

# Herold & Lantern Investments, Inc.

## Disclosure Document

Herold & Lantern Investments, Inc. ("Herold & Lantern") is registered with the Securities and Exchange Commission as a broker-dealer and is a member of FINRA/SIPC, <https://www.sipc.org>. Free and simple tools are available to research firms and financial professionals at Investor.gov/CRS, <https://www.investor.gov/home/welcome-investor-gov-crs>, which also provides educational materials about broker-dealers, investment advisers, and investing. As a broker-dealer, we are subject to Regulation Best Interest, which establishes a standard of conduct for us and our Investment Professionals ("IP") when we make a recommendation to you of any securities transaction or investment strategy involving securities, including recommendations of types of accounts.

This Disclosure Document provides a summary of important information regarding the scope, terms and fees for the brokerage services we offer, as well as the material conflicts of interest that occur when we provide brokerage services to you. We encourage you to review this information, along with other disclosure documentation you receive from us, including our Customer Relationship Summary ("Form CRS"): <https://heroldlantern.com/files/crs-hl.pdf>. Our Form CRS contains important information about the types of services we offer along with general information related to fees, compensation, conflicts of interest, and any disciplinary actions.

Investment advisory services are provided through our affiliated investment advisers, Lantern Wealth Advisors LLC and Herold Advisors, Inc. which provides you separately with its Form ADV Part 2A Disclosure Brochure and its Form CRS. <https://heroldlantern.com/files/lwaformcrs.pdf> and <https://heroldlantern.com/files/crs-ha.pdf>

Please carefully review and consider the information in each section below.

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## Scope and Terms of Your Relationship with Us

When you open a brokerage account through us, you have the ability to buy, sell and hold investments within your account. For all recommendations we make for your brokerage account, we will be acting in a broker-dealer capacity and your IP will be acting as an Associated Person of our broker-dealer, unless otherwise explicitly stated at the time of the recommendation. In a brokerage account we can trade with you from our own account and earn a profit on those trades –these types of transactions are referred to as principal transactions. We only conduct principal trading in fixed-income securities. In other transactions, we will act as agent. The trade capacity in which we act for your brokerage account is disclosed on your trade confirmation, which you will receive after each transaction.

## Overview of Brokerage Accounts Offered

### Brokerage Account Types

We offer many different brokerage account types for retail clients, including individual and joint tenant accounts, estate and trust accounts, individual retirement accounts and other types of retirement accounts as outlined in our new account agreement. You should speak to your IP or refer to your new account documentation for a complete list of account types.

## **Clearing Services**

We have entered into an arrangement with Pershing, LLC (also referred to as our “clearing firm”) to carry your account and provide certain back-office functions. We and the clearing firm share responsibilities with respect to your account as set forth in the new account opening documents provided to you.

## **Cash Brokerage and Margin Brokerage Accounts**

Our brokerage services are provided through a cash brokerage account and/or a margin brokerage account, based on a review of your new account form profile. In a cash brokerage account, you must pay for your purchases in full at the time of purchase, but no later than settlement date, while in a margin brokerage account you can borrow part of the purchase price from our clearing firm, Pershing, LLC. This is generally referred to as a “margin loan.” When you borrow to purchase investments, you will pay interest costs as a result of your borrowing.

Before opening a margin account, you must execute a separate margin agreement. Included with your margin agreement is a copy of the Margin Disclosure Statement and a Truth in Lending Statement which provides interest rates. This Margin Disclosure Statement contains important information you should consider before establishing a margin brokerage relationship with us. For more information on our margin brokerage services, contact your IP and/or refer to Pershing, LLC’s Disclosure Statement provided with your account documentation.

## **Brokerage Services and Products**

We offer brokerage services to retail investors, including buying and selling securities. This includes soliciting recommendations in certain situations regarding which securities to buy or sell in connection with our primary business of buying and selling securities. This means we provide advice regarding the value and characteristics of securities or advisability of a transaction in securities only in connection with our primary business of buying and selling securities.

