

COWEN PRIME ADVISORS LLC

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This Brochure provides information about the qualifications and business practices of COWEN PRIME ADVISORS LLC (“CPA” or “we”. If you have any questions about the contents of this Brochure, please contact us at (646) 562-1010 or at the address referenced above, Attn: Rep Poppell, Chief Compliance Officer. 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.

CPA is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The purpose of this Brochure is to provide you with information that will help you decide whether to retain us as your investment adviser.

Additional information about Cowen Prime Advisors also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2. Material Changes

Since our last annual Form ADV Part 2A Disclosure Brochure (the “Disclosure Brochure”) dated December 31, 2020, we updated the Disclosure Brochure on October 27, 2021, and again now as part of the annual amendment process. The October 27, 2021, amendment and this annual amendment updated certain information about our investment advisory business as outlined below. At any time, you may view the current Disclosure Brochure online at the SEC’s Investment Adviser Public Disclosure website by visiting www.advisorinfo.sec.gov and searching our firm name. You may also request a copy of the Disclosure Brochure at any time by contacting us at (646) 562-1010. We encourage clients to review the entire Disclosure Brochure and to contact us at the number above with any questions.

Summary of Changes

Since the December 31, 2020, annual amendment, the following key changes have been included in the Disclosure Brochure:

- On September 27, 2021, CPA entered into a settlement with the SEC related to certain disclosures in connection with revenue sharing payments received by Cowen Prime Services, LLC. More information is available at Item 9 below *(update first included in CPA’s October 27, 2021 Disclosure Brochure)*;
- Revisions to simplify the discussion of fee and compensation arrangements in place at CPA;
- Revisions to descriptions about conflicts of interest to reinforce their applicability to your CPA accounts; and
- Addition of detailed discussion about private investment funds managed by certain CPA advisory personnel independently of CPA and related information about associated conflicts of interest.

Item 3. Table of Contents

Item 2 – Material Changes.....	ii
Item 3 –Table of Contents.....	iii
Item 4 – Advisory Business	1
Item 5 – Fees and Compensation.....	1
Item 6 – Performance-Based Fees and Side-By-Side Management	3
Item 7 – Types of Clients.....	4
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	4
Item 9 – Disciplinary Information	5
Item 10 – Other Financial Industry Activities and Affiliations	5
Item 11 – Code of Ethics	6
Item 12 – Brokerage Practices	9
Item 13 – Review of Accounts.....	10
Item 14 – Client Referrals and Other Compensation.....	11
Item 15 – Custody.....	12
Item 16 – Investment Discretion.....	13
Item 17 – Voting Client Securities.....	13
Item 18 – Financial Information	13
Item 19 - Other Legal Actions.....	
.....	13

Item 4. Advisory Business

Cowen Prime Advisors LLC (“CPA” or “we”) is a Delaware limited liability company formed March 2021. CPA succeeded to the investment advisory business of Cowen Prime Advisors, which was previously operating as a division of Cowen Prime Services LLC (“CPS”) under the name, Cowen Prime Advisors. There were no practical changes of control or management of CPA, and it will operate as a separate firm and as an affiliate under common control with Cowen and Company, LLC (“CCO”), a Delaware limited liability company. CPA is directly owned by Cowen PB Holdings, LLC, a Delaware limited liability company, which in turn is primarily owned by Cowen Inc., a Delaware Corporation. CCO will serve as a broker-dealer for the execution of transactions in CPA client accounts.

Investment Advisory Services. CPA offers its clients several investment advisory services which provide differing types of investment management styles and/or services. In general, we offer discretionary investment management services to our clients, focusing on equities. In that regard, as agreed with any particular client, we may offer management services that would utilize investment strategies that invest in all segments of the securities markets, for instance fixed income, exchange traded funds, mutual funds, options, etc., or that focus on particular segments of the market, for instance, large- or small-capitalization equities or fixed income securities, or which take a more balanced asset allocation approach that allocates a client’s assets over several asset classes that do not all perform in the same manner in all economic circumstances to attempt to control or reduce risk. Options may be utilized as part of any of our investment strategies, either as investments or in order to hedge other positions to reduce risk. Investment strategies range from more aggressive, capital gains-oriented equity strategies, to more conservative balanced or income-oriented approaches.

