



# Regulation Best Interest Disclosure

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This guide summarizes important information concerning the scope and terms of the brokerage services we offer and details the material conflicts of interest that arise through our delivery of brokerage services to you. We encourage you to review this information carefully, along with any applicable account agreement(s) and disclosure documentation you may receive from us.

As you review this information, we would like to remind you that we are registered with the U.S. Securities and Exchange Commission (SEC) as a broker-dealer and an investment adviser, providing both brokerage services and investment advisory services. Our brokerage services are the primary focus of this guide. For more information on our investment advisory services and how they differ from brokerage, please review the Customer Relationship Summary (or Form CRS) available at <https://www.nationsfg.com/wp/wp-content/uploads/2020/01/NFG-Form-CRS.pdf>. Our Form CRS contains important information about the types of services we offer, both brokerage and investment advisory, along with general information related to compensation, conflicts of interest, disciplinary action and other reportable legal information.

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

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## Brokerage Services

When you establish a brokerage account with us, you have the ability to buy, sell and hold investments within your account. The primary service we provide is our trading capability. We execute purchases and sales on your behalf, and as directed by you. In a brokerage services relationship, we can trade with you for our own account, for an affiliate or for another client, and we can earn a profit on those trades. The capacity in which we act is disclosed on your trade confirmation.

## Cash Brokerage and Margin Brokerage Accounts

We provide brokerage services through either a cash brokerage account or margin brokerage account, based on your eligibility and selection. In a cash brokerage account, you must pay for your purchases in full at the time of purchase. In a margin brokerage account, you must eventually pay for your purchases in full, but you may borrow part of the purchase price from our clearing firm, First Clearing<sup>1</sup>. This is generally referred to as a “margin loan.” The portion of the purchase price that is loaned you is secured by securities in your account, also referred to as “collateral.” You will incur interest costs as a result of your margin activity. While many securities are eligible to be used as collateral for a margin loan, some assets are not available for margin collateral purposes.

Given that a margin-enabled brokerage account has specific eligibility requirements, unique costs, and governing regulatory requirements, our default brokerage option is our cash brokerage account. You must execute a separate margin agreement before engaging in margin brokerage activity. Included with your margin agreement is a copy of the Margin Disclosure Statement. This statement contains important information you should understand and consider before establishing a margin brokerage relationship with us. For more information on our margin brokerage services, contact Nations Financial Group, Inc (NFG) financial professional or refer to our Margin Disclosure Statement available at [https://www.nationsfg.com/wp/wp-content/uploads/2016/11/nations\\_financial\\_group\\_disclosure.pdf](https://www.nationsfg.com/wp/wp-content/uploads/2016/11/nations_financial_group_disclosure.pdf).

<sup>1</sup> First Clearing is a trade name used by Wells Fargo Clearing Services, LLC.

## Brokerage Account Types

We offer many different brokerage account types including but not limited to individual and joint accounts, custodial accounts, Delivery Versus Payment (DVP) accounts, estate and trust accounts, partnership accounts, individual retirement accounts and other types of retirement accounts as outlined in our account agreement(s). You should refer to our account agreement(s) for more information concerning available account types or speak with a financial professional.

## Incidental Brokerage Services, Recommendations and Account Monitoring

Within your brokerage account, we may also provide other incidental services such as research reports, and recommendations to buy, sell, or hold assets. When we make a securities recommendation, investment strategy recommendation or recommendation to rollover assets from your Qualified Retirement Plan (QRP) to an Individual Retirement Account (IRA), the recommendation is made in our capacity as a broker-dealer unless otherwise stated at the time of the recommendation. Any such statement may be made orally, written, or electronically to you. Moreover, when we act in a brokerage capacity, we do not agree to enter into a fiduciary relationship with you.

It is important for you to understand that when our financial professionals make a brokerage recommendation to you, we are obligated to ensure the recommendation is in your best interest, considering reasonably available alternatives, and based on criteria that includes your stated investment objective, risk tolerance, liquidity needs, time horizon, financial needs, tax status, and other financial information you provide us. We have policies and procedures designed to ensure this. You may accept or reject any recommendation. It is not our responsibility to monitor the investments in your brokerage account, and we encourage you to monitor your investments regularly. We do not commit to provide on-going monitoring of your brokerage account. If you prefer on-going monitoring of your account or investments, you should speak with a financial professional about whether an advisory services relationship is more appropriate for you.