You make the ultimate decision regarding the purchase or sale of investments. We do not monitor your account on a continuous basis or set frequency. We will, however, review your account for the purpose of making a recommendation. The principal types of investments include equities, ETFs, mutual funds, bonds, including corporate and municipal bonds. Additionally, on a limited basis, we do offer CDs, options, unit investment trusts, structured products, and variable annuities. As discussed above, we trade securities for our own account and trade with clients on a principal basis for fixed income investments. A principal trade is a transaction that occurs when we buy or sell from our inventory. In other transactions, we act as agent.

## **Understanding Risk**

It is important for you to understand that all investment recommendations involve risk, including the risk that you may lose your entire principal. Further, some investments involve more risk than other investments. Higher-risk investments may have the potential for higher returns but also for greater losses. The higher your “risk tolerance,” meaning the amount of risk or loss you are willing and able to accept in order to achieve your investment goals, the more you may decide to invest in higher-risk investments offering the potential for greater returns. We align risk tolerances with investment need to offer you different investment objectives from which to choose. You should speak with your IP regarding the selection of investment objective and risk tolerances that are best aligned with your brokerage account goals and needs.

## **Our Approach to Making Recommendations**

It is important for you to understand that when our IP makes a brokerage recommendation to you, we have to act in your best interest and not put our interest ahead of yours. When making a recommendation to you, we consider reasonably available product alternatives, and base recommendations upon information captured in your new account profile, including, among other things, your risk tolerance, general investment knowledge, investment time horizon, liquidity needs, financial information, tax status, and the investment goals, which are described below. We encourage you to carefully consider your information contained in your new account form profile before investing. We also encourage you to discuss each recommendation with your IP prior to investing.

You may accept or reject any recommendation. It is also your responsibility to periodically review and monitor the investments in your brokerage account, and we encourage you to do so regularly. To reiterate, we do not monitor your account on a continuous basis or set frequency. If you prefer on-going monitoring of your account or investments, you should speak with your IP about whether an advisory services relationship is more appropriate for you.

Investment goals typically have different investment time horizons and different income and growth characteristics.

As discussed in our new account form, we categorize risk tolerance based on a continuum that ranges as follows: “Low”, “Moderate”, “Speculation”, and “High Risk”. We encourage you to discuss your risk tolerance with your IP when you open an account and on an ongoing basis, in particular, when we make recommendations.

In your new account form profile, investment goals are explained as follows:

- **GROWTH / INCOME:** An investment approach by which an investor’s primary goal is to achieve a blend of both current income & appreciation of account value associated with fixed income and equity securities.
- **INCOME:** An investment approach by which an investor seeks current income over time.
- **LONG-TERM GROWTH:** An investment approach by which an investor generally seeks capital appreciation through buying and holding

securities over an extended period of time.

- **SHORT-TERM GROWTH:** An investment approach by which an investor generally seeks short-term capital gains through buying and selling securities over a short period of time.

When we make a securities recommendation, investment strategy recommendation or recommendation to rollover assets from your qualified retirement plan, such as a 401(k)-retirement plan, to an Individual Retirement Account (IRA), we will take into account information contained in your new account profile and any other relevant factors, as well as the potential risks, rewards, and costs of the IRA rollover compared to the investor's existing 401(k) account investments and costs.

Please also consider that from time to time we may provide you with additional information and resources to assist you with managing your brokerage account, such as educational resources or marketing materials. When we offer these resources and information, we do so as a courtesy to you. These activities are not designed to monitor specific investment holdings in your brokerage account, they do not contain specific investment recommendations about investment holdings, and you should not consider them a recommendation to trade or hold any particular securities in your brokerage account. Upon your request, we will review such information with you and may provide you with investment recommendations.

## **Material Limitations**

We do not offer proprietary products, a limited menu of products or types of investments, nor do we require a minimum account size or investment amount to establish a brokerage account. However, if you either fail to fund your account or do not return account opening documents as required, your account will be closed.

