SUTTER SECURITIES, Inc.

REGULATION BI Relationship Guide

As of September 21, 2021

Introduction

We are providing this information on conflicts of interests, costs and fees, and other investment-related information. Statements in this document (provide additional information on topics discussed in our Form CRS, which is summary in nature and limited in substance and size by the U.S Securities and Exchange Commission (SEC). Information in this document is also subject to, and intended to supplement, the separate disclosures, prospectuses, account forms, account agreements and other materials that we provide to you when making recommendations over the course of our relationship with you.

Sutter Securities, Inc. (”SSI”) is a broker-dealer registered with the SEC and member of the Financial Industry Regulatory Authority (FINRA). As a broker-dealer, SSI transacts business in various types of investment products including certain Mutual Funds with which we have selling agreements (Onshore and Offshore Mutual Funds such as Equity Funds, Fixed Income Funds, and Balance Funds), U.S. Equities (listed companies on all U.S. exchanges, Nasdaq stocks, Bulletin Board stocks, and Pink Sheet stocks), Non-USD Equities, Fixed Income (U.S. Treasury bonds, notes, and bills; U.S. Government Sponsored Enterprise (GSE) securities; and U.S. Corporate Bonds), Options, and Exchange Traded Funds (ETFs).

SSI maintains a network of individuals, referred to as "financial professionals," who offer brokerage services. SSI's financial professionals are independent contractors. SSI financial professionals are located throughout the U.S. and may offer investment services under their own business name.

SSI is affiliated with entities including Boustead & Company Limited (BCL), Boustead Securities, LLC (BSL), Sutter Securities Clearing, LLC (SSC), and Sutter Securities Group, Inc. (SSG or FlashFunders).

Some of the entities are separately registered, and all operate independently, however they are affiliated by ownership and control. At times, you may be referred to an affiliate, or an affiliate may refer you to SSI. You will be informed of the role(s) of the affiliate(s) at the time of a recommendation and other documents, such as prospectus or offering materials will also serve to provide you with information. But if you have any questions regarding the entity(ies) you are doing business with please contact your investment professional or our compliance team at 949-502-4408.

Throughout the document, we provide you with information that is designed to assist you in making sound investment decisions, and to help you consider reasonably available investment alternatives offered by SSI.

As a broker-dealer, we have conflicts of interest when we make a recommendation of a securities transaction or investment strategy involving securities, including that we are compensated based on the sale of securities to you.

We and our financial professionals are compensated directly by customers and indirectly from the

investments made by customers. When you purchase an investment, we typically get paid an upfront commission or sales load at the time of the transaction and in some cases a deferred sales charge. If we are paid an upfront commission, it means that we are paid more if you make more transactions and/or the larger the transaction. When we are paid indirectly from the investments made by customers, we receive ongoing compensation, typically called a "trail" payment, for as long as you hold the investment. In addition, we receive compensation from the sponsors of some of the investment products that we offer. The amount we receive varies depending on the particular type of investment purchased. The compensation described in this disclosure summary represents the maximum gain or profit we receive on an investment, before deduction of our expenses. It is important that you read and consider other information, including prospectuses and transaction confirmations to ensure that you are fully apprised of the costs and fees associated with your investment.

Not all of the conflicts described in this disclosure summary apply to a particular financial professional, his or her services, or all the products we offer. When Regulation Best Interest applies, our financial professionals may be required to disclose additional information specific to them, such as limitations on the securities or investment strategies involving securities that they may recommend, differences in the investment approach they are recommending to you, and any conflicts of interest that may be unique to them. If that is the case, then your financial professional will disclose such additional information to you orally or in writing before or at the time they make the recommendation to which that additional information relates.

We also provide important information regarding our compensation below.

We supervise retail investors' investments, including the frequency and any material limitations, but we do not provide a monitoring service.

SSI and Financial Professional Compensation

Commissions, Sales Charges, Brokerage Account fees and charges

SSI receives upfront commissions when we execute transactions that result in the purchase or sale of a security. A commission, which also may be called a sales load, sales charge, or placement fee, is typically paid at the time of the sale, reduces the amount available to invest or can be charged directly against an investment.

Generally, commissions are calculated based on the principal purchase or sale amount involved and the product type. The commission may also be based on the quantity of securities purchased, and other factors. We pay financial professionals a portion of the commissions that we receive. Financial professional compensation generally will increase as the volume of trades increases in a brokerage account. Please see more information about how we compensate financial professionals below.

Because the commissions vary from product to product, we have an incentive to sell a higher commission product rather than a lower commission product.

The maximum and typical commissions for common investment products are listed below. For more information about other commissions that apply to a particular transaction, we encourage you to refer to the applicable investment's prospectus or other offering document.

- *Equities and Other Exchange Traded Securities.* The commission charged by SSI in an agency capacity on an exchange traded security transaction, such as a stock or equity, ETF, exchange traded note (ETN), or closed-end fund (CEF) can be negotiated and ranges from 2% to 5% of the transaction amount depending on the price and size of the transaction. Option transactions include additional charges and commissions, including a minimum charge per contract of $1.00.
- *Transactions In Alternative Investments, IPOS through FlashFunders.* Our financial professionals offer transactions in alternative investments and IPOs through SSI and our affiliate FlashFunders. In most instances, financial professionals earn a higher commission on alternatives and IPOS than for equities and other exchange traded securities. The range of commissions varies among different offerings but generally will fall between 7 and 10%. Securities offered in this manner are offered by prospectus, and you should consider the disclosures in the prospectus to be your primary source of information about the offering and compensation paid to SSI and to your financial professional. As noted throughout this document and in our Form CRS, because investments offered through our affiliate FlashFunders pay higher commissions, your financial professional has an incentive to offer these securities.
- *Corporate and Government Fixed Income Securities (Bonds).* Most fixed income securities are debt instruments offering investors defined cash flows, i.e., a fixed amount of interest, and a specific timeline for return of the par or face value on the bond. In general, specific characteristics of higher quality fixed income cause it to be one of the most predictable asset classes and thus a more conservative means to protect an investor's wealth and/or to provide steady income. Some fixed income securities are insured. Any guarantees such as that of the United States government, FDIC, or any other insurance applies only to the face value of the investment and not to any premium paid, nor does it protect the investor from market risk. There is always the risk that the insurer itself could declare bankruptcy or otherwise fail to meet its obligations under the insurance terms.

SSI is an introducing broker. Your brokerage accounts are carried and cleared on a fully disclosed basis to Pershing, LLC (“Pershing”) through a tri-party agreement with Herold and Lantern Investments.
If you hold a brokerage account through SSI you will pay costs for transactions, transfers, certain optional features, retirement account maintenance and other fees. Our financial professionals do not, but we do receive a portion of many of the fees charged by our clearing firm as a result of adding a mark-up. Generally, we receive more fees when there are more transactions in an account.

We charge our financial professionals various fees for, among other things, trade execution, administrative services, industry-insurance, technology, and licensing. These fees impact the financial professional’s ability to be profitable, and provide incentive to offer and recommend certain services or products over others. In certain cases, these fees are reduced based on a financial professional's overall business production or the amount of assets serviced by the financial professional, which gives the financial professional an incentive to recommend that you invest more in your account or engage in more frequent transactions. Transaction fees charged to your financial professional can also vary depending on the specific security that the financial professional recommends. For example, the transaction fees a financial professional pays to purchase or sell a mutual fund for your account may be different from the transaction fee to purchase or sell an ETF, which creates an incentive for your financial professional to recommend the product that carries the lowest transaction charge.

Compensation to Financial Professionals

We typically pay our financial professionals a percentage of the revenue they generate from sales of

products and services. The percentage received can vary (typically between 45% to 100%) depending on a financial professional's agreement for certain levels of production and the investment product or service provided. Compensation of this type creates a financial incentive for the financial professional to meet the production or asset levels, or to sell products that pay higher commissions.

It is customary for us to pay a portion of a financial professional's compensation to the financial professional's branch manager or another licensed person for supervision and/or administrative or sales support. There is a conflict of interest because the compensation affects the manager/supervisor's ability to provide objective supervision of the financial professional. We address this conflict by implementing a supervisory system that includes checks and balances.

Other Benefits

Financial professionals are eligible to receive other benefits based on the revenue generated from sales of products and services. These benefits present a conflict of interest because a financial professional has an incentive to remain with SSI in order to maintain these benefits. These benefits include eligibility for practice management support and enhanced service support levels that confer a variety of benefits, conferences (e.g., for education, networking, training, and personal and professional development), and other non-cash compensation. These benefits also include free or reduced cost marketing materials, reimbursement, or credits of fees that financial professionals pay to SSI for items such as administrative services or technology, and payments that can be in the form of repayable or forgivable loans (e.g., for retention purposes or to assist a financial professional grow his or her securities practice). If we make a loan to a new or current financial professional, there is also a conflict of interest because SSI's interest in collecting on the loan affects our ability to objectively supervise the financial professional.