The particular type of investment strategy that may be offered to any prospective client will be determined after meeting with the client to determine the client’s particular financial circumstances, investment objectives and risk tolerance. Within any particular investment strategy, a client would normally have the ability to impose reasonable restrictions on investing in certain securities or types of securities.

Assets under Management. As of the date of this Brochure, the Firm manages client assets of approximately \$365,829,521 on a discretionary basis.

Item 5. Fees and Compensation

We receive a management fee for managing client assets in CPA based on a client’s assets under management in the respective CPA Program. Such management fee ranges between 0.5% and 2.0% of the assets under management in a client’s account. Fees may be negotiable within the range indicated based upon several factors, including the size of the account, the relationship of the particular client to other existing or potential clients or accounts, the commission rates to be

charged to an account, and other factors that may be deemed significant by us in any particular instance.

Management fees will normally be paid in advance based upon the value of the client's account as of the close of the previous quarter (prorated for accounts opened on any day other than the first day of a quarter). No adjustment will be made in any asset-based fee paid in advance for a quarter in the event funds are added to or withdrawn from an account during the quarter. However, if an account paying an asset-based fee in advance is terminated prior to the end of a calendar quarter; any unearned fees paid in advance will be refunded to the client. Our fee is normally deducted directly from the client's account (that is, our clients are not separately billed for the amount of the fee), but if a client would prefer to be invoiced for services rendered, we will bill the client directly. We will also share a portion of our asset-based management fee with those of our advisory personnel who manage portfolios under the respective CPA Program ("Portfolio Managers").

As noted above, we often utilize the brokerage services of CCO, our affiliated broker-dealer, to execute transactions in CPA client accounts. In the event that CCO executes such transactions, it may retain compensation it earned on those transactions and will not credit those amounts against our management fees. Our Portfolio Managers will not participate directly in any compensation received by CCO with respect to accounts in CPA. However, the potential benefit to CCO in connection with transactions in CPA accounts gives CPA and such Portfolio Managers an incentive to execute orders through CCO and, in certain limited instances, recommend investments based upon the compensation received by CCO because of the affiliation between CCO and CPA rather than on the needs of our clients. See Item 12 below for a further description of our brokerage practices in connection with CPA.

CCO is an introducing broker-dealer that clears its transactions on a fully disclosed basis through Pershing LLC ("Pershing", the "Clearing Firm", or the "Custodian"). Pershing will serve as the qualified custodian for CPA client accounts. The account statements you receive from Pershing, the Custodian, will reflect the deduction of fees. You are responsible for verifying that the fee you are charged is accurate. The Custodian will not determine whether the fee is properly calculated. Should you find an error, please contact your Portfolio Manager immediately. If you are not satisfied with the action your Portfolio Manager takes, you should contact CPA at the number on the cover page of this brochure.

Our firm's Code of Ethics, which sets forth the standard of conduct expected of our employees (see Item 11 for a discussion of our Code of Ethics), requires our personnel to act only in the best interests of our clients. Our supervisory personnel monitor the trading in advisory accounts in order to detect any level or type of trading that appears to be influenced by the compensation received by CCO. CPA's policies and procedures require supervisory personnel to bring possibly inappropriate trading to the attention of senior management for further review and analysis.

It is not possible to know the exact percentage of transactions that will be effected by CCO as the broker-dealer as opposed to an unrelated broker-dealer in the future. However, it is likely that a material percentage, and possibly a majority, of the transactions will be effected by CCO.

Prospective clients should also see Item 12 below for further information about the factors that we will consider in selecting or recommending broker-dealers for client transactions (when such transactions are not effected by CCO) and determining the reasonableness of their compensation.

