

## What material facts did the SEC identify as requiring disclosure?

	Form CRS	Reg. BI
Capacity	<ul style="list-style-type: none"> <li>• Broker-dealer</li> <li>• Investment adviser</li> <li>• Dual registrant</li> </ul>	<ul style="list-style-type: none"> <li>• Satisfied by Form CRS for broker-dealers that are not dual registrants</li> <li>• Disclose capacity of representatives that are also associated persons of an investment adviser</li> </ul>
Material Fees and Costs	<ul style="list-style-type: none"> <li>• Principal fees and costs (transaction-based fees), frequency, and conflicts</li> <li>• Other fees and costs (e.g., custodian fees, account maintenance fees, fees related to mutual funds and variable annuities, and other transactional fees and product-level fees)</li> <li>• Reference to additional information</li> </ul>	<ul style="list-style-type: none"> <li>• Build upon fees and costs in Form CRS</li> <li>• Disclose other categories of fees not required by Form CRS</li> <li>• Explain how and when the fees are charged</li> <li>• Use narrative or numerical disclosure (e.g., standardized or hypothetical amounts, dollar or percentage ranges) that “reasonably reflect[s] the actual fees to be charged”</li> <li>• May rely on mandated disclosure document (e.g., prospectus, offering document, 10b-10 confirmation) for specifics of product-level fees</li> </ul>
Type and Scope of Services	<ul style="list-style-type: none"> <li>• Summarize the principal services, accounts, or investments</li> <li>• Monitoring services</li> <li>• Limited investment offerings</li> <li>• Account minimums</li> <li>• Reference to additional information</li> </ul>	<ul style="list-style-type: none"> <li>• Material limitations on securities and investment strategies <ul style="list-style-type: none"> <li>▪ Proprietary products</li> <li>▪ Limited range of products/select group of issuers</li> <li>▪ Specific asset class</li> <li>▪ Products with third-party arrangements (e.g., revenue sharing, mutual fund service fees)</li> <li>▪ Making IPOs available only to certain clients</li> </ul> </li> <li>• Whether broker-dealer will monitor account and scope and frequency of monitoring</li> <li>• Requirements to open or maintain an account or establish a relationship</li> <li>• General basis for a recommendation (e.g., firm’s investment approach, philosophy, or strategy) and any deviations therefrom</li> <li>• Risks associated with a recommendation</li> </ul>
Conflicts of Interest	<ul style="list-style-type: none"> <li>• Proprietary products</li> <li>• Third-party payments</li> <li>• Revenue sharing</li> <li>• Principal trading</li> <li>• Reference to additional information</li> </ul>	<ul style="list-style-type: none"> <li>• Build on conflicts in Form CRS</li> <li>• Summarize how broker-dealer and financial professionals are compensated, sources and types of compensation received, and conflicts the compensation creates</li> <li>• Receipt of differential compensation</li> <li>• Other examples of conflicts identified: <ul style="list-style-type: none"> <li>▪ Charging commissions or transaction-based fees</li> <li>▪ Recommending a security underwritten by the broker-dealer or an affiliate</li> <li>▪ Recommending a transaction to be executed as principal</li> <li>▪ Allocating trades and research, including investment opportunities</li> <li>▪ Cost to the broker-dealer to effect the transaction</li> <li>▪ Accepting an order contrary to the broker-dealer’s recommendations</li> </ul> </li> </ul>