A Financial Professional's Outside Business Activities

Our financial professionals may engage in certain approved outside business activities other than providing brokerage and advisory services through SSI, and in certain cases, a financial professional receives more compensation, benefits, and non-cash compensation through an outside business activity than through SSI.

When this happens, the financial professional is subject to the policies and procedures of the third-party entity, and there are different conflicts of interest in addition to those discuss by SSI. A financial professional may receive compensation, benefits, and non-cash compensation through the third-party insurance agency and may have an incentive to recommend you purchase insurance products away from SSI. If you contract with a financial professional for services separate or away from SSI, you should discuss any questions you have about the compensation they receive from the outside activity.

SSI requires the financial professional to disclose these activities, but they are offered outside the services provided by SSI and subject to their own separate disclosures. You can find more information on FINRA's website at https:// brokercheck.finra.org.

Please be advised of the following:

- DO NOT issue a check or other form or payment to a financial professional's outside business activity name or entity for any SSI business.
- DO NOT issue a check or other form or payment to a financial professional's outside business activity name or entity for any SSI investment. ALL payments for investments must be made to Pershing, LLC, or directly to the product sponsor.

- ASK before investing. If you are confused about the relationship between a financial professional's outside activity and SSI, please contact us immediately at, compliance@sutterus.com

Third Party Compensation

SSI and our financial professionals receive compensation from investment product sponsors and other third parties in connection with investments that our customers make in securities such as mutual funds, annuities, and alternative investments. Certain types of third-party compensation are received by SSI and shared with our financial professionals, and other types are retained only by SSI.

Trail Compensation

SSI and our financial professionals may receive ongoing compensation from certain investment products such as mutual funds, annuities, and alternative investments. This compensation (commonly known as trails or Rule 12b-1 fees) is typically paid from the assets of the investment product under a distribution or servicing arrangement with the investment sponsor and is calculated as an annual percentage of assets invested by our customers. The more assets you invest in a product, the more we are paid in these fees. Therefore, we have an incentive to encourage you to purchase a product offered by a sponsor who shares a portion of their compensation with us or increase the size of your investment.

The amount of trails received varies by product. This creates an incentive to recommend a product that pays a higher trail rather than a lower trail. We also have an incentive to recommend a product that pays trails (regardless of amount) rather than products that do not pay trails.

For more information about trail compensation received with respect to a particular investment, please refer to the prospectus or offering document for the investment.

- *Mutual Funds and 529s.* The ongoing payment depends on the class of shares but is typically between 0.25% and 1% of assets annually.

- *Alternative Investments*. For alternative investment products, such as non-traded REITs, trail payments are typically 1% or less, but can be as high as 1.25% on an annual basis.

Non-Cash Compensation

SSI and our financial professionals may receive non-cash compensation from investment sponsors that is not in connection with any particular customer or investment. Compensation includes such items as gifts valued at less than $100 annually, an occasional dinner or ticket to a sporting event, or reimbursement for expenses in connection with educational meetings, customer workshops or events, or marketing or advertising initiatives, including services for identifying prospective customers. Investment sponsors also pay or reimburse SSI and/or our financial professionals, for the costs associated with education or training events that may be attended by SSI employees and financial professionals and for SSI sponsored conferences and events.

Third Party Compensation Retained by SSI

When Pershing is the custodian of your account, Pershing automatically moves (sweeps) the cash in your account into money market funds and/or FDIC insured bank deposit accounts. Pershing offers a list of available options for the money market funds and SSI selects from the list of available funds. You and your financial professional select the money market fund or bank deposit account from the choices available after SSI selects the funds. Pershing retains some of the interest paid on the bank deposit account or shareholder servicing fees paid on the money market fund and pays a portion of that to SSI. These payments to SSI are called "distribution assistance" and they vary based on the bank deposit account or money market fund you select. SSI does not determine the interest rates paid on bank deposit accounts or shareholder servicing fees paid on money market funds, or the amount or percentage of distribution payments that it will receive. However, SSI does select the money funds based on interest sharing, which is incentive for SSI to select a fund or funds that pay higher revenue share to SSI. We do not share distribution assistance payments with our financial professionals.

Pershing and Herold and Lantern charge fees to SSI, or shares fees it earns with SSI, for the following items:

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.			
Service	**Fee**	**Recurrence**	**Definition**
Minimum Commission	$20	Per Occurrence	Fee charged by rep for executing transaction
Service Fee – handling and administrative fees. Applicable to listed and OTC equities	$26.50	Per Occurrence	Service fee charged for each transaction
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	Transfer/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 Transfer - Domestic	$15	Per Transfer	Transfer of funds to another financial institution via Federal Wire System
Wire Transfer - 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 (Customer) - basic
Account inactivity	$40	Annually per account	Fee charged annually based up on calendar year
Account inactivity - Mutual Fund only	$20	Annually per account	Fee charged annually based up on calendar year for accounts only owning mutual funds
IRA Maintenance	$50	Annually per account	Fee charged annually based on anniversary date
Mutual Fund Only IRA Maintenance	$15	Annually per account	Fee charged annually based on anniversary date for accounts owning only open-end mutual funds
SIMPLE IRA Maintenance	$58.50	Annually per account	Fee charged annually based on anniversary date
SIMPLE IRA - Mutual Fund Only	$15	Annually per account	Fee charged annually based on calendar year for accounts only owning mutual funds
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	$95	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	$5/$10	Per Certificate per month	For securities that are held at Pershing that are non-transferable. Domestic fee is $2/Foreign fee is $10
Paper Statement Mailing Fee	$1.25	Per account statement	For certain account types that do not elect for paperless/e-delivery
Paper Confirmation Mailing Fee	$1.25	Per Trade Confirmation	For accounts that do not elect for paperless/e-delivery
Statement/Confirm Copy	$10	Per Item	Copy of statement or trade confirmation
Stock Deposit / Due Diligence Review	$1,000	Per Stock Deposit	Fee to conduct due diligence on deposits of previously restricted stock

*Inactive accounts are defined as accounts holding a security position for a calendar year (January 1 - December 31) without generating a) a trade or b0 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.

Retirement and Education Savings Accounts Fee Schedule

Annual Maintenance Fees (Per Account)	Fee
Traditional IRAs, Roth IRAs, SEP IRAs, and Education Savings Accounts	$50.00 (1)
Traditional IRAs, Roth IRAs, SEP IRAs - Mutual Fund Only	$15.00 (1)
Prototype Simplified Employee Pensions (Prototype SEPs and SARSEPs	$58.50 (2)
Prototype SEPs and SARSEPs - Mutual Fund Only	$15.00 (2)
SIMPLE Plans and 403(b)(7) Custodial Accounts	$58.50 (1)
SIMPLE Plans - Mutual Fund Only	$15.00 (2)
Qualified Retirement Plans (QRP)	$75 or $125 (2) Depending on

	plan document type (2)
Mutual Fund Only Transfers	**Fee**
Traditional IRAs, Roth IRAs, SEP IRAs, Prototype SEP IRAs and SIMPLE IRAs to a Mutual Fund Only	$50
QRP AND 403(B)(7) LOANS	**Fee**
Distribution and Repayment Posting (due with loan documentation)	$50 (4)
LIMITED PARTNERSHIPS, PRIVATE PLACEMENTS, AND OTHER SPECIAL PRODUCTS (5)	**Fee**
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
Account Termination Fee (6)	**Fee**
All retirement Accounts (per account)	$95

1 - Invoiced annually, charged in arrears
2 - Due at account set up, invoiced annually
3 - Pershing Individual(k), Simplified Profit Sharing and Simplified Money Purchase plan document type: $75
Pershing Flexible 401(k), Flexible Profit Sharing and Flexible Money Purchase plan document type: $125
4 - One-time fee-submit with loan instructions, distribution form, and promissory note
5 - In addition to annual custodial maintenance fee
6 - In addition to annual custodial maintenance fee and other fees due unless prepaid

Product and Services Descriptions, Risk Disclosures and Resources for more information

Our financial professionals may provide recommendations with respect to a broad range of investment products, including certain U.S. Equities (listed companies on all U.S. exchanges, Nasdaq stocks, Bulletin Board stocks, and Pink Sheet stocks), Non-USD Equities, Fixed Income (U.S. Treasury bonds, notes, and bills; U.S. Government Sponsored Enterprise (GSE) securities; U.S. Corporate Bonds), Options, and Exchange Traded Funds (ETFs), and Alternative Investments.

Each type of investment product carries unique risks, and many investment products charge fees and costs that are separate from and in addition to the commissions and fees that SSI and our financial professionals receive. You can learn more about these risks and the fees and costs charged by an investment product by reviewing the investment product's prospectus, offering memorandum, or other disclosure documents along with any other documentation we provide you at the time of recommendation. Organized by product type below, the following summaries and resources are intended

to supplement the information already provided to you at the time of a recommendation.