Please also consider that from time to time we may provide you with additional information and resources to assist you with managing your brokerage account. This may include but is not limited to educational resources, sales and marketing materials, performance reports, asset allocation guidance, and/or periodic brokerage account reviews. When we offer these services and information, we do so as a courtesy to you. These activities are not designed to monitor specific investment holdings in your brokerage account, they do not contain specific investment recommendations about investment holdings, and you should not consider them a recommendation to trade or hold any particular securities in your brokerage account. Upon your request, we may review such information and reports with you and may provide you with investment recommendations, but we are not under a specific obligation to do so.

## Clearing Services

We have entered into an agreement with First Clearing (also referred to herein as "Clearing Agent") to carry your account and provide certain back office functions. We and First Clearing each have responsibilities with respect to your account as set forth in the Designation of Responsibilities that was delivered to you upon opening of your account. Please refer to the Designation of Responsibilities for more information on how such responsibilities have been allocated between us.

## Understanding Risk

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

Investment goals typically have different time horizons and different income and growth objectives. Generally, investment goals are on a spectrum, with "Income" investors typically holding the smallest percentage of higher-risk investments, followed by "Growth and Income" investors holding some higher-risk investments, and finally "Growth" investors holding a significant portion of their portfolio in higher-risk investments. Risk tolerance also varies, and we measure it on a continuum that increases from "Conservative" to "Moderate" to "Aggressive," and finally "Trading and Speculation." See below for details.

## Generally Associated Risk Tolerance

### Income Investment Objective

**Typical Investment Objective Description** - Income portfolios emphasize current income with minimal consideration for capital appreciation and usually have less exposure to more volatile growth assets.

- **Conservative** Conservative Income investors generally assume lower risk, but may still experience losses or have lower expected income returns.
- **Moderate** Moderate Income investors are willing to accept a modest level of risk that may result in increased losses in exchange for the potential to receive modest income returns.
- **Aggressive** Aggressive Income investors seek a higher level of returns and are willing to accept a higher level of risk that may result in greater losses.

### Growth and Income Investment Objective

**Typical Investment Objective Description** - Growth and Income portfolios emphasize a blend of current income and capital appreciation and usually have some exposure to more volatile growth assets.

- **Conservative** Conservative Growth and Income investors generally assume a lower amount of risk, but may still experience losses or have lower expected returns.
- **Moderate** Moderate Growth and Income investors are willing to accept a modest level of risk that may result in increased losses in exchange for the potential to receive modest returns.
- **Aggressive** Aggressive Growth and Income investors seek a higher level of returns and are willing to accept a higher level of risk that may result in greater losses.

### Growth Investment Objective

**Typical Investment Objective Description** - Growth portfolios emphasize capital appreciation with minimal consideration for current income and usually have significant exposure to more volatile growth assets.

- **Conservative** Conservative Growth investors generally assume a lower amount of risk, but may still experience increased losses or have lower expected growth returns.
- **Moderate** Moderate Growth investors are willing to accept a modest level of risk that may result in significant losses in exchange for the potential to receive higher returns.
- **Aggressive** Aggressive Growth investors seek a higher level of returns and are willing to accept a high level of risk that may result in more significant losses.

### Trading and Speculation

Trading and Speculation investors seek out a maximum return through a broad range of investment strategies which generally involve a high level of risk, including the potential for unlimited loss of investment capital.

Our recommendations are based in part on your risk tolerance and investment objective as outlined above. We encourage you to carefully consider your investment objective and risk tolerance before investing.

## Cash Sweep Program Feature

Our brokerage services include a Cash Sweep Program feature. This First Clearing program permits you to earn a return on uninvested cash balances in your brokerage account by allowing cash balances to be automatically "swept" into a "Cash Sweep Vehicle," until such balances are otherwise required to satisfy obligations arising in your account. These Cash Sweep Vehicles include interest-bearing deposit accounts, and if permissible, money market mutual funds or such other sweep arrangements made available to you. Since we receive benefits from this program it does create a conflict of interest because we have an incentive to keep cash balances, which might not be in your best interest. To help mitigate this conflict, your financial professional does not share in any such benefits. You will receive additional information concerning the Cash Sweep Program in your account agreement(s). More information about the Cash Sweep Program can be found in the Cash Sweep Program Disclosure Statement available at <https://www.wellsfargoclearingservicesllc.com/bw/fccs/forms/568205.pdf>. Please review that Disclosure Statement carefully.