Our fees, described above, are exclusive of related costs and expenses which will be incurred by the client. Clients will incur odd-lot differentials, transfer taxes, interest charges on margin transactions, wire transfer and electronic fund transfer fees, asset movement fees, postage, foreign currency exchange fees, foreign securities costs, deferred sales charges (if applicable), ticket charges, custodial fees, maintenance fees, confirmation fees, FX fees and other fees and taxes on brokerage accounts and securities transactions and for other optional services elected by you as applicable on a per event basis. CPA reserves the right to waive or absorb any such fees, costs or expenses for a client if it decides, in its sole discretion, to do so. If an account is invested in mutual funds or exchange traded funds, the managers of those funds also charge internal management fees, which are disclosed in a fund's prospectus. All of such charges, fees and commissions are in addition to the applicable management fee assessed by CPA pursuant to each respective client's agreement with CPA. CPA and the Portfolio Managers will not share directly in any commissions and other compensation received by CCO or any other executing broker based on activity in CPA accounts. However, as detailed further in Section 14, CCO receives payments from the Custodian relating to the assets and activity in the client's account, including business development credits, a portion of credit interest and money market fee revenue, and a portion of any margin interest charges paid by a CPA client account. All such fees and expenses are subject to the pricing schedule set by the Clearing Firm and are shared between the Clearing Firm and CCO pursuant to the terms of the agreement between the Clearing Firm and CCO. Further, CCO has the ability to set the interest rate charged to any margin balance associated with a CPA client account. Although the Portfolio Managers will not share in such fees or commissions paid by accounts in CPA, they may be motivated to effect transactions in a manner that increases the revenue received by CCO as a result of transactions in CPA accounts.

Item 6. Performance-Based Fees and Side-By-Side Management

A performance-based fee is one in which an investment adviser is paid a fee that is based upon the gains made in the client's account. Although we currently do not charge a performance fee in any CPA Program, certain of our Portfolio Managers are principals in entities that act as the general partner or investment adviser to pooled investment vehicles (hedge funds) that pay a performance-based incentive fee to their general partner or investment adviser. In addition, CPA does not currently offer any other advisory program that provides for the payment of a performance

fee. Performance-based fee arrangements may create an incentive for such Portfolio Managers to favor such potentially higher fee-paying accounts over other accounts that they manage in the allocation of available investment opportunities. Under our Code of Ethics, we and our personnel are required to treat all clients fairly, and not to intentionally favor any one client or type of client over any other client in allocating investment opportunities.

Item 7. Types of Clients

We offer our investment advisory services to individuals, including high net worth individuals, trusts, estates and charitable institutions, pension and profit-sharing plans, pooled investment vehicles, and corporations and other business organizations. Accounts normally need to be of a certain minimum size in order to be accepted for management, but such requirements differ depending upon the particular investment advisory program offered or investment strategy employed.

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

Investing in securities involves risk of loss that clients should be prepared to bear, and no assurance can be given that any of the investment strategies described below will achieve their objectives.

General We offer several different investment strategies and advisory programs to our clients based on the financial circumstances, investment objectives and risk tolerance of the client. Such strategies, in general involve the use of equities, but may include fixed income securities, options, exchange traded funds, derivative instruments or any combination of such securities and investments as determined by the Portfolio Manager handling a client's account. Within any of the investment strategies utilized by our Portfolio Managers, specific investments may be selected on the basis of fundamental analysis, or on the basis of some form of quantitative analysis that seeks to predict future stock prices based on various mathematical formulas or analysis, including, possibly, technical analysis. The limitations and risks of the latter type of analysis is that such formulas may not accurately reflect the way in which markets or securities act under certain circumstances or in reaction to certain events. Fundamental analysis, which seeks to determine whether a security's current price is undervalued or overvalued based on various economic and company-specific measurements and projections of future revenues and earnings, is often subjective, and the market in general may not evaluate the security in the same manner as the person making the analysis. In addition, the estimates of future performance may prove to be inaccurate. Also, the use of strategies which involve a higher level of trading, such as some equity or options strategies, may negatively affect performance because of the increased costs associated with more frequent trading activity.

