaged in day trading for his personal and proprietary accounts in some of the same securities that he trading on behalf of his customers. In addition, NYSE alleged that as a consequence of failing to allocate orders entered on behalf of the affiliate accounts to specific accounts prior to order execution, the Firm continued to inaccurately mark a subset of principal orders in certain proprietary accounts as agency. NYSE acknowledged that the Firm made efforts to provide direct lines of supervision over the founder, but alleged that these efforts were delayed and did not reasonably resolve all of the issues identified herein. NYSE charged the Firm with violations of NYSE ARCA Rules 11.18, 11.1(B), and 9.2010-E.

In December 2021, the Securities and Exchange Commission ("SEC") accepted an offer of settlement

from Wedbush. Pursuant to the settlement offer, Wedbush did not admit or deny the SEC's findings that Wedbush willfully violated sections 5(a) and 5(c) of the Securities Act of 1933 (The "Securities Act"), and section 17(a) of the Exchange Act of 1943 (The "Exchange Act"), and Rule 17A-8 thereunder. Wedbush was ordered to: cease and desist from committing or causing any violations and any future violations of sections 5(a) and 5(c) of the securities act and section 17(A) of the Exchange Act and Rule 17A-8 promulgated thereunder; was censured; was ordered to comply with the undertakings enumerated in the offer; and agreed to pay disgorgement of \$173,508.40, prejudgment interest of \$34,332.16, and a civil penalty \$1,000,000 to the Commission.

In September 2019, without admitting or denying the findings therein, except as to the Securities and Exchange Commission's ("SEC") jurisdiction over it and the subject matter of those proceedings, the SEC accepted WS's offer of settlement, along with 94 other investment advisers, who voluntarily participated in the SEC's self-reporting Share Class Selection Disclosure Initiative ("SCSD"). The Order alleged that WS willfully violated Sections 206(2) of the Investment Advisers Act of 1940 (the "Advisers Act") in connection with inadequate disclosures on conflict of interest related to (a) the receipt of 12b-1 fees, and/or (b) the selection of mutual fund share classes that pay such fees for the period from January 1, 2014 to June 26, 2018. WS was censured and ordered to cease and desist from committing or causing any violations and any future violations of Sections 206(2) of the Advisers Act. WS is ordered to pay disgorgement of \$1,703,194.38 along with prejudgment interest of \$149,346.59 to affected investors totaling \$1,852,540.97. WS is also ordered to comply with several undertakings.

In February 2018, without admitting or denying the accusations, the Securities and Exchange Commission ("SEC") accepted WS's offer of settlement in which WS willfully violated sections 15c3-3, known as the customer protection rule and 17a-1 of the Exchange Act and Rule 17a-5 thereunder, for the period from September 2014 through January 2015. WS was censured and ordered to cease and desist from committing or causing any violations and any future violations of Sections 15c3 and 17a1 of the Exchange Act and Rules 15c3-3 and 17a-5(a) thereunder. WS is ordered to pay disgorgement of \$275,851 along with prejudgment interest of \$28,346 and ordered to pay a civil money penalty in the amount of \$1,000,000 plus post-order interest to the Securities and Exchange Commission. WS is also ordered to comply with an undertaking to retain a qualified independent consultant to conduct a comprehensive review of the firm's system and controls.

In February 2018, without admitting or denying the allegations, the firm consented to the sanctions and to the entry of findings from the Financial Industry Regulatory Authority, Inc. ("FINRA") that the firm created and/or increased deficits in its segregation requirement through deliveries or returns of securities. The findings also stated that firm improperly calculated its customer reserve formula which resulted in hindsight deficiencies between \$945,000 and \$77 million. The findings also included that the firm failed to establish and maintain a supervisory system, including written procedures reasonably designed to achieve compliance with both the possession or control requirement and the customer reserve account requirement of the customer protection rule. Under the terms of the offer, the firm has also consented, without admitting or denying the allegations and to the entry of findings and violations arising out of examinations conducted by FINRA in 2014, 2015, and 2016, as described below, and to the imposition of the sanctions. The additional findings are as follows: from positions in certificates of deposit (CDs) issued by major financial institutions for which there was no "ready market," for over five business days, but failed to deduct the value of each position exceeding 30% of the firm's tentative net capital. The firm created and maintained inaccurate books and records that inaccurately reported the amounts the firm was required to maintain in its

customer reserve account and inaccurately reported its net capital. Without admitting or denying the findings, the firm agreed to a censure and fine of \$1,500,000.