## **Brokerage Fees You Will Pay**

### **Transaction-Based Fees**

You will pay a commission or sales charge when you buy or sell securities.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. You should discuss commission charges with your IP to understand the ranges of fees and costs you will pay. Commissions are also disclosed in your trade confirmation, which you will receive after each transaction.

When we buy or sell a security from our inventory, commonly referred to as a principal trade, we will add a mark-up or mark down fee on the transaction. We only conduct principal trading in fixed-income securities. The amount of the mark-up or mark-down will be disclosed on the trade confirmation for riskless principal transactions for retail investors.

We do not maintain a formal fixed retail commission schedule and generally negotiate commission equivalent rates with you. Please speak to your IP for more information regarding our commissions, in particular, upon account opening and at the time of a transaction.

### **Account and Service Fees**

You will pay fees for various operational services provided to you through your brokerage account. These fees are set at least annually and communicated to you through information included in your account statement and other notifications. These fees do not apply to all account types and may be waived under certain conditions. To illustrate, you may incur account/service fees and costs related to the investments in your account, such as custodian fees, Reg T extension requests, inactivity and paper statement fees, wire transfer fees, fees related to mutual funds and variable annuities, such as fund management fees, 12b-1 distribution fees and other product related fees, such as redemption fees. Please refer to our Schedule of Ancillary Fees for a complete list of account and service fees in the Appendix of this document.

## **How We Are Compensated**

The sections below describe the compensation that we receive in connection with various investments that may be available to you. In many cases, the descriptions that follow refer to a prospectus, which we encourage you to review prior to investing for information on fees and expenses.

### **Equity, Options and Fixed Income Securities**

When we execute transactions in securities for your account, we are compensated in the form of a commission on equity and options transactions or a markup (or markdown) on fixed-income transactions. Generally, we will charge a commission of up to 5.00% of the equity transaction amount with a minimum of \$60 when we execute your transaction as agent. We will generally charge you a markup (or markdown) of up to 2.75% when acting as principal or riskless principal on fixed-income transactions (typically "commission equivalents"). When acting as principal on a fixed income transaction, we add a markup to any purchase, and subtract a markdown from any sale. The markup or markdown will be included in the price and yield quoted to you. Option fees may be negotiated but will generally not be more than \$45 plus \$15/contract. Whether a commission, markup (or markdown) or commission equivalent, we are required to charge only fair and reasonable amounts, taking into consideration all relevant circumstances. Additionally, we may incur gains (or losses) on positions we hold in inventory in response to market movements or other events that impact the value of the securities we own. We do not receive payment for directing order flow. However, our clearing firm may receive payment for order flow. A description of our clearing firm's payment for order flow methodology can be found in your account opening disclosures.

You may pay more or less than similar clients for identical transactions depending on your particular circumstances, including the size of your account, the services you have applied for, past changes to our fees, and any separate agreement between us. We reserve the right not to place any trades or effect any other transactions for your account when such fees are unpaid.

## Mutual Funds

We currently offer an internally approved list of mutual funds, varying in share class structure and investment style. For specifics on particular products, including fees, please refer to the prospectus, which will be delivered to you at or prior to the transaction in accordance with the method of delivery you have selected.

Some mutual funds offer investors different types of shares, known as "classes." Each class invests in the same portfolio of securities and has the same investment objectives and policies. But each class has different shareholder services and/or distribution arrangements with different fees and expenses. Because of the different fees and expenses, each class will likely have different performance results. A multi-class structure offers investors the ability to select a fee and expense structure that is most appropriate for their investment goals (including the time that they expect to remain invested in the fund).

Here are some key characteristics of the most common mutual fund share classes offered to individual investors:

Class A shares typically charge a front-end sales load, but they tend to have a lower 12b-1 fee and lower annual expenses than other mutual fund share classes. Some mutual funds reduce the front-end load as the size of the investment increases. These discounts are called breakpoints.