Item 9. Disciplinary Information

In this Item, registered investment advisers are required to disclose certain disciplinary information regarding the investment advisory firm itself or about any of its “management persons,” which generally includes all of an investment adviser’s principal executive officers and directors, as well the adviser’s investment committee if it has one, or, if not, the persons who determine general investment advice to be given to clients. In that regard, we disclose the following information:

On September 27, 2021, Cowen Prime Advisors LLC (“CPA” or the “Firm”), without admitting or denying the findings made therein, consented to the Securities and Exchange Commission’s (“SEC”) entry of an Order Instituting Administrative and Cease-and-Desist Proceedings (the “Order”). According to the Order, Cowen Prime Services¹ (“CPS”), from January 2015 through July 31, 2021, received revenue sharing payments from its unaffiliated clearing broker as a result of its selection of certain money market funds used in connection with its cash sweep program instead of available lower-cost money market funds for which it would not have received any revenue sharing. As stated in the Order, CPS did not provide full and fair disclosure of its money market fund selection practices, and related conflicts of interest, to its advisory clients. The Order also finds that, while CPS determined that a government money market fund was an appropriate cash sweep vehicle for its advisory clients, when selecting particular government money market funds, it failed to consider alternative government money market funds offered by its clearing broker. According to the Order, CPS also failed to adopt and implement policies and procedures designed to prevent violations of the federal securities laws regarding its money market fund selection practices.

The Order finds that CPA (as successor to CPS) willfully violated Sections 206(2) and 206(4) of the Investment Advisers Act of 1940 and Rule 206(4)-7 thereunder. Without admitting or denying the SEC’s findings, CPA agreed to pay disgorgement of \$579,232, prejudgment interest of \$74,647, and a civil penalty of \$115,000 all of which CPA expects to be distributed to affected clients. CPA has agreed to distribute the disgorgement funds and any applicable interest and penalties to clients who had participated in the money market cash sweep program during the relevant time period.

Please be advised that the Portfolio Managers did not receive any portion of the revenue sharing payments received by CPS from its unaffiliated clearing broker or any other direct benefit as a result of the above referenced selection of certain money market funds by them.

Item 10. Other Financial Industry Activities and Affiliations

¹ The Firm’s advisory business was previously conducted through Cowen Prime Services LLC, a registered broker-dealer and investment adviser. The advisory business is now conducted through CPA.

As noted previously, our affiliated broker-dealer, CCO is also registered as a broker-dealer with the SEC, FINRA, MSRB, state regulators and it is registered with the CFTC and the National Futures Association as a commodities futures introducing broker. All our senior management personnel, as well as our Portfolio Managers who manage client accounts, are or will be registered with FINRA in their capacity as registered representatives of our affiliated broker-dealers and some, but not all, of our personnel will be registered as associated persons with the National Futures Association. In addition, the Portfolio Managers are associated with the general partner and/or investment advisor to private investment funds that are not managed by CPA. The Portfolio Managers have a conflict of interest as described in Item 5 and have an incentive to recommend that clients make investments in such private investment funds as a result of the compensation and fees associated with such private investment funds. Such fees and compensation arrangements and additional risks and conflicts should be disclosed in the offering documentation prepared by such private investment funds and their general partner(s)/investment advisor(s) independently of CPA.

CPA is affiliated with the following U.S. registered broker-dealers: Cowen and Company, LLC, ATM Execution LLC, and Westminster Research Associates LLC. CPA's non-U.S. affiliates include Cowen International Limited and Cowen Execution Services Limited, both UK FCA registered broker-dealers and Cowen & Company (Asia) Limited, a Hong Kong SFA registered broker dealer. The above referenced entities are all (directly or indirectly) wholly owned subsidiaries of Cowen Inc., a publicly traded company (NASDAQ: COWN).