Financial Industry Regulatory Authority, Inc. (“FINRA”) alleged that Mr. Edward Wedbush, as President of WS, failed to establish and maintain a supervisory system and establish, maintain, and enforce WS’s policies reasonably designed to achieve compliance with rules regarding regulatory filings. FINRA alleges that the firm had late and inaccurate filings of Forms RE-3/U4/U5. On October 11, 2016, Mr. Wedbush appealed the National Adjudicatory Council decision to the United States Court of Appeals for the Ninth Circuit. The U.S. Court of Appeals decision rendered April 20, 2018 denied Mr. Wedbush’s petition for review. The decision became final on July 19, 2018. Mr. Wedbush was suspended in any principal capacity for 31 days from August 20, 2018 through September 19, 2018 and paid a \$50,000 fine.

Other Financial Industry Activities and Affiliations

WS is a registered investment adviser and a registered broker-dealer. Generally, Financial Consultants of WS are also registered representatives of WS Broker-Dealer (non-advisory). Therefore, the wrap fees charged may be higher than if the client were to purchase the individual securities without participation in the advisory programs. A non-advisory brokerage account based on commissions instead of an advisory fee-based account could be used to effect few transactions in which case the amount of revenue earned by WS and the Financial Consultant would be less than if a wrap fee were assessed on the account’s asset base. This may pose a conflict of interest in that the Financial Consultant may have an incentive to recommend a wrap fee program instead of a brokerage account. Your Financial Consultant is responsible for assessing whether a wrap fee program is appropriate for you and in your best interest based on your investment strategy and the frequency of transactions.

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

WS has adopted the Investment Adviser Code of Ethics (the “Code of Ethics”) pursuant to Rule 204A-1 under the Advisers Act expressing the firm’s commitment to ethical conduct. Access Persons, as defined by Rule 204A-1 under the Advisers Act, must adhere to employee trading policies. Personal trades made by officers, employees, and associated persons, which include Financial Consultants and Portfolio Managers, are reviewed by the WS Compliance Control Room. WS’s Code of Ethics further includes the firm’s policy prohibiting the use of material non-public information.

The foundation of the Firm’s ethical standards is a commitment to observing the letter and the spirit of the law. Access Persons or Supervised Persons, both defined above, shall know and comply with all applicable securities laws, rules, and regulations applicable to WS’ businesses, including among others, the laws governing the acts of investment advisers. Likewise, all Access Persons or Supervised Persons of WS are required to be familiar and comply with the Code of Ethics, with all the foregoing sections, the WS Investment Adviser written supervisory procedures, and the Code of Ethics, as each applies to their business unit. When in doubt, each Access Person or Supervised Person shall seek advice from their designated supervisor and/or the WS Compliance Department where the Chief Compliance Officer (the “CCO”) sits.

Investment advisers are fiduciaries that owe their undivided loyalty to their clients, are trusted to

represent clients' interests, and must hold themselves to the highest standard of fairness in all such matters.

The Code of Ethics is intended to reflect fiduciary principles that govern the conduct of WS and its Access Persons or Supervised Persons in those situations where WS acts as an investment adviser, as defined under the Advisers Act, in providing investment advice to clients.

It is consistent with WS Policies, the WS Written Supervisory Procedures ("WSP"), and the WS Colleague Handbook, while articulating specific standards of ethics under the Advisers Act. The Code of Ethics does not create or amend any employment contract between WS and any of its Access Persons' or Supervised Persons' 'at will' employment status. In the event of any conflict between the Code of Ethics and any written employment contract, the terms of the employment contract shall govern, unless otherwise prohibited by law.

Access Persons and Supervised Persons have fiduciary duties to their advisory clients and must uphold these duties pursuant the aforementioned sections of the Advisers Act. Access Persons and Supervised Persons owe their undivided loyalty, utmost good faith, and investment advice that is in the best interests of their clients. Access Persons and Supervised Persons should not engage in any activity in conflict with the interest of any client, should disclose any conflicts of interests, and should take steps reasonably necessary to fulfill their obligations. Access Persons and Supervised Persons must employ reasonable care to avoid misleading clients and they must provide full and fair disclosure of all material facts to their clients and prospective clients. Departure from this fiduciary standard or violations of WS policies and procedures may constitute "fraud" under Section 206 of the Advisers Act.

Any act that is in violation of the Code of Ethics may result in disciplinary action including written warning, referral to the WS Disciplinary Committee, disgorgement, suspension, and/or termination of employment or independent contractor relationship. An Access Person or Supervised Person who has knowledge of conduct that violates the Code of Ethics must promptly report such conduct to the WS Compliance Department. Failure to report violations may result in disciplinary action, also up to and including termination. Anyone who raises an issue regarding a possible violation of the Code of Ethics will be protected from retaliation, even if the claim turns out to be unfounded, as long as it was made in good faith.