## Account Minimums and Activity Requirements

There is no minimum initial account balance required to open a brokerage account with us. However, if you do not return account opening documents as required, your account will be closed. In addition, some types of brokerage accounts have minimum account activity requirements and/or minimum on-going balance requirements that must be maintained, or your brokerage account will be closed. These requirements are detailed in the account agreement(s) you receive when you open your brokerage account.

You should also understand that our financial professionals may establish their own minimum account balance requirements for the brokerage accounts they service. For example, a dedicated financial professional may choose to service only those brokerage account clients who satisfy account-specific or total household asset conditions. Minimum asset requirements are disclosed to you orally by your financial professional.

## Brokerage Service Models and Products

Brokerage services allow you to provide us with instructions to buy, sell and hold your investments. We provide you with investment education, research and planning tools. Depending on your account type and Client request, we may make recommendations about your investments. You make each investment decision and do not delegate such decisions to us.

Clients may choose to ask the financial professional for research and recommendations (full-service) or simply use the financial professional to execute transaction on their behalf (self-directed).

A range of investment products are offered and are not restricted to either full-service or self-directed services. However, certain complex products will require approval from the firm prior to execution. Specifically, but not limited to, the use of Margin, Options, and Alternative Investments will be subject to prior approval to ensure Client's understanding and suitability.

Your financial professional serves as your key relationship contact for your brokerage accounts.

## Brokerage Fees and Our Compensation

It is important to consider that while a brokerage relationship can be a cost-effective way of investing your assets, it is not for everyone given the fees, services and costs involved.

### Transaction-Based Fees

You will pay transaction-based fees for trades you decide to enter into, such as buying and selling stocks, bonds, Exchange Traded Products (ETPs), mutual funds, annuity contracts, exercising options and other investment purchases and sale. These transaction-based fees are generally referred to as a "commission," "mark up," "sales load," or a "sales charge." Transaction-Based fees are based on a host of factors, including, but not limited to:

- Underlying product selection
- Your brokerage service model and account type
- Size of your transaction and/or overall value of your account
- Frequency of your trade activity
- Available discounts and/or fee waivers

### Account and Service Fees

You will pay fees for various operational services provided to you through your brokerage account. These fees are set at least annually and communicated to you through information included in your account statement and other notifications. These fees do not apply to all account types and may be waived under certain conditions.

You should understand that based on the brokerage service model you choose, the same or similar products, accounts and services may vary in the fees and costs charged to you. For more information concerning our administrative and service fees, visit us at <https://www.nationsfg.com/wp/wp-content/uploads/2012/03/Privacy-Policy-BCP-Disclosure-Document-FCC.pdf>.

## How We Are Compensated

We receive direct and indirect compensation in connection with your accounts. Direct compensation is taken directly from the affected account. Indirect compensation is compensation paid in ways other than directly from the account and may impact the value of the associated investments in your account. The sections below describe the compensation that we receive in connection with various investments that may be available to you. In many cases, the descriptions that follow refer to a prospectus or offering documents.

## Commission Schedules

Commission Schedule for Stocks, Rights, Warrants, Secondary Market Closed End Funds (CEFs) and Exchange Traded Products (ETPs)

This schedule below details the commission charged to you and received by us and your financial professional for trades of stocks, rights, and warrants.

### Commission

Principal of \$499 or less = 10% of Principal

<b>Principal of \$500 or Greater =</b>	<b>For any Lot greater than 1</b>
\$0 - \$ 2,499 = 2.1% of Principal + \$28 +	\$10 per lot for the first 10 lots and \$6.5 for the next remaining lots
\$2,500 - \$19,999 = 1.5% of Principal + \$43 +	\$10 per lot for the first 10 lots and \$6.5 for the next remaining lots
\$20,000 - \$49,999 = .7% of Principal + \$203 +	\$10 per lot for the first 10 lots and \$6.5 for the next remaining lots
\$50,000 and above = .6% of Principal + \$253 +	\$10 per lot for the first 10 lots and \$6.5 for the next remaining lots

### Minimum

Principal = 10% of Principal with a maximum of \$50

### Maximum

Principal of \$499 or less = not applicable, no max applied

Principal of \$500 or greater

\$0 - \$1,500 = 10% of principal for the first \$500 and 2.5% of principal for the remaining principal

\$1,500.01 and above = 5% of principal with a maximum of \$1.06 per share and a minimum of \$106

FINRA max of 5% of principal applies and Postage and handling included in the FINRA max.