CPA generally operates separately from its broker-dealer affiliates but will direct client business to CCO and also may direct client business to its other affiliated broker-dealers for the affiliate-owned Managed Accounts it advises. To the extent that any conflict may arise with respect to its affiliated broker-dealers, the potential conflict is addressed by Cowen Inc.'s Conflicts Committee which is headed by Cowen Inc.'s General Counsel.

CPA maintains the following financial industry affiliations (broker dealers, investment advisors registered with the U.S. Securities and Exchange Commission or rely upon the registration of an affiliated investment adviser registered with the SEC, etc.): ATM Execution LLC; Cowen and Company, LLC; Cowen Execution Services Limited; Cowen International Limited; Cowen Investment Advisors, LLC (dba Ramius Advisors, LLC); Cowen Investment Management LLC; Cowen Sustainable Advisors LLC; Healthcare Royalty Management, LLC; RCG Longview Equity Management, LLC; RCG Longview Partners II, LLC; TriArtisan Capital Advisors LLC; Westminster Research Associates LLC; Cowen Financial Products LLC; Quarton International AG; CHI Advisors LLC; RCG RE Manager LLC; HCR Collateral Management, LLC; All are directly or indirectly wholly owned subsidiaries of Cowen Inc., a publicly traded company (NASDAQ: COWN).

For a complete description of these advisors and the funds they manage, please refer to their Form ADV Part I's.

Item 11. Code of Ethics

CPA and/or its Portfolio Managers and other associated persons involved with its investment advisory business (such Portfolio Managers and other associated persons being referred to as “advisory personnel” in this section of the Brochure) are permitted to buy or sell securities that are recommended to clients for purchase and sale, but no such transactions may be made in such a manner as will adversely affect any client. However, since our own or our advisory personnel’s investment objectives or trading strategies may differ from those of our clients, we and/or our advisory personnel may take action with respect to ourselves or themselves that is different from action taken with respect to clients. It is also possible that we may give advice and take action for some clients which differ from advice given, or the timing and nature of action taken, with respect to other client accounts.

We have adopted a “Code of Ethics” which sets forth the standards of conduct expected of our advisory personnel, and which addresses the conflicts that can arise from personal trading by them. This Code of Ethics requires that advisory personnel obtain pre-approval of any brokerage accounts they wish to open and requires pre-approval of any transactions by them which are not to be executed as part of a bunched order on behalf of clients and advisory personnel. The Code of Ethics also requires periodic reporting by advisory personnel through duplicate copies of confirmations and account statements or otherwise so that we can monitor their trading to prevent any violations of the Code of Ethics or other conflicts of interest which could result from trading by our advisory personnel. The Code of Ethics also includes provisions relating to the confidentiality of client information, a prohibition on trading on inside information, and restrictions on the outside business activities of our advisory personnel, among other things. All of our advisory personnel must acknowledge the terms of the Code of Ethics annually. A copy of the Code of Ethics will be provided to clients or prospective clients upon request.

It is our policy to treat all client accounts fairly and equitably, and we do not favor one group of client accounts over any other. In order to handle transactions for all of our clients in the fairest and most cost-effective manner possible, CPA will often submit bunched orders to its executing broker-dealers in order to obtain a better price for the particular security for a number of client accounts. In other words, rather than effecting multiple transactions, i.e., one for each client account, CPA will instruct its executing broker-dealer to buy one or more larger blocks of the security in question and allocate the securities among the appropriate designated accounts at the average price paid or received in filling the order. These bunched orders may include orders for the accounts of CPA’s advisory personnel.

In the event that an entire bunched order cannot be filled on the same day, the policy is as follows:

- (1) First, any part of the order which was placed for CPA advisory personnel will be eliminated in order to determine whether all client orders can be satisfied with the portion of the order that was filled. If any balance remains after all client orders have been filled

in this manner, orders for CPA advisory personnel will then be filled on a *pro rata* or other appropriate basis.