Class B shares typically do not have a front-end sales load. Instead, they may charge a back-end sales load and a 12b-1 fee (along with other annual expenses). The most common type of back-end sales load is the "contingent deferred sales load," also referred to as a "CDSC" or "CDSL." Typically, the amount of the contingent deferred sales load decreases the longer you hold the shares. Class B shares also might convert automatically to a class with a lower 12b-1 fee and no contingent deferred sales load if you hold the shares long enough.

Class C shares might have a 12b-1 fee, other annual expenses, and either a front-end or back-end sales load. But the front-end or back-end load for Class C shares tends to be lower than for Class A or Class B shares, respectively. Over an extended period of time, Class C shares generally will convert to another share class. Class C shares tend to have higher annual expenses than either Class A or Class B shares.

If a fund offers multiple classes, it may describe them all in a single prospectus, or it may describe them separately in separate prospectuses. In some cases, you may not be eligible to purchase all classes.

We receive direct and indirect compensation in connection with such mutual fund investments, as described below:

### Front-end Sales Charge Fees/Contingent Deferred Sales Charges (CDSC)

Front-end sales charge fees will be paid to us, including to your IP, when you purchase a fund. The front-end sales charge is deducted from the initial investment on certain share classes. This charge can range up to 5.75%. Some purchases may qualify for a reduced front-end sales charge due to breakpoint discounts based on the amount of transaction and rights of accumulation. You should speak with your IP to discuss eligibility for sales charge waivers.

CDSC is a charge you pay upon withdrawal of money from a fund prior to the end of the fund's CDSC period. CDSC charges range from 0.00% to 5.750%. CDSC time periods, generally, can range from zero to seven years. This charge typically exists only on share classes that do not have a front-end sales charge. It is often referred to as the back-end load. CDSCs are not charged at the time you purchase a fund. You can find a description of all fees and expenses charged and paid by the fund in the fund's prospectus. Fees and expenses disclosed in the fund's prospectus are charged against the investment value of the fund.

### 12b-1 Fees

We offer products, including mutual funds, some of which pay to us and our IPs, ongoing distribution fees, also referred to as servicing fees or 12b-1 fees. These fees differ by share class. Depending on the share class, the 12b-1 fees can range from 0.00% - 1.00%. This compensation (commonly known as trails), service fees or Rule 12b-1 fees in the case of mutual funds) is typically paid from the assets of the investment product under a distribution or servicing arrangement and is calculated as an annual percentage of invested assets. The amount of this compensation varies from product to product. We have an incentive to recommend that you purchase and hold interests in products that pay us higher trails.

### Revenue Sharing

We receive a portion of the revenue that our clearing firm receives from certain product sponsors for investing client assets in their products.

### Margin Balances

Interest is charged on margin debit balances in accordance with the margin agreement as provided in your brokerage account documentation. On your debit balances, our cost of funds will be based on the published broker call rate, per our agreement with the clearing firm. We earn the difference between the interest rate charged to you and our cost of funds. Our agreement with the clearing firm increases the profitability of margin lending as client margin debit balances increase. This creates a conflict in that we receive this revenue in addition to the compensation for other brokerage products and services. Please refer to the Margin Disclosure Statement provided to you in your brokerage documentation.

### Revenue Sharing - Cash Sweep Program

We share in revenue received relating to client balances swept into money market funds and bank deposits. These programs may create a financial benefit for us. Pursuant to the Money Market Funds and FDIC Insured Sweep Deposit Account Sweep Options and the Broker Distribution Assistance provision in our clearing and custody agreement with Pershing, LLC, we will receive fees based upon the assets within each money market fund family and in accordance with the terms of its most recent agreement. Amounts will vary, as indicated in the cash sweep program disclosure statement. This amount may change without notice to you. As a result of the fees and benefits to us, the cash sweep program may be more profitable to us than other available cash sweep options. Other cash sweep options may also provide you with a higher rate of return. Speak to your IP to obtain more information

about our Cash Sweep Program, the details of which are provided to you upon account opening in the Pershing Disclosures or visit our Cash Sweep Program Disclosure Statement available at <https://heroldlantern.com/disclosure>.