## Option Rates Equity and Index

Options compensation is received as direct compensation, as described below.

### Commission

Principal	For any quantity greater than 1
\$0 - \$2,499 = 2% of Principal + \$25 +	\$8 per contract on quantities less than 11 or \$25 plus \$5.5 per contract on quantities equal to or greater than 11.
\$2,500 - \$19,999 = 1.4% of Principal + \$40 +	\$8 per contract on quantities less than 11 or \$25 plus \$5.5 per contract on quantities equal to or greater than 11.
\$20,000 - \$24,999 = .8% of Principal + \$160 +	\$8 per contract on quantities less than 11 or \$25 plus \$5.5 per contract on quantities equal to or greater than 11.
\$25,000 and above = .4% of Principal + \$260 +	\$8 per contract on quantities less than 11 or \$25 plus \$5.5 per contract on quantities equal to or greater than 11.

### Minimum

#### Sell

Principal \$0 - \$199 = 25% of Principal

Principal \$200 and above = \$50 flat

#### Buy

Other than Open = 10% of Principal with a maximum of \$50

Open = \$50 flat

### Maximum

Principal \$0 - \$199 = 25% of Principal for the first \$199

Principal \$200 - \$999 = 9% of Principal for the next \$800

Principal \$1,000 - \$9,999 = 7.2% of Principal for the next \$9,000

Principal \$10,000 and above = 5.2% of Principal for the rest

## Debt Securities

For debt securities, including preferred securities and CDs, we may apply a charge (*i.e.*, *markup*) of up to 1.5% of the amount of your secondary market transaction but not to exceed 3.5%. Additionally, we may incur gains (or losses) on positions we hold in inventory in response to market movements or other events that impact the value of the securities we own.

## Mutual Funds

We currently offer thousands of mutual funds varying in share class structure and investment style. If you invest in mutual funds, we may receive direct and indirect compensation in connection with such mutual fund investments, as described below.

### 12b-1/Shareholder Service Fees

Annual 12b-1 fees, also known as trails, are paid by the fund and paid to us out of fund assets under a distribution and servicing arrangement to cover distribution expenses and sometimes shareholder service expenses that we may provide on the fund's behalf. Shareholder servicing fees are paid to respond to investor inquiries and provide investors with information about their investments. These fees are asset-based fees charged by the fund family. These fees range from 0.00% to 1.00%, but the majority of these fees are below 0.85%. These fees may be passed on to us and may in turn be passed on to your financial professional as a commission.

## Front-End Sales Charge Fees or Contingent Deferred Sales Charges (CDSC)

Front-End sales charge fees may be charged and paid to us, including your financial professional, when you purchase a fund. The front-end sales charge is deducted from the initial investment on certain share classes. This charge normally ranges from 0.00% to 5.75%. Some purchases may qualify for a reduced front-end sales charge due to breakpoint discounts based on the amount of transaction and rights of accumulation. In addition, some purchases may qualify for a sales charge waiver based on the type of account, and/or certain qualifications within the account. You will work with your financial professional to determine eligibility for sales charge waivers.

CDSC is a charge you pay upon withdrawal of money from a fund prior to the end of the fund's CDSC period. CDSC charges range from 0.00% to 5.50%. CDSC periods can range from zero to seven years. This charge typically exists only on share classes that do not have a front-end sales charge. It is sometimes referred to as the back-end load. CDSCs are not charged when you purchase a fund. The fee charged will depend on the share class purchased by the investor. A CDSC is not passed on to your financial professional. You can find a description of the amount and payment frequency of all fees and expenses charged and paid by the fund in the fund's prospectus. Fees and expenses disclosed in the fund's prospectus are charged against the investment values of the fund.