(2) Second, if the quantity filled is still insufficient to satisfy all of the client orders after elimination of the orders for CPA advisory personnel, our broker-dealer affiliate, CCO, will allocate the amount filled on a *pro rata* basis based upon the amount of the order that was intended to be bought or sold for each such client account (e.g., if only 60% of an order was filled, each client account would receive 60% of the amount originally intended for such account). In making such *pro rata* allocations, however, accounts that would otherwise receive an odd lot allocation may be rounded up to a round lot unless doing so would, in the firm's view, unreasonably affect allocations to all other clients.

(3) If an order cannot be completely filled on a single trading day, it is the policy to cancel the unfilled balance of the order. Depending upon the market in that security on the following trading day(s), an order may be placed for the balance of the order on another day, with allocations to be made among the accounts in a manner that will fill, as nearly as possible under the circumstances, the original amounts intended for each of the clients' accounts. Orders for associated persons which had been eliminated in the previous allocation may be included with such later orders in the same manner as our general policy described above.

It is our policy with our affiliated broker-dealer that the firm will not affect any principal or agency cross securities transactions for client accounts, nor will it cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. An agency cross transaction is a transaction in which an investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Since CCO, our affiliate under common control, serves as the broker-dealer for CPA client accounts, it has the ability to effect such agency cross transactions, but CCO has established a policy not to do so.

CPA's advisory personnel may recommend that clients purchase shares of an investment partnership or other entity (i.e., a private investment fund) for which such advisory personnel acts as, or is associated with, an investment advisor or general partner of such entity. Any client to whom such investments are recommended should receive an offering memorandum discussing fact that CPA is not involved in the management of such private investment funds and the fees or other compensation that may be paid to CCO and/or its personnel with respect to investments into and transactions by such private investment funds.

Such payments create a conflict of interest for CPA and/or the Portfolio Managers and other CPA advisory personnel. CPA periodically reviews the trading in such investment vehicles that are managed by Portfolio Managers but not CPA to assure that the trading therein does not disadvantage the trading such persons engage in with respect to CPA client accounts.

Item 12. Brokerage Practices

In general, CPA will have discretionary authority to (i) determine the type and amount of securities to be bought or sold for client accounts, and (ii) negotiate the commission rates to be paid. In addition, we will have the authority to select the broker-dealer to be used to execute such transactions. As noted above, CCO will serve as a broker-dealer for the execution of transactions in CPA client accounts. In that regard, a material percentage, and possibly a majority, of all transactions for client accounts will likely be executed by CCO as the broker-dealer. With respect to such transactions, CPA has determined that the combination of CCO's execution capability, its commission rates, the general level of service available from the Clearing Firm in settling the trades, and other factors warrant the execution of a material percentage of such transactions by CCO or through one of its clearing brokers. As described under Item 11 above, CPA will generally instruct its executing broker-dealer to execute transactions in which several clients will participate in a bunched order in which all participating clients will pay or receive the average price obtained in all of the transactions.

As described in Item 5 above, CPA has a conflict of interest with clients when CCO executes client transactions as the broker-dealer, rather than selecting another broker-dealer to execute such transactions in advisory accounts, since CCO, our affiliate, will receive the brokerage commissions or other compensation for such transactions. Our Portfolio Managers do not receive any brokerage commissions in such transactions. Please refer to item 5 for a discussion of the manner in which we deal with such conflict.

It is likely, however, that not all transactions for client accounts will be executed by CCO. In some cases, the Portfolio Managers will determine that CCO does not have the expertise to efficiently and economically execute transactions in certain types of securities. In addition, CPA may consider the availability of research or other products and services that may be available in connection with executions made through other broker-dealers. In selecting the broker-dealers to execute portfolio transactions for those occasions when CCO does not execute these transactions, we consider numerous factors, including, but not limited to, the broker-dealer's execution capabilities, the furnishing of research, their commission rates, and their overall level of service. Although we do not presently have any arrangements in which we will receive research or other services in connection with securities transactions effected for client accounts through broker-