Mutual Funds, Share Classes and Fund Selection

A mutual fund is a company that pools money from many investors and invests the money in securities such as stocks, bonds, and short-term debt. The combined holdings of the mutual fund are known as its portfolio. Investors buy shares in mutual funds. Each share represents an investor's part ownership in the fund and the income it generates.

Mutual funds offer professional investment management and potential diversification. They also offer three ways to earn money:

- Dividend Payments. A fund may earn income from dividends on stock or interest on bonds. The fund then pays the shareholders nearly all the income, less expenses.
- Capital Gains Distributions. The price of the securities in a fund may increase. When a fund sells a security that has increased in price, the fund has a capital gain. At the end of the year, the fund distributes these capital gains, minus any capital losses, to investors.
- Increased NAV. If the market value of a fund's portfolio increases, after deducting expenses, then the value of the fund and its shares increases. The higher NAV reflects the higher value of your investment.

All funds carry some level of risk. With mutual funds, you may lose some or all of the money you invest because the securities held by a fund can go down in value. Dividends or interest payments may also change as market conditions change.

A fund's past performance is not as important as you might think because past performance does not predict future returns. But past performance can tell you how volatile or stable a fund has been over a period of time. The more volatile the fund, the higher the investment risk.

Please read more about mutual funds at:

https://www.investor.gov/introduction-investing/investing-basics/investment-products/mutual-funds-and-exchange-traded-1

Here are some additional resources for your consideration:

Title	**Web Address**
Closed-End Fund Distributions: Where is the Money Coming From?	https://www.finra.org/investors/alerts/closed-end-fund-distributions-where-money-coming

Alternative Funds Are Not Your Typical Mutual Funds	https://www.finra.org/investors/alerts/alternative-funds-are-not-your-typical-mutual-funds
Treasury's Guarantee Program for Money Market Mutual Funds: What You Should Know	https://www.finra.org/investors/alerts/treasurys-guarantee-program-money-market-mutual-funds-what-you-should-know
Class B Mutual Fund Shares: Do They Make the Grade?	https://www.finra.org/investors/alerts/class-b-mutual-fund-shares-do-they-make-grade
Updated: Understanding Mutual Fund Classes	https://www.finra.org/investors/alerts/understanding-mutual-fund-classes
Net Asset Value Transfers: Look Before You Leap Into Another Mutual Fund	https://www.finra.org/investors/alerts/net-asset-value-transfers-look-you-leap-another-mutual-fund
Principal-Protected Funds—Security Has a Price	https://www.finra.org/investors/alerts/principal-protected-funds-security-has-price
Updated: Mutual Fund Breakpoints: A Break Worth Taking	https://www.finra.org/investors/alerts/mutual-fund-breakpoints-break-worth-taking
Mutual Fund Breakpoints: Are You Owed a Refund?	https://www.finra.org/investors/alerts/mutual-fund-breakpoints-are-you-owed-refund

We offer various mutual funds and ETFs, some of which have similar or identical investment strategies but differing fee structures. For example, a mutual fund that is designed to track an index of securities, such as the S&P 500 Index, may have higher or different types of fees than an ETF that is designed to track the same index. Whether a fund or ETF is more expensive than another fund or ETF with a similar or identical investment strategy may depend on factors such as length of holding, size of the initial investment, and other factors. In addition, holding an ETF in a taxable account will generate less tax liabilities than a similarly structured mutual fund. SSI and your financial professional may earn more compensation for one fund or ETF than another, giving SSI and your financial professional an incentive to recommend the product that pays more compensation to us.

You should familiarize yourself with tools and information that will help you make sound decisions about investing.

We encourage you to refer to FINRA's Fund Analyzer and 529 Savings Plan Analyzer found here:

Title	Web Address
Fund Analyzer	https://tools.finra.org/fund_analyzer/
529 Savings Plan Analyzer	https://tools.finra.org/529_calculator/main

SSI does not offer all the securities and services available across the broad markets due to structure, size, and liquidity of the security or similar characteristics of the security or underlying investments, and decisions made for product offerings by our principals team or Pershing and Herold and Lantern. Funds available for purchase through SSI are generally limited to fund companies with which we have selling agreements or that have agreements in place with our custodians. Not all mutual funds available to the investing public will be available to you through SSI, including funds with lower fees and expenses. All share classes offered by a fund company are also not always available due to the selling agreements we have negotiated. This means that lower cost share classes might not be available to you through SSI, even though you might otherwise be eligible to purchase those lower share classes elsewhere.

Some mutual funds and other products offer lower commissions for higher investment amounts. This discounts are called "breakpoints." Because an investor meeting a breakpoint pays a lower sales concession, we are incentivized to make investment recommendations below the breakpoint. The prospectus you receive in connection with your investment provides important information about breakpoints that should be used to help inform you investment decision. You should also familiarize yourself with tools and information that will help you make sound decisions about investing in products with breakpoints. We encourage you to refer to FINRA's Investor Alert titled "Mutual Fund Breakpoints: A Break Worth Taking" and other tools and information available at https://www.finra.org/investors/alerts .

Products that include alternative investments impose minimum account sizes and also require that investors meet specific criteria. Therefore, these products are not offered or available to all investors.

When applicable, SSI provides product-specific limitations and criteria at the time of the recommendation, including through prospectuses or offering materials. These documents are your primary source of information.

There are many types of Mutual Funds. Here are descriptions of some of the varieties and links to more information:

- **Alternative Mutual Funds**
  https://www.investor.gov/introduction-investing/investing-basics/investment-products/mutual-funds-and-exchange-traded-funds
  In addition to the usual market and investment risks associated with traditional mutual funds, alt funds may face additional risks to the extent they use relatively complex investment and trading strategies. Depending on the strategy being used, these

potential risks can include use of [derivatives] and leverage, [futures contracts], [short selling] and swaps.

- **Leveraged Loan Funds**

  https://www.investor.gov/introduction-investing/investing-basics/investment-products/mutual-funds-and-exchange-traded-0

  Like every investment, leveraged loans involve a trade-off between rewards and risks. They could cause the fund (and you) to lose money. Risks include:

  - **Credit default**: Borrowers of leveraged loans may go out of business or become unable to pay their debts. This risk could be heightened if interest rates rise or the economy declines. While leveraged loans may be secured by collateral, the value of that collateral may not be sufficient to repay the lender if the borrower is unable to pay back the loan.
  - **Liquidity**: Leveraged loans may not be as easily purchased or sold as publicly-traded securities. In addition, leveraged loans typically have a long settlement period, meaning it could take the fund a long time to get its money after selling its investment. This could present a challenge for a fund if it concentrates its investments in leveraged loans and needs to sell many investments quickly, which could in turn affect the value of your investment.
  - **Fewer protections**: Sometimes leveraged loans are "covenant-lite," meaning they generally have fewer restrictions that protect the lender than traditional loans. This could leave a fund exposed to greater losses if the borrower is unable to pay back the loan.
  - **LIBOR**: Many leveraged loans pay interest tied to a reference rate known as LIBOR. LIBOR is expected to be discontinued after 2021. For loans that will continue past 2021, it is unclear what interest rates may be paid. This uncertainty may impact the value and liquidity of these loans.

- **Index Funds**

  https://www.investor.gov/introduction-investing/investing-basics/investment-products/mutual-funds-and-exchange-traded-4

  Like any investment, index funds involve risk. An index fund will be subject to the same general risks as the securities in the index it tracks. The fund may also be subject to certain other risks, such as:

  - ***Lack of Flexibility.*** An index fund may have less flexibility than a non-index fund to react to price declines in the securities in the index.
  - ***Tracking Error.*** An index fund may not perfectly track its index. For example, a fund may only invest in a sampling of the securities in the market index, in which case the fund's performance may be less likely to match the index.
  - ***Underperformance.*** An index fund may underperform its index because of fees and expenses, trading costs, and tracking error.