## Alternative Investments Information

Alternative Investments generally refer to investments that serve as alternatives to more traditional asset classes and may include investments such as hedge funds, private equity funds, private real estate funds and structured products. We may offer qualified clients a wide range of alternative investments. It is important to note that the fees and expenses related to alternative investments are often higher than those of more traditional investments. There are many types of fees involved with this type of product but the fees that we and the financial professional may share in are from upfront and placement fees. These fees are generally based on the total amount of your investment and can be as high as 5.5%. Some upfront placement fees can be discounted at the discretion of the financial professional or by meeting certain volume discounts, commonly referred to as breakpoints. Accordingly, you should consult with your financial professional about the ability to receive such discounts. Additionally, there will generally be ongoing fees, based on the value of your investment, that are related to compensating us but not the financial professional. Such ongoing servicing fees can be as high as 4% of the value of your investment. For specific information regarding compensation and fees please see the applicable offering documents or prospectus, and the investment confirmation.

## Annuities

Our annuities consist of fixed, index, and variable annuities. Under arrangements with insurance companies, we, including your financial professional, receive commissions from the insurance companies for the sale of annuities, as well as trail commissions, and they are considered indirect compensation. Commissions and trails paid to us vary by product type and may vary by insurance carrier. The insurance company who issued the variable annuity will generally pay an upfront commission ranging from 0.00% to 7.00%. In addition, an ongoing trail commission ranging from 0.00% to 1.00% will be paid.

## Unit Investment Trusts (UITs)

Our UITs consist of Equity and Fixed-Income UITs. We, along with your financial professional, are compensated in ways that vary depending on the type and terms of the UIT portfolio selected. The types of fees received by us are described below and are disclosed via the prospectus issued by the UIT provider. Your financial professional can provide you a copy of the most recent prospectus. The UIT provider deducts fees as compensation from the proceeds available for investments for marketing and distribution expenses, which may include compensating us as described in each UIT prospectus. A charge ranging from 0.00% to 4.00% will be assessed when purchasing the UIT.

## Cash Sweep Program/Bank Deposit Sweep/Other Float Compensation

These programs allow clients to earn a return on uninvested cash balances by automatically "sweeping" cash balances into a Sweep vehicle until such balances are invested or otherwise used to satisfy obligations arising in the account. While there is no fee charged, the firm will receive a portion of the interest revenue from the clearing firm on these balances. The financial professional does not receive any portion of this compensation.

## Margin

Our clearing firm will charge interest on margin balances. The interest rate will range from Broker Call Rate (BCR) to BCR + 4.5%. In some cases, you may receive a Negotiated Rate that may be lower or higher than the stated range. You can find more information regarding the BCR and rates here:

<https://www.nationsfg.com/wp/wp-content/uploads/2020/04/Nations-Statement-of-Interest-42320.pdf>. We will earn a portion of the ongoing interest paid on your margin loan balances. The compensation rate will vary depending on the rate set by the clearing firm. This rate will change without prior notice as will our compensation and is not shared with the financial professional.

## Non-Purpose/Securities Backed Loans

Clients can choose to participate in a non-purpose loan program available through our clearing firm. In this program, the clearing firm will qualify a client who would benefit from having an alternative for accessing credit for financial needs in the form of a non-purpose loan. Interest rates charged in these programs will range from Broker Call Rate (BCR) to BCR + 2.5%. In some cases, you may receive a Negotiated Rate that may be lower or higher than the stated range. We receive revenue for a client's participation in this program and share with the financial professional. The compensation we receive will range depending on the interest rate that is paid on the loan. The receipt of these additional payments creates a conflict of interest because of the increased compensation to the firm and financial professional. We have policies and procedures designed to monitor this conflict. Clients are not required to use this loan program and can work directly with other banks to negotiate loan terms or obtain other financing arrangements.

## Training and Education

We work closely with many product and service providers who provide training and education compensation to offset or reimburse us for costs incurred in conducting comprehensive training and educational meetings for our financial professionals. These meetings or events are held to educate financial professionals on product characteristics, business building ideas, successful sales techniques, suitability as well as various other topics. In addition, certain vendors provide free or discounted research or other vendor products and services, which can assist our financial professionals with providing services to the retail customer.

Likewise, from time to time, product providers will reimburse us for expenses incurred by individual branch offices in connection with conducting training and educational meetings, conferences, or seminars for financial professionals and participants. Also, financial professionals may receive promotional items, meals or entertainment or other non-cash compensation from product providers. Any benefits received outside of nominal promotional items require documentation and approval from the firm.