dealers other than CCO (“soft dollar arrangements”), we may enter into such arrangements in the future. The research obtained may be created or developed by the executing broker-dealer, or it may be created or developed by a third party and provided to us by the executing broker-dealer. In the event that we enter into any such soft dollar arrangements, the research or other products or services obtained in such arrangements may be used for the benefit of all of our clients, not just those whose securities transactions paid for the products or services. While any broker-dealers we may use to execute transactions may charge commissions that may be higher than those obtainable from other broker-dealers for any particular transaction, including CCO or the Clearing Firm, we will only cause clients to pay brokerage commissions that we have determined in good faith to be reasonable in relation to the value of the research and brokerage services provided by such broker-dealers.

If we use broker-dealers other than CCO to execute client transactions and receive research from or through such broker-dealers, CPA receives a benefit because we will not have to produce or pay for such research ourselves. We may also have an incentive to select a broker-dealer to execute such transactions based on our receipt of those soft dollar benefits rather than on the basis of our clients’ interest in receiving the most favorable execution. Such incentives represent a conflict of interest. Our Code of Ethics prohibits us from acting otherwise than in the best interests of our clients.

Item 13. Review of Accounts

Our Portfolio Managers will review and monitor client accounts assigned to them on an ongoing basis subject to the continuing review and oversight of our supervisory personnel. Such Portfolio Managers will be responsible for the overall management of client accounts, including tracking and continually reviewing the performance of client investments and client portfolio allocations. Account reviews may also occur as a result of (a) client requests, (b) changes in a client’s personal or financial condition (when we are advised of such changes), (c) changes in tax laws or in economic factors that could affect a client’s financial position, or (d) the occurrence of economic or political events that may impact clients. Our supervisory personnel will also review client accounts on a periodic basis in order to monitor relative performance and adherence to investment criteria.

In addition to such reviews, our Portfolio Managers will review trade executions on a continual basis, and our operations personnel will review trade reports on a next-day basis, to ensure that each transaction was properly executed and correctly reported.

Clients will receive confirmations of all transactions executed for their account, and monthly account statements sent by the Clearing Firm, which acts as the independent custodian for our clients’ accounts. Monthly, quarterly, and year-to-date performance information will be

available to clients through our clearing broker or upon request. See also Item 15 below regarding custody of client accounts.

Item 14. Client Referrals and Other Compensation

Referrals:

We do not presently have any arrangements under which we receive any benefit from a third party for providing investment advice to our clients, nor do we compensate any third party for referring any investment advisory client to us.

Other Compensation:

Business Development Credits

Our affiliated broker-dealer, CCO, receives credits from Pershing each time it surpasses certain thresholds for total assets, which include client assets, maintained with Pershing as the clearing firm. CCO has received these substantial Business Development Credit payments and stands to receive additional payments for any additional asset thresholds added to the custody platform at CPA. This creates a conflict of interest in that it incentivizes CPA to maintain CCO as its affiliated broker-dealer to execute transactions in CPA client accounts and continue to direct assets, including client assets, to Pershing as its custodian.

Credit Interest and Money Market Account Revenue

When clients open accounts with CPA, their Portfolio Manager typically recommends a “sweep option” to hold funds awaiting investment. The sweep options made available to CPA client accounts through CCO include cash and several money market funds. Some of the money market fund options pay a distribution or 12b-1 fee, and pursuant to its clearing agreement with Pershing, CCO receives a portion of that fee based on average net assets of CPA clients beneficially owning shares of such funds. Pershing also offers money market fund options that do not pay a distribution or 12b-1 fees. CPA has an incentive to recommend a 12b-1 fee paying money market fund because such shares provide increased compensation to CCO, although this revenue is not shared with the Portfolio Manager. A conflict of interest exists when CPA recommends a fund paying a 12b-1 fee when an equivalent lower cost fund is available. Additionally, when a client does not select a money market fund or selects cash as the sweep option for their account, CCO is eligible to receive credit interest from Pershing. This creates a conflict in that it

incentivizes CPA to recommend cash as the sweep option in order to increase the compensation paid to CCO.