Clients and prospective clients may request a copy of the Code of Ethics by contacting the WS Compliance Department at (213) 688-8000 or by email to Compliance@wedbush.com.

Participation or Interest in Client Transactions

WS provides full-service investment banking, broker-dealer, and asset management services. As a full-service organization, WS and its directors, officers, and Financial Consultants may have multiple advisory, transactional, financial and other interests in securities, instruments and companies that may be purchased or sold by its advisory clients and may buy or sell securities it also recommends to clients. As a broker or agent, WS effects securities transactions for compensation for any client. WS has established policies, procedures, and controls reasonably designed to address conflicts of interests arising between advisory accounts and the firm's businesses.

Financial Consultants are prohibited from engaging in principal transactions with you and from acting as a broker (or an affiliate of the adviser acting as a broker) for the counterparty to any client transaction as to which the adviser representative acted as an investment adviser (known as an "agency cross" transaction) unless, in each case, the Financial Consultant has given the client prior written notice of the capacity in which he is acting and has received the client's consent to the transaction. When acting as agent or principal, WS may charge client a commission, markup, markdown or other commission equivalent.

It is the policy of WS that no person associated with WS shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on the investment recommendations and/or decisions of advisory clients.

Personal Trading

In order to prevent conflicts of interest by a Financial Consultant who buys or sells in his/her account the same security that he/she buys or sells for your account, the client's transactions must precede or be given priority over the Financial Consultant's transactions. Otherwise, the Financial Consultant's trade and your trade would be adjusted to receive the average price. However, if you received a better price on a buy or sell of the same security even if your trade occurred after the Financial Consultant's trade, you would be afforded the better price.

To prevent insider trading and to comply with WS's Prevention of Insider Trading Policy, WS maintains a Restricted List to monitor and restrict employee trades on equity securities and its respective options for any company placed on the list. The Restricted List is used when the WS Research Department issues a research report on a material event such as an opinion change or initiation of coverage. Although Financial Consultants are restricted from buying or selling companies on the restricted list, clients are generally not prohibited from effecting transactions in those securities. Additionally, virtual "walls" may be put into place to prevent communications between different business departments regarding specific securities, as necessary. WS may recommend to advisory clients that they buy or sell securities or investment products in which WS or a related person has some financial interest.

From time to time, WS and its affiliates, directors, officers and Financial Consultants, through such WS activities as research, corporate finance and investment banking, may become aware of non-public information concerning companies which could reasonably be expected to affect purchases or sales of those companies' securities. Various procedures are used to isolate inside information from trading activity. However, to comply with applicable law, from time to time WS may be required to restrict the purchase or sale of a security, which might otherwise be purchased or sold for the advisory accounts. In addition, WS shall have no obligation to obtain any inside information about any issuer of securities, or to effect transactions for advisory accounts on the basis of any inside information as may come into its possession, or make any research or analysis prior to its public dissemination. WS has adopted a Code of Ethics designed to address the potential conflict of interests involving personal securities trading by Financial Consultants. WS shall have no obligation to recommend for purchase or sale by advisory accounts any instrument that WS or its Financial Consultants may purchase or sell for themselves or for any other clients.

Review of Accounts

Each new account is initially reviewed at account opening by the Financial Consultant and the designated supervisor in the respective offices to determine suitability level. Thereafter, the Financial Consultant and the designated supervisors in the offices monitor performance of client accounts on an ongoing basis. Regional Executive and Wealth Management personnel may also monitor and review accounts on an ongoing basis. The WS Managed Assets Department coordinates with the applicable Financial Consultant and client outreach is initiated should an account reach a high cash balance, or if the number of transactions effected on behalf of the account falls below a certain threshold.

Clients receive monthly account statements if there is activity; otherwise, your custodian provides quarterly statements to clients. Quarterly performance reports are made available for all fee-based accounts.

Typically, under one of the Managed Account Program accounts, the Financial Consultants and/or designated supervisors may communicate with the portfolio manager in the following circumstances, but is not limited to, when there is a change in the client's financial situation, objective, or risk tolerance.

Client Referrals and Other Compensation

From time to time, WS enters into arrangements with certain non-supervised persons, including entities or individuals, where WS compensates them for introducing or referring clients to WS.

Financial Information

WS has never filed for bankruptcy and is not aware of any financial condition that is expected to impair its ability to meet its contractual obligation to client accounts.