Although training and education compensation is not related to individual transactions or assets held in client accounts, it is important to understand that, due to the total number of product providers whose products are offered by us, it is not possible for all companies to participate in a single meeting or event. Consequently, those product providers that do participate in training or educational meetings, seminars or other events gain an opportunity to build relationships with financial professionals; these relationships could lead to sales of that particular company's products. We have policies and procedures designed to monitor any such transaction to make sure they are in the best interest of the client.

## Marketing, Goodwill and Recruiting

We will receive compensation from custodians to help offset on going marketing, training, and development expenses. Also, we receive compensation for maintaining certain assets levels with the custodian. In addition, we receive compensation from the custodians to help offset expenses associated with recruiting financial professionals to the firm. Your financial professional does not share in this compensation.

## Operational Fees

We receive compensation from a couple of the various operational services provided to you through a brokerage account. Postage and Handling fees are applied to equity transactions in brokerage accounts. The fee is listed on the transaction confirmations and is passed in whole to us. In addition, we share in the annual account fee charged to non-qualified and UTMA/UGMA accounts. The compensation ranges from \$15-\$25 per fee charged. Your financial professional does not share in the per transaction compensation but may in the annual account fee.

For more information regarding account fees for brokerage services, please see <https://www.nationsfg.com/wp/wp-content/uploads/2012/03/Privacy-Policy-BCP-Disclosure-Document-FCC.pdf>.

## Trade Corrections

The correction of transaction errors may result in a gain or loss to the firm. If the client caused or instructs us correct a trade the gain or loss may be given to the client. In other instances where the error was not caused by the client, should there be a loss the financial professional may be held responsible for the expense. In cases where the correction causes a gain it is retained by the firm. However, on an annualized basis these gains will be used to offset possible future losses held to the financial professional. At the end of the year we may end up with additional compensation should not all of the gains become offset to the losses.



## Brokerage – Excluded Advisory Assets

As described above, our brokerage services differ from our advisory services. However, in some instances we may allow an advisory client to trade what are referred to as “excluded assets” within their advisory services account. Excluded assets are not subject to our advisory program fees. Instead of our advisory fees, these excluded assets are subject to our standard brokerage charges when traded.

## Conflicts of Interest

Conflicts of interest exist when we provide brokerage services to you. A conflict of interest is a situation in which we engage in a transaction or activity where our interest is materially averse to your interest. The mere presence of a conflict of interest does not imply that harm to your interests will occur, but it is important that we acknowledge the presence of conflicts. Moreover, our regulatory obligations require that we establish, maintain, and enforce written policies and procedures reasonably designed to address conflicts of interest associated with our recommendations to you.

Our conflicts of interest are typically the result of compensation structures and other financial arrangements between us, our financial professionals, our clients and third parties. We offer a broad range of investment services and products and we receive various forms of compensation from our clients, affiliated and non-affiliated product providers and money managers, and other third parties as described above. Securities rules allow for us, our financial professionals, and our affiliates to earn compensation when we provide brokerage services to you. However, the compensation that we and our financial professionals receive from you varies based upon the product or service you purchase, which creates a financial incentive to recommend investment products and services that generate greater compensation to us.

We are committed to taking appropriate steps and have policies and procedures designed to identify, mitigate and avoid conflicts of interest to ensure we act in your best interest when providing brokerage recommendations to you. Below you will find additional information related to our conflicts of interest. This information is not intended to be an all-inclusive list of our conflicts, but generally describes those conflicts that are material to your brokerage relationship. In addition to this disclosure, conflicts of interest are disclosed to you in your account agreement(s) and disclosure documents, our product guides and other information we make available to you.

## Compensation We Receive From Clients

### Transaction-Based Conflicts

In your brokerage account you pay certain fees (commissions and sales charges) in connection with the buying and selling of each investment product, including mutual funds, variable annuities, alternative investments, exchange traded funds, equity securities, and bonds. Where these fees apply, the more transactions you enter into, the more compensation that we and your financial professional receive. This compensation creates an incentive for us to recommend that you buy and sell, rather than hold, these investments. We also have an incentive to recommend that you purchase investment products that carry higher fees, instead of products that carry lower fees or no fees at all. We have policies and procedures designed to ensure any recommendations are in your best interest.

### Markups and Markdowns for Principal Transactions

When you buy or sell securities in a brokerage account, and in accordance with industry regulations, we may impose a markup (increase) or markdown (decrease) in the price of transactions we execute on a principal basis. We are compensated based upon the difference (markup) between the price you pay for securities purchased from us and the price we sell such securities to you over the prevailing market price, or the difference (markdown) between the price you sell securities to us and the price we purchase such securities from you over the prevailing market price. We maintain policies and procedures reasonably designed to help ensure compliance with the markup and markdown industry rules and ensure recommendations are in your best interest.