## **Variable Annuities**

Under arrangements with insurance companies, we, including your IP, receive commissions from the insurance companies for the sale of variable annuities, as well as trail commissions, as they are considered indirect compensation. Commissions and trails paid to us vary by product type and may vary by insurance carrier. This compensation is separate from and in addition to compensation for other brokerage services.

For additional information regarding variable annuities fees, please reference the prospectus provided in connection with the product.

## **Unit Investment Trusts (UITs)**

We, along with your IP, are compensated in various ways that depend on the type and terms of the UIT portfolio selected. The types of fees received by us are disclosed via the prospectus issued by the UIT provider. Your IP will provide you with a copy of the prospectus in connection with the UIT product. The UIT provider deducts fees as compensation from the proceeds available for investments for marketing and distribution expenses, which will include compensating us as described in each UIT prospectus. For additional information regarding fees, please refer to the applicable prospectus.

## **Training and Education**

We work with some mutual fund sponsors who provide training and education meetings on an infrequent basis to our IPs. While rare, these meetings or events are held to educate IPs on product characteristics, as well as various other topics listed below. On rare occasions, IPs may receive promotional items, meals or entertainment or other non-cash compensation from mutual fund sponsors. These arrangements are not related to individual transactions or assets held in client accounts. Due to the number of product providers we use, it is not possible for all companies to participate in these types of meetings or events. Consequently, those product providers that do participate in such client or educational meetings, or other events, gain an opportunity to build relationships with our IPs; these relationships could lead to sales of that particular company's products. The amount of promotional items, meals or entertainment or other non-cash compensation from mutual fund sponsors is not dependent or related to the level of client assets with the mutual fund sponsor. These meetings are not based on the sale of specific securities or types of securities within a limited period of time.

Meeting or event topics may include:

- Meetings or events are held by product sponsors to educate IPs on product characteristics, business building ideas, industry topics and best practices, as well as various other topics. IPs may be reimbursed for expenses to attend these events and require prior approval by us.
- Product sponsors also contribute funds to cover expenses of firm and client events. Such sponsorships require prior approval by us and are logged for tracking purposes to review for potential conflicts of interest and compliance with regulations.

## **Trade Errors / Corrections**

We make every effort to ensure the integrity of the personal and financial information we maintain on your behalf. You, your IP, and we share this responsibility equally. While we agree to maintain a consistent and accurate level of quality in the processing of your transactions, you have a separate responsibility to ensure that all instructions have been carried out properly. Should you discover an error, omission, exception, or if you fail to receive a confirmation following an anticipated or requested transaction, you must notify us in writing. We will assume that your confirmations and statements are correct unless you notify us immediately. Neither we nor your IP will assume financial liability if an error is not immediately reported to us, we will correct the error, but neither we nor your IP can accept responsibility for market fluctuations or other related expenses incurred due to the error. In rare instances on a limited basis, we profit from a trade error.

## **Compensation for Termination of Services**

Other than any IRA termination fees (when applicable), and account transfer fees, we will not receive any additional compensation in connection with the termination of our services. If you have any questions, contact your IP.

## **Conflicts of Interest**

When we provide you with a recommendation, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests.

A conflict of interest occurs when we participate in a transaction where our interest might incline us to make a recommendation that benefits us and is not disinterested. Our regulatory obligations require that we create, maintain, and enforce written policies and procedures reasonably designed to address conflicts of interest associated with our recommendations to you.

Securities regulations allow us and our IPs to earn compensation when we provide brokerage services to you. Included in these products are variable annuities, UITs, mutual funds, ETFs, equities, and fixed income. The compensation that we and our IPs receive from you varies based upon the product you purchase, which creates a financial incentive to recommend investment products and services that generate greater compensation to us.