- **Smart Beta, Quant Funds and other Non-Traditional Index Funds**

https://www.investor.gov/introduction-investing/investing-basics/investment-products/mutual-funds-and-exchange-traded-3

Non-traditional index funds have unique characteristics and risks. In some cases, they may be complex and difficult to understand. Take time to make sure a fund is a good fit for you by considering such things as:

- **Correlation to market.** These funds may behave very differently than the market and traditional index funds. Because non-traditional index funds may be less correlated to the market, you may want to consider investing in them together with other types of funds. Depending on their characteristics, the other funds may help smooth out volatility and decrease risk.
- **Returns.** These funds may have some features of active management, including seeking to outperform the market. But, these funds will not necessarily outperform the market or even perform comparably to the market. In addition, these funds may have limited performance histories. It may not be clear how they will perform under different market conditions.
- **Diversification.** These funds can be used to help create a diversified portfolio. But, to ensure a fund adds diversity to your portfolio, you should understand how the index was constructed. In addition, look through the index to the actual holdings of the fund. Different indexes may include the same securities. Or, indexes could give more weight to certain securities than you might expect. Make sure your investments are as diversified as you think they are.
- **Complexity.** These products may be difficult to understand because their methods for attempting to achieve returns may not be straightforward. For example, an index based on quantitative analysis or algorithms may involve complicated mathematical calculations and economic concepts.
- **Cost.** These funds may be less expensive than actively managed funds because managers are not actively picking securities, so they do not need the services of research analysts and others that help pick securities. But, these funds typically have higher expenses than traditional index funds. ***Always be sure you understand the actual cost of any fund before investing.***

Money Market Funds

Money market mutual funds typically pay interest at about the same rate and many offer check-writing privileges. One advantage is that there's usually no limit on the number of checks you can write each month. However, any check you write against the account may have to be for at least the required minimum, such as $500. One drawback is that money market funds, unlike money market accounts, are not FDIC insured, although some offer their own insurance. While fund companies try to keep their money market share price stable at $1 a share, there is the possibility you could lose some of your principal.

Please review descriptions of the types of risks of investing in Money Market Funds below:

- ***Money Market Funds are Technically a Security, and You Can Lose Money***

The fund managers attempt to keep the share price constant at $1 per share. However, there is no guarantee that the share price will stay at $1 per share. If the share price declines, you can lose some or all of your principal.

- ***Money Market Funds are not FDIC Insured***

  If you keep money in a regular bank deposit account, such as savings or checking, your bank provides FDIC insurance for up to $250,000. Although money market funds are relatively safe, there is still a small amount of risk that could have disastrous consequences if you can't afford any losses. There is no government entity covering potential market losses. In return for that risk, you should (ideally) earn a better return on your cash than you'd earn in an FDIC insured savings account.

- ***Money Market Fund Rates are Variable***

  You cannot know how much you'll earn on your investment as the future unfolds. The rate could go up or down. If it goes up, that may be a good thing. However, if it goes down—and you earn less than you expected—you may end up needing more cash to meet your goals. This risk exists with other securities investments, but it is still worth noting if you're looking for predictable returns on your funds.

- ***You Have Potential Opportunity Costs and Inflation Risk***

  Because money market funds are considered to be safer than other investments like equities, long-term average returns on money market funds may be lower than long-term average returns on riskier investments. Over long periods, inflation can eat away at your returns, and you might be better served with higher-yielding investments if you have the capacity and desire to take the risk.

- ***Locked up Funds***

In some cases, money market funds can become illiquid, which helps to reduce problems during market turmoil. Funds can impose liquidity fees that require you to pay for cashing out. They may also use redemption gates that require you to wait before receiving proceeds from a money market fund. Here is a resource with additional information:

https://www.finra.org/investors/alerts/treasurys-guarantee-program-money-market-mutual-funds-what-you-should-know

Exchange Traded Funds (ETFs)

Exchange-traded funds (ETFs) combine aspects of mutual funds and conventional stocks. Like a mutual fund, an ETF is a pooled investment fund that offers an investor an interest in a professionally managed, diversified portfolio of investments. But unlike mutual funds, ETF shares trade like stocks on stock exchanges and can be bought or sold throughout the trading day at fluctuating prices.

Please review the types of risks inherent in investing in ETFs:

- **Market risk**
  ETFs cannot avoid the fates of the market they track. While ETFs provide numerous advantages that can help investors mitigate risks, nothing will stop them from going down if their underlying assets are falling. Market risks are one of the biggest costs of trading and cannot be mitigated directly. Rather, investors should allocate capital in their portfolio in a way that reduces exposure to any one asset or risk.

- **Trading risk**

  Trading risk refers to the total cost of owning an ETF portfolio. ETFs have been described as tax efficient, transparent and cheaper when compared to other asset classes. However, they still entail costs in the form of commissions, sales charges, market impact costs and direct trading costs, such as the bid-ask spread and management expense ratio.

  ETFs may also suffer from crowded trade risks, given the sheer number of market participants involved in this market. Like other assets, ETFs also carry opportunity costs, creation and redemption fees and taxes on interest income and capital gains. These fees must be factored into overall trading costs so there aren't any surprises down the road.

- **Liquidity risk**
  Since ETFs are at least as liquid as their underlying assets, trading conditions are more accurately reflected in implied liquidity rather than the average daily volume of the ETF itself. Implied liquidity is a measure of what can potentially be traded in ETFs based on its underlying assets.

  This is very different from average daily volume, which provides a historical account of how frequently the ETF is traded. Investors who have in the past relied on average daily volume to gauge liquidity need to reassess their strategy for the ETF market.

- **Composition risk**
  Composition risk refers to the fact that indices, and the ETFs that track them, aren't interchangeable. While two ETFs may track the same index or sector, their performance may not be equal due to different holdings in the underlying basket.

- **Methodology risk**
  ETFs are not all created equal, even those that track the same market or sector. Methodology risks aren't always easy to see, which means investors need to read the fund prospectus to understand the nuances of the investment strategy, including its holdings and weightings.

- **Tracking error risk**
  Tracking risk occurs when an ETF does not mimic or follow the index it is tracking due to a combination of management fees, tax treatment and dividend timing. ETFs that use physical replication exhibit larger tracking errors compared to ETFs that use synthetic replication. Investors need to be aware of this difference when selecting ETFs with physical replication. A synthetic ETF is designed to replicate the return of a selected index via financial engineering.

- **Counterparty risk**
  In general, counterparty risk comes into play when dealing with securities lending and synthetic replication. In the case of securities lending, counterparty risk is seen when holdings are lent to another investor for a short period. This risk can be minimized by establishing collateral requirements. In the case of synthetic replication ETFs that track indices via swaps, risks can be mitigated by collateralizing the fund's swap exposure. This

leads to higher risk, but investors are compensated for this by being offered lower tracking error and lower fees compared to their physically backed peers.

- **Tax risk**
  ETFs are widely considered to be tax efficient, but this doesn't apply to all of them. It's important for investors to read up on a fund's tax treatment, especially if it's exposed to commodity and currency markets. These funds are usually taxed differently than others. ETFs typically do in-kind transactions to avoid paying capital gains distributions. However, actively managed ETFs may not do all their selling in-kind, leaving investors exposed to capital gains taxes. This also applies to international ETFs, funds that use derivatives, commodity ETFs and currency ETFs.

- **Closure risk**
  On average, about 100 ETFs close each year. When this occurs, managers liquidate the fund and pay out their shareholders. Managers incur capital gains, transaction expenses and in some cases legal expenses, which ultimately trickle down to the investor. Closure risk is part and parcel of being an active market participant. Investors should sell an ETF as soon as the issuer announces it will close.

- **Hype risk**
  Hype risk often feeds into herd mentality, where investors chase the next big thing because fellow market participants are doing the same. ETFs are all the rage these days, which means many funds are propping into existence. Buzz is bound to happen. While exuberance is to be expected in a bull market, investors should be wary of chasing the so-called "next big thing." This means sticking true to your investment strategy and studying each ETF's methodology and documentation.

Here are some additional resources for your consideration:

Title	Web Address
Exchange-Traded Notes—Avoid Unpleasant Surprises	https://www.finra.org/investors/alerts/exchange-traded-notes-avoid-unpleasant-surprises
Leveraged and Inverse ETFs: Specialized Products with Extra Risks for Buy-and-Hold Investors	https://www.finra.org/investors/alerts/leveraged-and-inverse-etfs-specialized-products-extra-risks-buy-and-hold-investors
Leveraged and Inverse ETFs: Specialized Products with Extra Risks for Buy-and-Hold Investors	https://www.finra.org/investors/alerts/leveraged-and-inverse-etfs-specialized-products-extra-risks-buy-and-hold-investors

Mutual Fund Breakpoints: Are You Owed a Refund?	https://www.finra.org/investors/alerts/mutual-fund-breakpoints-are-you-owed-refund
Updated: Mutual Fund Breakpoints: A Break Worth Taking	https://www.finra.org/investors/alerts/mutual-fund-breakpoints-break-worth-taking

Margin

Margin accounts can be very risky and they are not suitable for everyone. Before opening a margin account, you should fully understand that:

- You can lose more money than you have invested;
- You may have to deposit additional cash or securities in your account on short notice to cover market losses;
- You may be forced to sell some or all of your securities when falling stock prices reduce the value of your securities; and
- Your brokerage firm may sell some or all of your securities without consulting you to pay off the loan it made to you.

You can protect yourself by knowing how a margin account works and what happens if the price of the stock purchased on margin declines. Know that your firm charges you interest for borrowing money and how that will affect the total return on your investments. Be sure to ask your broker whether it makes sense for you to trade on margin in light of your financial resources, investment objectives, and tolerance for risk.

There is additional information in this article published on the SEC website at:
https://www.sec.gov/reportspubs/investor-publications/investorpubsmarginhtm.html

You will also receive a Margin Agreement when we recommend a margin account for you. Please read it carefully. It is your primary source of information.