Margin Interest and Non-Purpose Loans

Margin and non-purpose loans are made available to qualified CPA clients in certain circumstances through CCO and Pershing. Pershing establishes a base cost charged to CCO, which is the “cost to carry” the loans. CCO has discretion to charge more than this base interest rate or “mark up” the interest rate that is charged to the client. Pershing pays CCO a substantial portion of the interest above the base rate charged on clients’ margin and non-purpose loans. This creates a conflict in that it incentivizes CPA to recommend the use of margin and non-purpose loans to clients in order to increase revenue to CCO and the use of margin and non-purpose loans increases asset-based fees. Although almost all rates are negotiated directly with clients, the fact that CCO marks up margin and non-purpose loan interest rates incentivizes it to set a higher rate in order to increase compensation to CCO for CPA client accounts.

Item 15 – Custody

As noted in Item 13 above, clients will receive statements from Pershing, the independent custodian which holds and maintains our clients’ accounts and assets. Clients should carefully review such statements and compare them to any other information you may receive from us.

CCO has limited custody of our clients’ funds and/or securities when clients authorize us to deduct our management fees directly from their accounts. CPA is also deemed to have custody of a client’s funds and/or securities when a client has on file a standing letter of authorization (“SLOA”) with the account custodian to move money from the client’s account to a third party and under the SLOA authorizes us to designate, based on the client’s instructions from time to time, the amount or timing of the transfers. The SEC has set forth a set of procedural safeguards intended to alleviate a firm being held to the full requirements of the SEC’s Custody Rule under these circumstances, which we follow.

Our affiliated broker-dealer, CCO, has an arrangement with Pershing to provide clearance and custody of accounts. Pershing: (a) maintains custody of all account assets, (b) executes and performs clearance of purchase and sale orders in accounts, and (c) performs all custodial functions customarily performed with respect to securities brokerage accounts, including but not limited to the crediting of interest and dividends on account assets. Pershing forwards client account statements as well as confirmation of each purchase and sale to you. Pershing acts as the general administrator of each account, which includes charging and collecting account fees on CCO's behalf and processing, pursuant to CCO's instructions, deposits to and withdrawals from the account.

You should receive at least quarterly statements from Pershing, the qualified custodian that holds your advisory account assets. CPA urges you to compare the holdings listed on the custodian's statement to those listed on reports CPA or your Portfolio Manager may provide. If you have a question about a discrepancy, you should direct it to your Portfolio Manager. If the Portfolio Manager is unable to adequately address your concern, you should contact CPA at the phone number on the cover page of this Brochure.

Item 16. Investment Discretion

At the outset of an advisory relationship with a client, we will normally receive discretionary authority from the client to determine the identity and amount of securities to be bought and sold. The investment discretion granted to us by the client is included in the Investment Management Agreement or other power of attorney we will execute with the client at the start of our relationship.

Item 17. Voting Client Securities

We will not vote, or give advice about how to vote, proxies for securities held in client accounts. If the account is for a pension or other employee benefit plan governed by ERISA, Client directs CPA not to vote proxies for securities held in the Account because the right to vote such proxies has been expressly reserved to either 1) The Plan's Trustees, or 2) The Named Fiduciary. Accordingly, the client will retain the sole right to vote such proxies and we will instruct our clearing firm or other custodian to forward proxy solicitation materials directly to the client.

Item 18. Financial Information

In this Item 18, registered investment advisers are required to provide clients with certain financial information or disclosures about their financial condition which are reasonably likely to impair their ability to meet contractual commitments to clients. We have no such financial condition to disclose.

Item 19. Other Legal Actions

The Client agrees that CPA will not advise or act for Client in any legal proceedings, including bankruptcies or class actions, involving securities held or previously held by the Account or the issuers of these securities (“Legal Proceedings”).