Below you will find additional information related to our conflicts of interest. This information is not intended to be an all-inclusive list of our conflicts, but generally describes those conflicts that are material to your brokerage relationship.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security ACT and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflict with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours/ Under this special rule provisions, we must:

- \* Meet a professional standard of care when making investment recommendations
- \* Never put our financial interests ahead of yours when making recommendations (give loyal advice)
- \* Avoid misleading statements about conflicts of interest, fees, and investments
- \* Follow policies and procedures designed to ensure that we give advice that is in your best interest
- \* Charge no more than is reasonable for our services
- \* Give you basic information about conflicts of interest

## **Conflicts Related to Compensation we Receive from Clients**

You will pay a commission or sales charge when you buy or sell securities. Our firm and your IP earn more when there is more trading in your account and may therefore have an incentive to encourage you to trade often. This includes when we act as agent or principal on the transaction.

As discussed earlier in this Disclosure Guide, when we buy or sell a security from our inventory, commonly referred to as a principal trade, we will add a mark-up or mark down fee on the transaction. We only conduct principal trading in fixed income securities. This is an additional source of compensation for us.

Interest is charged on margin debit balances in accordance with the margin agreement as provided in your brokerage account documentation. On your debit balances, our cost of funds will be based on the published broker call rate, per our agreement with the clearing firm. We earn the difference between the interest rate charged to you and our cost of funds. Our agreement with the clearing firm increases the profitability of margin lending as client margin debit balances increase. This creates a conflict in that we receive this revenue in addition to the compensation for other brokerage products and services. Please refer to the Margin Disclosure Statement provided to you in your brokerage documentation.

We strive to maintain a consistent and accurate level of quality in the processing of your transactions. Should you discover an error, omission, exception, or if you fail to receive a confirmation following an anticipated or requested transaction, you must notify us in writing. It is possible for us, on a limited basis, to profit from a trade error.

## **Conflicts Related to Compensation we Receive from Third Parties**

The total amount of payments we receive from third parties varies from product to product and varies with respect to the third-party investment management products we recommend.

### **Conflicts Regarding the Types of Third-Party Compensation We Receive:**

- **Third-Party Payments:** Compensation from product sponsors, including mutual funds, including 12b-1 fees, are paid out of fund assets under a distribution and servicing arrangement to cover distribution expenses and sometimes shareholder service expenses that we may provide on the fund's behalf. This type of ongoing compensation is received by us and shared with our IPs. The amount of this compensation varies from product to product. These fees range from 0.00 – 1.00%. This means we have a financial incentive to offer certain investments or products.
- **Revenue Sharing:** We receive a portion of the revenue that the clearing firm receives from certain product sponsors for investing client assets in their products including cash sweep products held in your brokerage account. This means we have an incentive to recommend certain investments to you.
- **Mutual Fund Share Classes:** Some mutual funds offer multiple structures of the same product (e.g., mutual fund share classes) with each option having a unique expense structure, and some having lower costs to you as compared to others. We are incentivized to make available those share classes or other product structures that will generate the highest compensation to us. We mitigate this conflict of interest by capping the amount of compensation that an IP can earn from mutual fund transactions at 3.5%.
- **We work with some mutual fund sponsors who provide training and education meetings on an infrequent basis to our IPs.** While rare, these meetings or events are held to educate IPs on product characteristics, as well as various other topics listed below. On rare occasions, IPs may receive promotional items, meals or entertainment or other non-cash compensation from mutual fund sponsors. These arrangements are not related to individual transactions or assets held in client accounts. Due to the number of product providers we use, it is not possible for all companies to participate in these types of meetings or events. Consequently, those product providers that do participate in such client or educational meetings, or other events, gain an opportunity to build relationships with our IPs; these relationships could lead to sales of that particular company's products. Promotional items, meals or entertainment or other non-cash compensation from mutual fund sponsors is not dependent or related to the level of client assets with the mutual fund sponsor. These meetings are not based on the sale of specific securities or types of securities within a limited period of time.