Here is additional information for your consideration when trading on margin:

Title	Web Address
Investing with Borrowed Funds: No “Margin” for Error	https://www.finra.org/investors/alerts/investing-borrowed-funds-no-margin-error
Stock-Based Loan Programs: What Investors Need to Know	https://www.finra.org/investors/alerts/stock-based-loan-programs-what-investors-need-know

Options

Options are contracts that give the purchaser the right, but not the obligation, to buy or sell a security, such as a stock or exchange-traded fund, at a fixed price within a specific period of time.

Options can help you manage risk. But buying and selling options also involves risk, and it is possible to lose money. It pays to learn about different types of options, trading strategies and the risks involved.

If you invest in options, you will receive a separate Options Disclosure Document. We encourage you to read it carefully.

We also encourage you to review FINRA's Options resources found here:
https://www.finra.org/investors/learn-to-invest/types-investments/options

Here are general descriptions of the risks inherent in options investing:

1. **Risks of option holders**
   - An option holder runs the risk of losing the entire amount paid for the option in a relatively short period of time.
   - The more an option is out of the money and the shorter the remaining time to expiration, the greater the risk that an option holder will lose all or part of his investment in the option.
   - Prior to the period when a European-style option or a capped option is exercisable, the only means through which the holder can realize value from the option (unless the capped option is automatically exercised) is to sell it at its then market price in an available secondary market.
   - The exercise provisions of an option may create certain risks for the option holders
   - The courts, the SEC, another regulatory agency, OCC or the options markets may impose exercise restrictions.

2. **Risks of option writers**
   - An option writer may be assigned to an exercise at any time during the period the option is exercisable.
   - The writer of a covered call forgoes the opportunity to benefit from an increase in the value of the underlying interest above the option price, but continues to bear the risk of a decline in the value of the underlying interest.
   - The Writer of an uncovered call is in an extremely risky position and may incur large losses if the value of the underlying interest increases above the exercise price.
   - As with writing uncovered calls, the risk of writing put options is substantial. The writer of a put option bears a risk of loss if the value of the underlying interest declines below the exercise price, and such loss could be substantial if the decline is significant.
   - The risk of being an option writer may be reduced by the purchase of other options on the same underlying interest-and thereby assuming a spread position- or by acquiring other types of hedging positions in the options markets or other markets. However, even where the writer has assumed a spread or other hedging position, the risks may still be significant.
   - The obligation of a writer of an uncovered call or of a put that is not cash-secured to meet applicable margin requirements creates additional risks.
   - Since the leverage inherent in an option can cause the impact of price changes in the underlying interest to be magnified in the price of the option, a writer of an option

that is uncovered and unhedged may have a significantly greater risk than a short seller of the underlying interest.

- The fact that an option writer may not receive immediate notification of an assignment creates special risk for uncovered writers of physical delivery call stock options that are exercisable when the underlying security is the subject of a tender offer, exchange offer or similar event.
- An option writer will be assigned an exercised that is made based on news that is published after the established exercise cut-off time and that the writer may not have an effective remedy to compensate for the violation of the options market's rules.
- If a trading market in an option should become unavailable, or if the writers of the option are otherwise unable to engage in closing transactions, the writers of that option would remain obligated until expiration or assignment.
- A sudden development may cause a sharp upward or downward spike in the value of interest underlying a capped option. Such a spike could cause the capped option to be automatically exercised.

Here are some additional resources for your consideration:

Title	Web Address
Options A-Z: The Basics to the Greeks	https://www.finra.org/investors/insights/options-z-basics-greeks
The Characteristics and Risks of Standardized Options	https://www.theocc.com/about/publications/character-risks.jsp
Leveraged and Inverse ETFs: Specialized Products with Extra Risks for Buy-and-Hold Investors	https://www.finra.org/investors/alerts/leveraged-and-inverse-etfs-specialized-products-extra-risks-buy-and-hold-investors

Private Placements, Alternative Investments

Simply stated, a private placement is an offering of a company's securities that is not registered with the SEC and is not offered to the public at large.

Many private placements are offered pursuant to Regulation D of the Securities Act of 1933, which specifies the amount of money that can be raised and the type of investor that can be solicited to participate in the offering. See https://www.sec.gov/fast-answers/answers-regdhtm.html for a plain English explanation.

The offering document, sometimes called a private placement memorandum or term sheet, likely will contain limited information on the company's business (and may not be provided at all, if the offering is sold only to accredited investors). Since many private placement securities are issued by companies that are not required to file financial reports, you may have problems finding out how the company is doing and gauging how your private placement is likely to perform over time.

There are limitations to who can invest in a private placement. You generally must be an accredited investor to invest in a private placement, but there are exceptions. In order to make the investment, you should carefully consider the risk, and understand that the financial professional and SSI likely make more commission if you buy the private placement than they would for an alternative investment. Ask yourself if you can absorb a substantial loss, even the entire amount of the investment, or if you can withstand a long period of time, even indefinitely before you money is available to you again. Keep in mind that private placement securities are considered "restricted" securities and cannot be resold without registration or an exemption from registration – features that make them difficult to sell (illiquid) and may negatively impact the price at which you are able to sell them. In addition, the issuer typically does not have an obligation to provide liquidity to investors by buying the securities back when the investor wants to sell.

Important information regarding a private placement is provided an offering memorandum, sometimes called a PPM. Read it very carefully – it is your primary source of information. If you do not understand it, or you are not comfortable with the information – do not invest.

On its website, FINRA offers investors the following tips in the excerpt below about investing in private placements:

- *Ask your broker what information he or she was able to review about the issuing company and this private placement. Expect your broker to be knowledgeable about any risk factors associated with the company's business, such as other competitors in the company's space, or economic risks specific to the company's business. Risk factors might also include risks associated with the issuing company itself, such as a weak balance sheet, use of leverage or a limited operating history. In addition, your broker should also be familiar with the risks and features of the private placement.*
- *Ask your broker how this investment fits in with the mix of other investments you hold. How does it align with your risk profile? Be extremely wary if you receive paperwork to sign about a private placement without having a personalized discussion with your broker about why such an investment is right for you.*
- *If you are provided with a private placement memorandum or other offering document, carefully review it. Make sure that statements by your broker or in other sale materials are consistent with it. The offering document—and any sales materials associated with the private placement—should be detailed and balanced. If you don't understand them, don't invest. Ask for a copy of the offering document, if one has not been provided to you.*
- *Read the issuing company's Form D, if available on the SEC's EDGAR database. While it contains only limited financial information, it identifies the company's executives and describes other matters that can be valuable. Also contact your state securities regulator for information.*
- *For real estate private placements, ask about the schedule and source of investor distributions. Specifically, find out if the company's income is able to cover those distributions, or if distributions may be made from proceeds from sales of additional shares or borrowings.*
- *For oil and gas private placements, ask what you can expect to receive in return for your investment, and the circumstances that would result in a loss of some or all of your investment. Ask if the issuer has entered into any operational or services agreements with affiliates, since this can add additional costs that may dilute your return. Also ask about the issuer's past performance*

in prior offerings, and review the map of the proposed well locations for drilling activity, whether successful or not, in the vicinity. Lastly, ask how—and when—you will be informed of the status of the drilling efforts and whether or not audited financials of the issuer or the specific offering will be provided.

- *Ask whether the private placement is being sold on a conditional or contingency basis. These types of private placements are designed to be concluded only when certain conditions are met, such as a specific dollar amount invested by a given date. If so, there should be specific information regarding whether the proceeds from sales of securities received prior to the contingency being satisfied may be accessed by the issuer. If any specified conditions or contingencies are not met, the offering document should clearly state that investors will be refunded their investment amount. If there are no contingencies, be wary. An offering that may proceed without a minimum level of investments or other conditions could be a red flag, as the issuer can use the proceeds immediately, regardless of the amount raised from other investors.*
- *Be extremely wary of private placements you hear about through spam emails or cold calling. They are very often fraudulent. A legitimate broker must be properly licensed, and his or her firm must be registered with FINRA, the SEC and a state securities regulator—depending on the type of business the firm conducts. To check the background of a broker or investment adviser, use FINRA's BrokerCheck. (Note: officers, directors and other persons associated with an issuer may sell securities of that issuer without being licensed, so long as they are not compensated for the transaction and meet other conditions of SEC Rule 3a4-1.) If you suspect fraud or believe you are being treated unfairly by a securities professional or firm, File a Complaint with FINRA.*
- *Ask and check. Ask if the investment professional selling the private placement is registered with FINRA or the SEC. Then check to see if this is in fact the case.*

Fixed Income Securities (Bonds)

Product Description

Most fixed income securities are debt instruments offering investors defined cash flows, i.e., a fixed amount of interest, and a specific timeline for return of the par or face value on the bond. In general, specific characteristics of higher quality fixed income cause it to be one of the most predictable asset classes and thus a more conservative means to protect an investor's wealth and/or to provide steady income.