### Account Maintenance and Other Administrative Fees

For the services we provide or make available to you with respect to your brokerage account, we charge certain account maintenance and other transaction handling fees, as described in the fee schedule provided to you on an annual basis. The higher the fees we charge, the more we are compensated.

## Compensation We Receive from Third Parties

Third-Party payments we receive may be based on new sales of investment products, creating an incentive for us to recommend you buy and sell, rather than hold, investments. In other cases, these payments are made on an ongoing basis as a percentage of invested assets, creating an incentive for us to recommend that you buy and hold investments (or continue to invest through a third-party manager or adviser).

The total amount of payments we receive varies from product to product and varies with respect to the third-party investment management products we recommend. It also varies from the compensation we receive in connection with other products and services we may make available to you, including advisory services. We have an incentive to recommend investment products and services that generate greater payments to us. This compensation generally represents an expense embedded in the investment products and services that is borne by investors, even where it is not paid by the Product Sponsor and not directly from the investment product or other fees you pay. We have policies and procedures designed to ensure any recommendations are in your best interest. The types of third-party compensation we receive include:

- **Revenue Sharing.** Ongoing revenue sharing from Product Sponsors may be received by us but in most cases not shared with our financial professionals. This compensation comes from the participation in the “sweep” and loan programs offered through our clearing firm and is based on the value of the funds in these programs. Our financial professionals do not share in compensation received in the “sweep” programs. However, they will share in the compensation received from the loan programs. Regarding “sweep” programs, we have an incentive to maintain a cash position rather than recommend that you purchase and hold investments that would cause a withdraw of assets from the programs. We also have an incentive to recommend use of the securities backed loan programs offered by our clearing firm regardless of whether a lower interest rate could be found elsewhere.
- **Trail Compensation.** Ongoing compensation from Product Sponsors may be received by us and shared with our financial professionals. This compensation (commonly known as trails, service fees or Rule 12b-1 fees in the case of mutual funds) is typically paid from the assets of the investment product under a distribution or servicing arrangement and is calculated as an annual percentage of invested assets. The amount of this compensation varies from product to product. We have an incentive to recommend that you purchase and hold interests in products that pay us higher trails.
- **Marketing, Goodwill and Recruiting.** We may receive compensation from third party custodians to help support our marketing and recruitment needs as a firm. We have an incentive to recommend opening brokerage accounts with the custodian. In addition, compensation may be received based on retaining a certain level of assets with the custodian. We have an incentive to recommend the opening and retaining of brokerage accounts with the custodian. Neither of these instances affects compensation to your financial professional or any fee or charges to you by the firm or custodian.

### Additional Compensation from Product Sponsors and Other Third Parties

We and our financial professionals receive additional compensation from Product Sponsors and other third parties including:

- Gifts and awards, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives, including services for identifying prospective clients.
- Payment or reimbursement for the costs associated with education or training events that are attended by our employees, agents, and financial professionals, and for conferences and events that we sponsor.
- Reimbursement from Product Sponsors for research and technology-related costs, such as those to build systems, tools, and new features to aid in servicing clients. Additionally, we and our affiliates receive compensation from Product Sponsors to provide aggregate sales data.

**Note:** The amount of these payments is not dependent or related to the level of assets you or any other of our clients invest in or with the Product Sponsor.

### Product Share Classes

Some Product Sponsors offer multiple structures of the same product (*i.e., mutual fund share classes*) with each option having a unique expense structure, and some share classes have lower costs to you as compared to other share classes. We are incentivized to make available those share classes or other product structures that will generate the highest compensation to us.

## Compensation Received by Financial Professionals

Financial professionals are compensated in a variety of ways based on the percentage of revenue generated from sales of products and services to clients and/or total assets under advisement, including brokerage account activity. This compensation may vary by the product or service associated with a brokerage recommendation. In addition to upfront-transaction based compensation, some products feature on-going residual or "trail" payments. Thus, financial professionals are incentivized to recommend products that have higher fees as well as those with on-going payments. We maintain policies and procedures designed to ensure that these recommendations are in your best interest.