## **Conflicts Related to Compensation Received by Financial Professionals**

IP's are licensed to provide brokerage services and are compensated based on a percentage of the transaction fees generated from the amount of securities they buy and sell. IPs also have an incentive to provide brokerage recommendations to increase brokerage trading activity and to reduce the amount of discounts available to you. As a result, IPs have an incentive to provide brokerage recommendations that result in selling more investment products. The IP receives the same percentage of the transaction fee regardless of the product purchased or held in your account.

Our IPs also receive the following compensation: Ongoing compensation from Product Sponsors is shared with our IPs, commonly known as trails,

service fees or Rule 12b-1 fees in the case of mutual funds. The amount of this compensation varies from product to product. This means your IP has an incentive to recommend certain products based on the compensation he or she will receive.

Certain IP's are paid a salary and bonus, which is based on other services undertaken.

Some of our IP are also licensed with our Investment Adviser Affiliate to provide investment advisory services and receive related compensation from that Affiliate. We do not directly receive any compensation from our Advisory Affiliate. Refer to our Affiliate's Form CRS previously provided to you for further information, or at <https://heroldlantern.com/files/lwaformcrs.pdf> and <https://heroldlantern.com/files/crs-ha.pdf>.

Some of our IP's are also licensed with our Insurance Affiliate to provide non-investment related insurance products and receive related compensation from that Affiliate.

## Other Financial Professional Conflicts of Interest

Our IPs may have conflicts of interest beyond those disclosed in this disclosure document. If applicable, your IP will disclose any additional material conflicts of interest not later than the time of a recommendation, and that disclosure will be made orally.

## RETIREMENT and EDUCATION SAVINGS ACCOUNTS FEE SCHEDULE Ancillary Fees

ANNUAL MAINTENANCE FEES (PER ACCOUNT)	Fee
Traditional IRAs, Roth IRAs, SEP IRAs, and Education Savings Accounts	\$50.00 <sub>1</sub>
Traditional IRAs, Roth IRAs and SEP IRAs – Mutual Fund Only	\$15.00 <sub>1</sub>
Prototype Simplified Employee Pensions (Prototype SEPs and SARSEPs)	\$58.50 <sub>2</sub>
Prototype SEPs and SARSEPs – Mutual Fund Only	\$15.00 <sub>2</sub>
SIMPLE Plans and 403(b)(7) Custodial Accounts	\$58.50 <sub>1</sub>
SIMPLE Plans – Mutual Fund Only	\$15.00 <sub>2</sub>
Qualified Retirement Plans (QRP)	\$75 or \$125 <sub>2</sub> Depending on plan document type <sub>3</sub>

Mutual Fund Only Transfers	Fee
Traditional IRAs, Roth IRAs, SEP IRAs, Prototype SEP IRAs and SIMPLE IRAs to a Mutual Fund Only	\$50
<b>QRP AND 403(B)(7) LOANS</b>	
Distribution and Repayment Posting (due with loan documentation)	\$50 <sub>4</sub>
<b>LIMITED PARTNERSHIPS, PRIVATE PLACEMENTS, AND OTHER SPECIAL PRODUCTS<sub>5</sub></b>	
Subscription Fee (per purchase)	\$50
Redemption Fee (per position)	\$50
Registration Fee (per position)	\$50
Annual Administration Fee (per registered position)	\$35
Annual Administration Fee (per unregistered position)	\$125
Document Review Fee to Determine Ability to Custody (per review, regardless of outcome)	\$300
IRS 990-T UBTI Tax Return Filing (per return filed)	\$200
<b>ACCOUNT TERMINATION FEE<sub>6</sub></b>	
All Retirement Accounts (per account)	\$95

<sub>1</sub> Invoiced annually, charged in arrears

<sub>2</sub> Due at account set up, invoiced annually.

<sub>3</sub> Pershing Individual(k), Simplified Profit Sharing and Simplified Money Purchase plan document type: \$75.00.

Pershing Flexible 401(k), Flexible Profit Sharing and Flexible Money Purchase plan document type :\$125.00.