Features and Characteristics

Insurance: Some fixed income securities are insured. Any guarantees such as that of the United States government, FDIC, or any other insurance applies only to the face value of the investment and not to any premium paid, nor does it protect the investor from market risk. There is always the risk that the insurer itself could declare bankruptcy or otherwise fail to meet its obligations under the insurance terms.

Optionality: Optionality refers to special options available to either the issuer or the bondholder. A common option is a call feature. An issuer with a call option is allowed to “call” or retire the bond issue on a predetermined date, at a predetermined price or according to a predetermined formula, prior to the stated maturity date. Callable bonds often provide investors higher yields versus non-callable bonds to compensate investors for the additional risk associated with a call. An issuer would typically call a bond if interest rates are lower and it is advantageous to them to reissue new debt at a lower interest rate. Conversely, a put feature allows the investor, or bondholder, to “put” (retire) a bond early and retrieve their invested principal prior to the maturity date, subject to limitations. Additionally, some bonds have a convertible feature, allowing the holder to convert the bond into stock of the issuing company.

Redemption Provisions: These provisions provide the issuer an option to repay principal prior to maturity

and may change the term of the investment, which may affect price or yield calculations

Estate Protection Feature (Survivor's Option): Certain bonds include a feature allowing the estate of the beneficial holder to redeem the bond for face (par) value in the event of the beneficial holder's death, regardless of the price at which the security is trading at that time. If this security has a zero coupon, then it will be redeemed at the accreted value. As certain limitations may apply such as holding periods or annual limitations, please refer to each individual issuer's offering documents. Brokered certificates of deposit (CDs) also generally include an estate protection feature.

Original Issue Discount (OID): These securities are issued at a price less than the stated redemption price at maturity. OID may be deemed interest income and may be reportable for tax purposes as it accrues whether or not you receive any interest payments from the issuer during the year. Please consult with your tax advisor regarding specific OID tax treatment.

Step-Up Coupon Securities: These securities increase their coupon payments over a period of time according to a predetermined schedule, unless called at the issuer's option. Coupon adjustments may not reflect changes in interest rates. When investing in a step-up security, you may be accepting lower yields initially than comparable fixed-rate securities in return for the potential of receiving higher yields over the life of the investment. However, there is a greater likelihood that the issuer will call these bonds when prevailing interest rates are lower than the current coupon, potentially affecting the yield on the security.

Variable Coupons: Also referred to as "floater" or "adjustable" rate bonds, these pay interest at rates which vary over time and are tied to a specific index such as Treasuries, the London Interbank Offered Rate (LIBOR), an inflation index, or some other benchmark or combination of indices. Interest payments may fluctuate. Variable rate bonds provide the holder with additional interest income if the underlying rates rise, or with reduced interest income if the rate falls. On July 27, 2017, the United Kingdom's Financial Conduct Authority (FCA) announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR rates after 2021. A change in the reference rate may have a material impact on the value of any securities based on or linked to a LIBOR benchmark.

Zero Coupon Bonds: These securities may have higher price fluctuations since there are no regular interest payments. These are bonds issued at a deep discount. The redemption is for the full face value making up for the lack of periodic interest payments through a lump sum payout at maturity.

Common Types of Fixed Income Securities Offered by SSI

Corporate Bonds are debt obligations issued by U.S. and foreign companies, most of which represent unsecured promises to repay the principal at a pre- determined future date, although some may be secured by a lien on certain corporate assets. In most instances, the issuing company also agrees to pay interest to investors. As bonds are obligations of the issuer to pay back borrowed funds, they generally have a higher priority to pay interest prior to any dividend distributions on the issuer's preferred or common stock.

GSE securities are issued by government- sponsored enterprises (GSEs). Payment of principal and interest is the obligation of the issuer. These securities are also known as agency securities. Although they are not guaranteed by the U.S. government, they maintain an implied backing. They are subject to market risk if sold prior to maturity. Ginnie Mae (GNMA) securities are backed by the full faith and credit of the United States Government.

Mortgage-backed securities and Collateralized Mortgage Obligations are priced based on an average life, which includes prepayment assumptions that may or may not be met, and changes in prepayments may significantly affect yield and average life. The actual maturity date may be shorter than stated. For more information, please review FINRA's Investor's Guide to Mortgage Securities and collateralized mortgage obligations at www.finra.org.

Tax-Exempt Municipal Bonds are issued by state and local governments as well as other governmental entities to fund their capital expenditures, such as the construction of highways, hospitals, schools, and sewer systems. Interest on these bonds is generally exempt from federal taxation and may also be free of state and local taxes for investors residing in the state and/or locality where the bonds were issued. However, municipal bonds may be subject to the federal alternative minimum tax (AMT), and profits and losses on bonds may be subject to capital gains tax treatment. Municipal securities may lose their tax-exempt status if certain legal requirements are not met, or if tax laws change. Additional information about individual municipal securities is available on the Electronic Municipal Market Access website (EMMA) of the Municipal Securities Rulemaking Board (MSRB) at www.emma.msrb.org.

Taxable Municipal Bonds are issued by state and local governments as well as other governmental entities to fund redevelopment districts, stadiums, pensions, utilities, and other projects. Interest or other investment return is included in gross income for federal income tax purposes and may also be subject to state and local income tax. A municipal security may be issued on a taxable basis because the intended use of proceeds does not meet federal tax law requirements for the exclusion from gross income, because certain other federal tax law requirements are not met, or because the issue qualifies for a tax credit or subsidy. Additional information about individual municipal securities is available on the EMMA website at www.emma.msrb.org.

Preferred Securities are comparable to fixed income investments as their coupon/dividend payments are generally fixed over the term of the investment and will react similarly to other debt investments to changes in market conditions. Some preferred securities pay variable payments that fluctuate and may provide the holder with additional income if the underlying rates rise or with reduced income if the rate falls. Please refer to description of "Variable Coupons" paragraph referenced above. Preferred securities present a greater risk than corporate bonds because they are generally subordinate to debt in liquidation priority. Preferred securities are quoted on either a current yield basis, or a yield-to-call basis if trading at a premium. For preferred securities that pay dividends, the dividend is paid at the discretion of the issuer's board of directors and holders generally do not have voting rights. Preferred dividends may be cumulative or non-cumulative. Some preferred securities may have a deferred interest feature, which allows the issuer, in certain circumstances, to defer payments between 5 to 10 years or longer depending on the security. The deferred income will generally accumulate, and may be treated as ordinary income for the year in which it is accrued, even though the holder of the security receives no payment until the issuer reinstates interest payments. If deferred, the ability of the issuer to reinstate interest payments is subject to the creditworthiness of the issuer. Changes in income payments may significantly affect yield and final term of the investment and consequently the price may decline significantly. Additionally, preferred securities generally carry no change of control provisions.

U.S. Treasury securities are issued and guaranteed by the U.S. government and, if held to maturity, generally offer a fixed rate of return and guaranteed principal value. U.S. government bonds are guaranteed as to the timely payment of principal and interest; however, these securities are subject to market risk if sold prior to maturity. The U.S. Treasury also issues two-year maturity floating rate notes that pay interest and adjust payments quarterly, as well as Treasury Inflation- Protected Securities (TIPS) for which the principal is adjusted periodically to reflect changes in the Consumer Price Index. Since

interest is paid on the adjusted principal, the semi-annual payments may fluctuate. At maturity, the investor receives either the higher adjusted principal or the face value.

Risks

Credit Risk: Generally, bonds with a lower credit rating indicate a higher potential for financial risk and will generally command a higher offering yield. Conversely, bonds with a higher credit rating indicate less likelihood for financial difficulties and generally provide a lower yield to investors. The absence of a rating may indicate that the issuer has not requested a rating evaluation, insufficient data exists on the issuer to derive a rating, or that a rating request was denied. Non- rated securities tend to be more speculative in nature and are less liquid. Although rating agencies assist in evaluating the creditworthiness of an issuer, ratings are not recommendations to buy, sell or hold a security, nor do ratings remove market risk. In addition, ratings are subject to review, revision, suspension, reduction, or withdrawal at any time, and any of these changes in ratings may affect the current market value of your investment. A rating agency may also place an issuer under review or credit watch, which may be another indicator of a future rating change. Your trade confirmations, online accounts, and monthly statements display only the ratings of those rating agencies to which we subscribe. For more information on rating agencies, including important disclosures regarding the rating process, please visit www.moodys.com, www.standardandpoors.com, and www.fitchratings.com.

Default Risk: An obligor's inability to remain solvent and pay any outstanding debt obligations in a timely manner. 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: Generally, as interest rates rise, the price of a bond will fall and conversely, as interest rates fall, the price of a bond will rise. The yield offered on bonds is based upon a collective associated-risk evaluation, coupled with a market-determined spread over a similarly traded riskless transaction (historically measured versus a similar maturity U.S. Treasury bond). As interest rates fluctuate, the yield on most bonds will be adjusted accordingly.