Typically, a financial professional's payout schedule (periodically adjusted by at our discretion) increases with production and asset levels. The same payout schedule is reduced when financial professionals discount certain client fees and commissions, or client relationship asset levels are below minimums established by us from time to time.

As a result, financial professionals have an incentive to provide brokerage recommendations that result in selling more investment products and services, as well as investment products and services that carry higher fees. Financial professionals also have an incentive to provide brokerage recommendations to gather more assets under management and to increase brokerage trading activity, and to reduce the number of discounts available to you. We maintain policies and procedures designed to ensure that these recommendations are in your best interest.

Financial professionals have financial incentive to recommend you non-purpose/securities backed loans because of the compensation they will receive. We maintain policies and procedures designed to ensure that these recommendations are in your best interest.

Financial professionals have financial incentive to recommend you rollover assets from a Qualified Retirement Plan (QRP) to a brokerage Individual Retirement Account (IRA) because of the compensation they will receive. We maintain policies and procedures designed to ensure that rollover recommendations are in your best interest.

Brokerage accounts, unlike advisory accounts, do not feature an on-going fee based on assets under management. Financial professionals may be incentivized to recommend you transition your brokerage services account to an advisory account to generate on-going revenue when your brokerage account has minimal activity. Further, financial professionals are incentivized to recommend you transition your brokerage account to an advisory account after you have already placed purchases resulting in commissions and/or other transaction-based brokerage fees. We have controls established to identify and mitigate this risk. Financial professionals also have an incentive to provide higher levels of service to those clients who generate the most fees.

Recruitment compensation is provided to financial professionals who join our firm from another financial firm. This compensation, which may vary by financial professional, often includes either an upfront or back end award based upon new client assets to the firm and/or revenue generated from such client assets. This creates an incentive for the financial professional to recommend the transfer of assets to the firm, including brokerage assets, in order to earn this compensation. We maintain policies and procedures designed to ensure that these recommendations are in your best interest.

Financial professionals are also compensated in the form of education meetings and recognition trips. Portions of these programs is subsidized by external vendors and affiliates, such as mutual fund companies, insurance carriers, or money managers. Consequently, product providers that sponsor and/or participate in education meetings and recognition trips gain opportunities to build relations with financial professionals, which could lead to sales of such product provider's products. Financial professionals also receive promotional items, meals, entertainment, and other noncash compensation from product providers up to \$100 per year for gifts per vendor and \$1,000 per year for meals per vendor.

### Other Financial Professional Activities

Financial professionals may be motivated to place trades ahead of clients in order to receive more favorable prices than their clients. We maintain processes and procedures that do not allow such actions to take place.

Financial professionals who are transitioning through a succession plan may be incentivized to make brokerage recommendations designed to increase the value of their "book of business" through asset accumulation or brokerage trades that are not in your best interest. Financial professionals who receive clients from a retiring financial professional are incentivized to meet growth goals and may make recommendations not in your best interest.

## Additional Resources

Form CRS

<https://www.nationsfg.com/wp/wp-content/uploads/2020/01/NFG-Form-CRS.pdf>

Brokerage Account Disclosures

<https://www.nationsfg.com/wp/wp-content/uploads/2020/01/Brokerage-Account-Disclosures-and-Definitions.pdf>

Margin Disclosures Statement

[https://www.nationsfg.com/wp/wp-content/uploads/2016/11/nations\\_financial\\_group\\_disclosure.pdf](https://www.nationsfg.com/wp/wp-content/uploads/2016/11/nations_financial_group_disclosure.pdf)

Cash Sweep Program

<https://www.wellsfargoclearingservicesllc.com/bw/fccs/forms/568205.pdf>

Form ADV

<https://www.nationsfg.com/wp/wp-content/uploads/2020/01/Combined-ADV.pdf>

Markup Disclosure Statement

<https://www.nationsfg.com/wp/wp-content/uploads/2019/08/Markup-Disclosure-Statement.pdf>

Order Routing

<https://www.nationsfg.com/wp/wp-content/uploads/2019/10/SEC-Rule-606-Order-Routing.pdf>

Reg BI Disclosure

<https://www.nationsfg.com/wp/wp-content/uploads/2020/01/Reg-BI-Disclosure.pdf>

Margin Statement of Interest

<https://www.nationsfg.com/wp/wp-content/uploads/2020/04/Nations-Statement-of-Interest-42320.pdf>