<sub>4</sub> One-time fee-submit with loan instructions, distribution form, and promissory note.

<sub>5</sub> In addition to annual custodial maintenance fee.

<sub>6</sub> In addition to annual custodial maintenance fee and other fees due unless prepaid

## Schedule of Ancillary Fees

*In an effort to defray business costs, the following fees are applied for certain services. Only customers who utilize these services will be charged the corresponding fees. Additional fees may be applied for certain services.*

<b>Service</b>	<b>Fee</b>	<b>Recurrence</b>	<b>Definition</b>
ACAT Out	\$115	Per Account Transferred	Accounts that are transferred to another financial institution
DRS/DWAC Transfer – Incoming or Outgoing	DWAC\$5 DRS \$10	Per Security	Processing fee to/from transfer agent. Fees vary depending upon agent
Accommodation Transfer	\$75	Per Certificate	Transfers of stock from street name to personal certificate registration and delivery; if available
Legal Transfers	\$100	Per Certificate	Transfers/deposits requiring legal papers in addition to stock powers
Voluntary Reorganization	\$40	Per Security	Reorganizations such as tender offers, whereby a customer may elect to participate
Mandatory Reorganization	\$2	Per Security	Reorganizations such as mergers and take-overs which are mandatory
Wire Transfers - Domestic	\$15	Per Transfer	Transfer of funds to another financial institution via Federal Wire System
Wire Transfers - Foreign	\$30	Per Transfer	Transfer of funds to another financial institution via SWIFT Wire System
Check Copy	\$5	Per Check	Copy of a check from check writing
Returned Check/ACH	\$25	Per Occurrence	Checks/ACH deposited which are rejected for insufficient funds
Check Stop Payment	\$20	Per Check Stopped	Placing a stop payment on a check issued by Pershing from your brokerage account
Check writing/Debit Card	\$25	Yearly	Asset Management Accounts (Corestone) – basic
Account Inactivity*	\$40/\$20	Annually per Account	Fee charged annually based upon a calendar year; \$20 fee is for inactive accounts that only own mutual funds
IRA Maintenance	\$50	Annually per Account	Fee charged annually based on anniversary date
Mutual Fund Only IRA or SIMPLE IRA Maintenance	\$15	Annually per Account	Fee charged annually based on anniversary date for account owning only open-end mutual funds
SIMPLE IRA Maintenance	\$58.50	Annually per Account	Fee charged annually based on anniversary date
QUALIFIED Plans Maintenance	\$75-\$125	Annually per Account	Fee charged annually based on anniversary date
IRA Termination	\$95	Per Account	The closing or transfer of a retirement account or qualified plan
Overnight Courier	\$20	Per Occurrence	Usage of overnight services such as UPS and FedEx
PREMIERE account	\$125	Annually per Account	Enhanced feature account; speak to your financial representative for full details
Cash/Margin Extension	\$10	Per Occurrence	Fee charged for inadequate cash or margin positions
Safekeeping	\$10	Per Certificate per Month	For securities that are held at Pershing that are non-transferable.
Pape Mailing Fee	\$2.00	Per month	For accounts that do not elect for paperless/e-delivery for statements, trade confirmations and notifications and letters
Paper Tax Document (i.e. 1099)	\$10.00	Per tax document/account	For accounts that do not elect for paperless/e-delivery of tax documents
Statement/Confirm Copy	\$10	Per Item	Copy of statement or trade confirmation
Foreign Account Fee	\$50	Per year	Accounts with a non-US tax residence

*\*Inactive accounts are defined as accounts holding a security position for a calendar year (January 1 - December 31) without generating a.) a trade or b.) a free credit or margin interest of at least \$100. Mutual fund systematic reinvestments and exchanges will be considered a trade. Dividend reinvestment activity is not considered a trade. Inactive fees do not apply to retirement accounts where Pershing acts as custodian and collects fees. Accounts exclusively holding "book entry only" fixed income positions, an aggregate FundVest position of \$10,000 or more are exempt from this fee.*