Reinvestment Risk: Timing of reinvestment of returning interest or principal can cause an investor's return to fluctuate. In a falling interest rate environment, an investor will likely benefit from higher coupons and longer maturities as this prevents the need to reinvest into a lower, less favorable interest rate environment. If interest rates are rising, higher coupon and/or short maturities allow an investor to take advantage of rate increases and put their money to work at improving interest rates.

Liquidity Risk: Liquidity is the ability to sell (liquidate) a position. Many bonds trade in an active secondary market and many broker/dealers, including us, may maintain a secondary market in securities; however, there is no assurance that an active market will be maintained.

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 and services with the proceeds received at maturity.

Non-U.S. Bonds: These securities are subject to additional risks, including without limitation, liquidity, currency fluctuations, differing accounting standards, political and economic instability, and differing tax laws.

Costs and Fees Paid by Clients

Identify whether your transaction occurs in the new issue (primary) or secondary market: Like other investments, fixed income securities purchased as new issues take place in the primary market and most bonds bought or sold after the issue date occur in over-the- counter secondary markets which do not generally publish closing prices. Two websites offer information about the prices of transactions in specific bonds including trade history as well as additional market data, offering disclosure documents and education material. For municipal bonds, please visit EMMA at emma.msrb.org/. For other bonds and fixed income securities, please visit bondfacts.finra.org/.

Primary Market: Details of costs and fees incurred in new issue purchases are disclosed on trade confirmations and in the applicable offering documents.

Secondary Market: The price paid by you (and by extension, the amount received by us and your financial professional) may be increased or decreased by a markup or markdown, respectively. Markups and markdowns are based on the prevailing market price at the time of trade and represent compensation paid to the advisor and us. In addition to any markup or markdown, you should expect that we will realize a trading profit or loss on a secondary market transaction.

A processing/handling fee is charged for each buy or sell for all fixed income products, except for brokered CDs, which have no processing/handling fee.

Compensation

Primary Market:
Compensation from the issuer on sales of new issue fixed income securities is generally embedded in the initial offering price through a sales concession or placement fee paid to your financial professional and us.

Secondary Market:
Your purchase or sale of a fixed income security in the secondary market executed on a principal basis may include a markup or markdown paid to your financial professional and us. The price paid or received may also result in a trading profit or loss to us. Your purchase or sale of a fixed income security in the secondary market executed in a riskless principal or agency capacity may include a commission paid to your financial professional and us. The price paid or received may also result in a trading profit or loss to a firm other than us.

Other Potential Conflicts of Interest
We may receive additional volume compensation on some new issue transactions. However, we do not receive an additional volume-based concession on syndicate issues purchased through fee- based advisory accounts, except in limited circumstances on an agency basis if permitted by the underwriting or selling group.

Additional Information
Before investing in any fixed income investment, we encourage you to read the relevant offering documents, which are available from the issuer and your financial professional.

Trade confirmations should also be carefully reviewed and will disclose additional information regarding the capacity in which we are acting and information regarding compensation.

Fixed income products are available for purchase as a standalone investment; however, they may also be available as a part of other products, such as a Unit Investment Trust, or as part of a separately managed account, which offers different risks, benefits, and potentially different costs and fees. These costs and fees could be more or less than those paid by purchasing the product individually.

Here are some additional resources for your consideration:

Title	Description
Duration—What an Interest Rate Hike Could Do to Your Bond Portfolio	https://www.finra.org/investors/alerts/duration-what-interest-rate-hike-could-do-your-bond-portfolio
Bond Liquidity—Factors to Consider and Questions to Ask	https://www.finra.org/investors/alerts/bond-liquidity-factors-questions
Catastrophe Bonds and Other Event-Linked Securities	https://www.finra.org/investors/alerts/catastrophe-bonds-and-other-event-linked-securities
Municipal Bonds—Important Considerations for Individual Investors	https://www.finra.org/investors/alerts/municipal-bonds-important-considerations-individual-investors
Structured Notes With Principal Protection: Note the Terms of Your Investment	https://www.finra.org/investors/alerts/structured-notes-principal-protection-note-terms-your-investment

Retirement Accounts, Rollovers

If a customer decides to roll assets out of a retirement plan, such as a 401(k) plan, and into an individual retirement account (IRA), we have a financial incentive to recommend that the customer invest those assets through SSI, because we will be paid on those assets, for example, through commissions, fees, and/or third-party payments.

Please be advised of your options, and what a rollover means to you.

If you leave your employer you typically have four options (and may engage in a combination of these options):

- leave the money in the former employer's plan, if permitted;
- roll over the assets to your new employer's plan, if one is available and rollovers are permitted;

- roll over to an Individual Retirement Account; or
- cash out the account value.

Each choice offers advantages and disadvantages, depending on your desired investment options and services, fees and expenses, withdrawal options, required minimum distributions, tax treatment, and your unique financial needs and retirement plans. The complexity of these choices may lead you to seek assistance one of our financial professionals. The options that we offer you will result in revenue to our financial professionals and our firm. You should be aware that such fees and commissions likely will be higher than those the customer pays through their plan, and there can be custodial and other maintenance fees. As securities held in a retirement plan generally cannot be transferred to an IRA, commissions and sales charges may be charged when liquidating such securities prior to the transfer, in addition to commissions and sales charges previously paid on transactions in the plan.
Therefore, we have an incentive to recommend that you "roll-over" your employer plan to us. Please consider each of your options before making a decision.

Here are some additional resources for your consideration:

Title	Web Address
The IRA Rollover: 10 Tips to Making a Sound Decision	https://www.finra.org/investors/alerts/ira-rollover-10-tips-making-sound-decision
Why Leave Money on the Table—Make the Most of Your Employer's 401(k) Match	https://www.finra.org/investors/alerts/why-leave-money-table-make-most-your-employers-401k-match
401(k) Debit Cards—Think Before You Swipe	https://www.finra.org/investors/alerts/401k-debit-cards-think-you-swipe
Putting Too Much Stock in Your Company—A 401(k) Problem	https://www.finra.org/investors/alerts/putting-too-much-stock-your-company-401k-problem
Look Before You Leave: Don't Be Misled By Early Retirement Investment Pitches That Promise Too Much	https://www.finra.org/investors/alerts/look-you-leave-dont-be-misled-early-retirement-investment-pitches-promise-too-much
Think Twice Before Cashing Out Your 401(k)	https://www.finra.org/investors/alerts/think-twice-cashing-out-your-401k

SIPC Coverage Summary

Please review the following disclosures regarding insurance coverage relevant to your investments:

- Covered Investments: Registered securities and cash.
- Available Coverage: Generally protects SEC-registered securities to maximum of $500,000, including $250,000 coverage for claims for cash.

The Firm is a member of the Securities Investor Protection Corporation (SIPC). SIPC provides coverage, as set forth above, in the unlikely event that we fail financially. Money market fund shares are not considered cash for this purpose; they are securities. An explanatory brochure is available upon request at www.sipc.org SIPC asset protection limits apply, in the aggregate, to all securities accounts that you hold with us in a particular capacity. SIPC coverage does not insure against the loss of your investment. SIPC coverage does not ensure the quality of investments, protect against a decline or fluctuations in the value of your investment, or cover securities not held by us. Account protection applies when an SIPC-member firm fails financially and is unable to meet obligations to securities clients, but it does not protect against market fluctuations.

SIPC coverage is not the same as FDIC deposit insurance and operates differently. FDIC is an independent agency of the U.S. government that insures bank-held assets as set forth above.
Unless explicitly stated, products sold by the Firm are not considered bank deposits and are not covered by FDIC insurance. Further information on FDIC insurance can be obtained from your financial professional, who will provide you with the FDIC brochure, "Your Insured Deposits, FDIC's Guide to Deposit Insurance Coverage," upon request. You can obtain information directly from the FDIC, Division of Supervision and Consumer Protection, by writing to Deposit Insurance Outreach, 550 17th Street N.W., Washington, DC 20429, or telephoning 877-275-3342 or 800-925-4618 (TDD).
Or, you may visit the FDIC website at www.fdic.gov or e-mail them at dcainternet@fdic.gov. You may also wish to consult with your attorney concerning FDIC coverage of deposits, particularly when held in more than one capacity.

Day-Trading Risk Disclosure Statement

You should consider the following points before engaging in a day-trading strategy. For purposes of this notice, a "day-trading strategy" means an overall trading strategy characterized by the regular transmission by a customer of intra-day orders to effect both purchase and sale transactions in the same security or securities.

Day trading can be extremely risky. Day trading generally is not appropriate for someone of limited resources and limited investment or trading experience and low risk tolerance. You should be prepared to lose all of the funds that you use for day trading. In particular, you should not fund day-trading activities with retirement savings, student loans, second mortgages, emergency funds, funds set aside for purposes such as education or home ownership, or funds required to meet your living expenses. Further, certain evidence indicates that an investment of less than $50,000 will significantly impair the ability of a day trader to make a profit. Of course, an investment of $50,000 or more will in no way guarantee success.

Be cautious of claims of large profits from day trading. You should be wary of advertisements or other statements that emphasize the potential for large profits in day trading. Day trading can also lead to large and immediate financial losses.

Day trading requires knowledge of securities markets. Day trading requires in-depth knowledge of the securities markets and trading techniques and strategies. In attempting to profit through day trading, you must compete with professional, licensed traders employed by securities firms. You should have

appropriate experience before engaging in day trading.

Day trading requires knowledge of a firm's operations. You should be familiar with a securities firm's business practices, including the operation of the firm's order execution systems and procedures. Under certain market conditions, you may find it difficult or impossible to liquidate a position quickly at a reasonable price. This can occur, for example, when the market for a stock suddenly drops, or if trading is halted due to recent news events or unusual trading activity. The more volatile a stock is, the greater the likelihood that problems may be encountered in executing a transaction. In addition to normal market risks, you may experience losses due to system failures.

Day trading will generate substantial commissions, even if the per trade cost is low. Day trading involves aggressive trading, and generally you will pay commissions on each trade. The total daily commissions that you pay on your trades will add to your losses or significantly reduce your earnings. For instance, assuming that a trade costs $16 and an average of 29 transactions are conducted per day, an investor would need to generate an annual profit of $111,360 just to cover commission expenses.

Day trading on margin or short selling may result in losses beyond your initial investment. When you day trade with funds borrowed from a firm or someone else, you can lose more than the funds you originally placed at risk. A decline in the value of the securities that are purchased may require you to provide additional funds to the firm to avoid the forced sale of those securities or other securities in your account. Short selling as part of your day trading strategy also may lead to extraordinary losses, because you may have to purchase a stock at a very high price in order to cover a short position.

Potential Registration Requirements. Persons providing investment advice for others or managing securities accounts for others may need to register as either an "Investment Advisor" under the Investment Advisors Act of 1940 or as a "Broker" or "Dealer" under the Securities Exchange Act of 1934. Such activities may also trigger state registration requirements.

Penny Stock Disclosure Statement

This statement is required by the SEC and contains important information on penny stocks. You are urged to read it before making a purchase or sale.

Penny stocks can be very risky.

Penny stocks are low-priced shares of small companies not traded on an exchange or quoted on NASDAQ. Prices often are not available. Investors in penny stocks often are unable to sell stock back to the dealer that sold them the stock. Thus, you may lose your investment. Be cautious of newly issued penny stock.

Your salesperson is not an impartial advisor but is paid to sell you the stock. Do not rely only on the salesperson, but seek outside advice before you buy any stock. If you have problems with a salesperson, contact the firm's compliance officer or the regulators listed below.

Information you should get.

Before you buy penny stock, [effective January 1, 1993] federal law requires your salesperson to tell you the "**offer**" and the "**bid**" on the stock, and the "**compensation**" the salesperson and the firm receive for

the trade. The firm also must mail a confirmation of these prices to you after the trade.

You will need this price information to determine what profit, if any, you will have when you sell your stock. The offer price is the wholesale price at which the dealer is willing to sell stock to other dealers. The bid price is the wholesale price at which the dealer is willing to buy the stock from other dealers. In its trade with you, the dealer may add a retail charge to these wholesale prices as compensation (called a "markup" or "mark-down").

The difference between the bid and the offer price is the dealer's "spread." A spread that is large compared with the purchase price can make a resale of a stock very costly. To be profitable when you sell, the bid price of your stock must rise above the amount of this spread and the compensation charged by both your selling and purchasing dealers. If the dealer has no bid price, you may not be able to sell the stock after you buy it, and may lose your whole investment.

Brokers' duties and customer's rights and remedies.

If you are a victim of fraud, you may have rights and remedies under state and federal law. You can get the disciplinary history of a salesperson or firm from FINRA at 1-800-289-9999, and additional information from your state securities official, at the North American Securities Administrators Association's central number: (202) 737-0900. You also may contact the SEC with complaints at (202) 272-7440.

FURTHER INFORMATION THE SECURITIES BEING SOLD TO YOU HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION. MOREOVER, THE SECURITIES AND EXCHANGE COMMISSION HAS NOT PASSED UPON THE FAIRNESS OR THE MERITS OF THIS TRANSACTION NOR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN ANY PROSPECTUS OR ANY OTHER INFORMATION PROVIDED BY AN ISSUER OR A BROKER OR DEALER.

Generally, penny stock is a security that:

Is priced under five dollars;

Is **not** traded on a national stock exchange;

May be listed in the "pink sheets" or the OTC Bulletin Board;

Is issued by a company that has less than $5 million in net tangible assets and has been in business less than three years, by a company that has under $2 million in net tangible assets and has been in business for at least three years, or by a company that has revenues of $6 million for 3 years.

Use caution when investing in penny stocks:

1. **Do not make a hurried investment decision.** High-pressure sales techniques can be a warning sign of fraud. The salesperson is not an impartial advisor, but is paid for selling stock to you. The salesperson also does not have to watch your investment for you. Thus, you should think over the offer and seek outside advice. Check to see if the information given by the salesperson differs from other information you may have. Also, it is illegal for salespersons to promise that a stock will increase in value or is risk-free, or to guarantee against loss. If you think there is a problem, ask to speak with a compliance official at the firm, and, if necessary, any of the regulators referred to in this statement.

2. Study the company issuing the stock. Be wary of companies that have no operating history, few assets, or no defined business purpose. These may be sham or "shell" corporations. Read the prospectus for the company carefully before you invest. Some dealers fraudulently solicit investors' money to buy stock in sham companies, artificially inflate the stock prices, then cash in their profits before public investors can sell their stock.

3. Understand the risky nature of these stocks. You should be aware that you may lose part or all of your investment. Because of large dealer spreads, you will not be able to sell the stock immediately back to the dealer at the same price it sold the stock to you. In some cases, the stock may fall quickly in value. New companies, whose stock is sold in an "initial public offering," often are riskier investments. Try to find out if the shares the salesperson wants to sell you are part of such an offering. Your salesperson must give you a "prospectus" in an initial public offering, but the financial condition shown in the prospectus of new companies can change very quickly.

4. **Know the brokerage firm and the salespeople with whom you are dealing.** Because of the nature of the market for penny stock, you may have to rely solely on the original brokerage firm that sold you the stock for prices and to buy the stock back from you. Ask the Financial Industry Regulatory Authority (FINRA) or your state securities regulator, which is a member of the North American Securities Administrators Association, Inc. (NASAA), about the licensing and disciplinary record of the brokerage firm and the salesperson contacting you. The telephone numbers of FINRA and NASAA are listed on the first page of this document. -

5. **Be cautious if your salesperson leaves the firm.** If the salesperson who sold you the stock leaves his or her firm, the firm may reassign your account to a new salesperson. If you have problems, ask to speak to the firm's branch office manager or a compliance officer. Although the departing salesperson may ask you to transfer your stock to his or her new firm, you do not have to do so. Get information on the new firm. Be wary of requests to sell your securities when the salesperson transfers to a new firm. Also, you have the right to get your stock certificate from your selling firm. You do not have to leave the certificate with that firm or any other firm.

YOUR RIGHTS

Disclosures to you. Under penalty of federal law, [effective January 1, 1993] your brokerage firm must tell you the following information at two different times—before you agree to buy or sell a penny stock, and after the trade, by written confirmation:

The bid and offer price quotes for penny stock, and the number of shares to which the quoted prices apply. The bid and offer quotes are the wholesale prices at which dealers trade among themselves. These prices give you an idea of the market value of the stock. The dealer must tell you these price quotes if they appear on an automated quotation system approved by the SEC. If not, the dealer must use its own quotes or trade prices. You should calculate the spread, the difference between the bid and offer quotes, to help decide if buying the stock is a good investment.

A lack of quotes may mean that the market among dealers is not active. It thus may be difficult to resell the stock. You also should be aware that the actual price charged to you for the stock may differ from the price quoted to you for 100 shares. You should therefore determine, before you agree to a purchase, what the actual sales price (before the markup) will be for the exact number of shares you want to buy.

Order Routing and Execution Disclosures (SEC Rule 606)

Pursuant to SEC Rule 606, SSI is required to make publicly available a quarterly report regarding its routing of non-directed orders. SEC Rule 606(b) requires a broker-dealer to disclose to its customers, upon request, "the identity of the venue to which the customer's orders were routed for execution in the six months prior to the request, whether the orders were directed orders or non-directed orders, and the time of the transactions, if any, that resulted from such orders."

SSI clears all customer orders through Pershing. For further information related to these orders please click on the links below: