First Citizens Investor Services Inc.
Regulation Best Interest
Brokerage & Insurance Conflicts of Interest Disclosure

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INTRODUCTION

First Citizens Wealth Management is a registered trademark of First Citizens BancShares, Inc., including First Citizens Investor Services, Inc. ("FCIS," "we," "us," "our"), a wholly owned subsidiary of First Citizens Bank & Trust ("FCB"). FCIS a broker-dealer and investment adviser registered with the U.S. Securities Exchange Commission. Member FINRA, SIPC and registered with the Municipal Securities Rulemaking Board. FCIS operates across the United States and offers securities, investment products and services, and investment advisory services in all fifty states, Puerto Rico, and the District of Columbia. FCIS is also an insurance agency, registered in all states except New York.

FCIS seeks life-long relationships with our customers ("You," "Your"), and we understand that the foundation of any sustainable relationship is trust and forthrightness. That is why we feel it is important that you have the information necessary to make informed decisions about our internal practices and the products and services that we offer.

This *Brokerage & Insurance Conflicts of Interest Disclosure* document has information about certain business practices, products, compensation, and conflicts of interest related to the brokerage and insurance business of FCIS for retail customers. This document describes potential material conflicts of interest, compensation, fees, expenses, risks, cost of investments and measures we take to manage material conflicts of interest as required by applicable securities laws. This document is specific to FCIS Broker-Dealer services, accounts, and insurance services and does not include the investment advisory services and accounts offered through the FCIS investment adviser. (For conflicts of interest relating to the FCIS Investment Adviser please see our FCIS FORM ADV.) You should carefully review this *Brokerage & Insurance Conflicts of Interest Disclosures* document along with the FCIS Form CRS and any other disclosure documents provided to you before making an investment or insurance decision.

It is important to note that investments and insurance products and services are:

- Not insured by the FDIC or any other governmental agency;
- Not bank deposits or obligations of or guaranteed by First Citizens banks or any of its affiliates; and,
- May involve investment risk, including the possible loss of principal.

CONFLICTS OF INTEREST DEFINED

We have an obligation to act in your best interest. To this purpose, we adopted written supervisory policies and procedures reasonably designed to identify and either: eliminate, mitigate, or, at a minimum, disclose conflicts of interest associated with recommendations covered by Regulation Best Interest. This means when we provide recommendations to you, we must act in your best interest and not put our interests ahead of yours. Conflicts of interest may occur when we are motivated to achieve our goals ahead of yours. For example, the way we earn revenue may create potential, perceived, or actual material conflicts with our customers.

FCIS will not be able to eliminate all identified conflicts of interest, potential, perceived or real, which may materially affect a retail investor's decision to conduct business with our firm. In these cases, FCIS will work to mitigate the conflict, if possible, or will try to take actions such as declining to make a recommendation where the conflicts are too significant. While FCIS makes reasonable efforts in this document and other disclosures to disclose material conflicts of interest, it may be impossible to capture a complete list because of items we have yet to consider. However, we strive to include those that we believe to be the most material. As we identify additional material conflicts of interest, this document will be updated accordingly.

YOUR BROKERAGE RELATIONSHIPS WITH FCIS

FCIS offers both “Full Service” brokerage and “Self- Directed” brokerage services and products to Retail Customers. FCIS is a fully disclosed introducing broker-dealer which clears its securities transactions through Pershing LLC (“Pershing”), an unaffiliated, independently owned SEC registered broker - dealer and Member FINRA and SIPC. Your FCIS Account is introduced to Pershing on a fully disclosed basis which means, among other things, that Pershing is the custodian of your assets, including uninvested cash. In the case of direct relationships with insurance companies, 529 Plans, mutual funds, and other investment providers, custody of your investments is maintained directly with such investment providers. FCIS does not allow Investment Professionals to accept discretionary trading authority in brokerage accounts and we do not provide on-going monitoring of your brokerage account. It is your responsibility to monitor the investments in your brokerage account, and we encourage you to do so regularly.

Account Types: FCIS offers many different brokerage account types to include individual and joint accounts, custodial accounts, collateral 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).We provide brokerage services through either a cash brokerage account or a margin (or collateral) 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. This is generally referred to as a “margin loan.” The portion of the purchase price that is loaned you is secured by eligible securities and assets in your account, also referred to as the “collateral.” You will incur interest costs as a result of your margin loan activity. Given that a margin brokerage account has specific eligibility requirements, unique costs, and additional 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 our clearing firm’s Margin Disclosure Statement. Additionally, we will provide you our Margin Disclosure, Requirements and Interest Charges document which provides general information related to the risks of margin accounts and margin account requirements and interest calculations details.

Compensation: FCIS earns sales commissions, concessions, mark-ups, mark-downs, and payments from third parties for products and services FCIS provide to you in your brokerage account. Based on the nature of your investments, FCIS receives direct or indirect compensation in connection with the services provided to you. This disclosure document discusses our obligation to make investment recommendations in your best interest and our conflicts of interest in making such recommendations.

Trade Execution: When providing brokerage products and services to you, there are potentially some trade execution related conflicts of interest. To address these potential conflicts, FCIS has policies in place that are reasonably designed to ensure customers receive best execution, taking into consideration prevailing market conditions. In an effort to deliver best trade execution Pershing routes customer orders to market centers, including national securities exchanges, alternative trading systems, market makers, and electronic communication networks. In doing so, Pershing receives compensation by sending trades to specific destinations, selecting execution venues for your orders (when we have not been instructed to route your order to a specific venue) to receive compensation or avoid charges to a specific market center. Customers can be confident that industry rules and regulations dictate our obligations to ensure best execution for our customers and that our policies and procedures are designed to ensure that we meet our best execution obligations. Refer to our Trade Execution Disclosure.

Principal Transactions: Sometimes, we act as a trader of, and dealer in, securities both as riskless principal and on behalf of you in the ordinary course of trading and dealing activities. When acting in our capacity as your broker dealer, we may buy securities from you, sell securities to you, or engage in transactions with you for our own account. These transactions may conflict between our interests as buyer or seller as we are paid based on the compensation from those transactions. In addition, we may be incentivized to trade with you on a principal basis as we may earn more compensation than would otherwise receive when trading with you in our capacity as an agent. It is our responsibility not to put our interests ahead of yours and ensure that we execute your transaction in your best interest.

Agency Cross Transactions: We have the ability to effect "agency cross" transactions (i.e., transactions for which we act as a broker for both sides of the transaction when permitted by applicable law. We may receive compensation from each party to the transaction which may create the potential for diverging loyalties and conflicting division of responsibilities regarding the parties to the transaction. Again, it is our responsibility not to put our interests ahead of yours and ensure that we execute your transaction in your best interest.

FULL-SERVICE BROKERAGE RELATIONSHIP

In a Full-Service Brokerage relationship, in addition to acting as your agent to complete securities transactions at your direction and on your behalf, FCIS and/or your FCIS Investment Professional will provide you with investment recommendations and other services which are tailored to your specific investment goals, risk tolerance, time horizon and circumstances. However, we do not accept any discretionary authority or responsibility to monitor your brokerage account on an ongoing or periodic basis for any purpose unless otherwise stated in writing. FCIS may, however, from time to time and in our sole discretion, review your brokerage account(s) for the purpose of determining whether to make a recommendation to you, but any such voluntary review of your brokerage account(s) does not constitute our agreement to undertake responsibility for monitoring your brokerage account(s). You are reminded that you bear the responsibility to monitor your brokerage account(s) to ensure the activity and holdings remain consistent with your investment profile.

Brokerage accounts are different from advisory accounts. Your brokerage relationship with FCIS is a transactional relationship and, unless all parties expressly agree otherwise in writing:

a) All recommendations regarding purchases or sales in your brokerage account will be made by your FCIS Investment Professional in a broker-dealer capacity only.
b) Your FCIS Investment Professional is not required to update any previously provided recommendations.
c) FCIS and its Investment Professionals have no discretionary authority to buy, sell or otherwise transact business with regard to investments or other assets held in your brokerage account (or otherwise directly with an investment provider); and
d) After each transaction in your brokerage account(or directly with an investment provider) made by you (or any other person authorized to transact in your account on your behalf) is completed, we will not have any continuing or ongoing obligation to review, monitor, or make recommendations for the investment of securities, cash, annuities, insurance policies, guaranteed investment contracts or any other form of investment held in or through your brokerage account (or otherwise).

As your broker-dealer, FCIS and its Investment Professionals are acting as your agent or principal. When acting in our capacities as your securities broker, FCIS and its Investment Professionals have conflicts of interest, due to the fact that we earn compensation from your transactions, with respect to investment recommendations and other relationships with you and the many insurance companies, mutual fund, and other investment providers we also represent. Under applicable laws, rules, and regulations, when making investment recommendations to retail customers, FCIS has a duty to act in your best interest. We mitigate these conflicts of through education of our Investment Professionals, principal review of transactions, training our Investment Professionals and Supervising Principals, and limiting the percentage of liquid net worth to be invested.

FULL-SERVICE BROKERAGE COMMISSION SCHEDULE
Commission and Fee Schedules (firstcitizens.com)

For a complete listing of all fees and commissions associated with Full-Service Brokerage please call 1-800-229-0205.

Full-Service brokerage services are more expensive than Self-Directed brokerage services and charge higher commission rates on securities transactions as noted in the above schedule. Full-Service brokerage accounts are eligible to invest in variety of securities on our platform which FCIS make available to such accounts. Availability of investments will vary over time. FCIS reserves the right, in its sole discretion, to determine at any time and from time to time, and with or without advance notice, which securities, share classes, tranches, and other investments it will make available to its customer's Full-Service Brokerage accounts. This creates a potential conflict of interest in that not all available investment products are available for recommendation through FCIS. Therefore, Investment Professionals are limited to products and services chosen by the firm. This conflict of interest is mitigated by disclosing it to you, training of the Investment Professionals, actions and undertakings of the Investment Products Committee which oversees product selection, and supervisory principal review of each recommendation made by the Investment Professional.

SELF-DIRECTED BROKERAGE

If your brokerage account is self-directed; this means that you or someone you designate are solely responsible for deciding whether and how to invest in the securities, strategies, products, and services offered by FCIS. You or your designee are also solely responsible for the ongoing review and monitoring of the investments held in your FCIS Self Directed Account. FCIS will not monitor any investment made by you or the investments held in your Account. You are responsible for independently ensuring that the investments in your FCIS Account remain appropriate given your investment profile.

There is no minimum requirement to open a self-directed brokerage account, but there are minimums to purchase some types of investments. All transaction commissions will be identified to you in the confirmation of a transaction or in the account statement FCIS sends to you on a periodic basis. Please see the FCIS Account Customer Agreement ("Customer Agreement") and the FCIS Brokerage Commission and Fee Schedule ("Schedule") for information regarding the transaction fees and other charges that apply to your FCIS Account, including trade execution, clearing, and other services provided by our clearing firm, Pershing.

Self-Directed brokerage accounts are eligible to invest in listed and OTC securities and any mutual fund on our platform which FCIS makes available to such accounts. Availability of investments will vary over time. FCIS reserves the right, in its sole discretion, to determine at any time and from time to time, and with or without advance notice, which securities, mutual fund shares, mutual fund share classes and other investments it will make available to its customer's Self-Directed brokerage accounts. Self-Directed brokerage accounts are not permitted to invest in alternative products (complex products such as structured notes, equity linked Certificates of Deposits, Triple Levered ETFs, Non-Traded REITS, etc.…), annuities or other insurance products.

FCIS receives a portion of the ongoing fees you pay to each mutual fund family. Such fees can include Rule12b-1 fees and shareholder services fees charged to the operating expenses of each mutual fund and indirectly paid by you through the mutual fund's internal expense ratio. These charges increase the mutual funds expenses and correspondingly reduce your investment returns associated with such investments.

- In addition, FCIS receives payments for shareholder services, omnibus recordkeeping services and other services provided to some, but not all, mutual fund families,

- FCIS will charge a transaction fee of $25 or the purchase of no-load funds in Self-Directed brokerage accounts,
- FCIS will charge $6.95 for OTC equities and $40 for Call Center Assisted transactions.

The compensation FCIS receives in connection with the Self-Directed account investments in certain mutual funds and mutual fund share classes described above creates a conflict of interest and incentive for FCIS to not offer to its customers mutual funds and share classes which do not offer similar compensation to FCIS. FCIS mitigates this conflict of interest by disclosing it to you. But FCIS cannot eliminate this conflict of interest as it is inherent in the business model of a typical securities broker to be compensated in connection with its mutual fund distribution services.

SELF DIRECTED BROKERAGE COMMISSION SCHEDULE
Commission and Fee Schedules (firstcitizens.com)

For a complete listing of all fees and commissions associated with Self Directed Brokerage please call 1-800-229-0205.

MATERIAL BUSINESS RELATIONSHIPS WITH AFFILIATES AND OTHERS

As a wholly owned subsidiary of First Citizens Bank & Trust, FCIS and First Citizens Bank & Trust have entered into a networking agreement. As a result, products included on the FCIS Approved Product List may be determined and limited by FCB. We and our affiliated financial services firms are wholly owned subsidiaries of our parent, First Citizens Bank & Trust. While providing services to you, we may enter into transactions with, or accept services from, other members of First Citizens Bank and Trust. We are compensated by providing products and services to you for which you pay us. We also earn revenue from other sources, including from our affiliates, which may be seen as involving a conflict of interest or potential conflict of interest. In these situations of conflicts involving First Citizens Bank & Trust, we may be financially motivated to encourage you to enter into transactions with other members of First Citizens Bank, or to enter into more transactions with us to our benefit. We will only enter into these transactions where they are permitted under applicable securities laws. We have policies and procedures to identify and manage these conflicts and ensure that we act in your best interest.

Sponsors and Vendors: FCIS as a Broker-Dealer, or Insurance Agency receives cash compensation from third party product providers (Product Sponsors). Third-Party compensation varies between Product Sponsors depending on several factors. We receive marketing and training support payments, conference subsidies, and other types of financial and non-financial compensation and incentives from certain mutual fund companies, insurance and annuity companies, other investment product sponsors, distributors, and other vendors to support the sale of their products and services to our customers. These third parties may pay vendors directly for services on our behalf. These payments sometimes include reimbursement for our participation in sales meetings, due diligence trips, seminars and conferences held in the normal course of business. These payments also include reimbursements for costs and expenses incurred by us in sponsoring conferences, meetings, and similar activities. We receive these payments in connection with our overall relationship with the relevant third party, and the payments are not dependent on or related to the amount of assets invested in any individual account.

The providers independently decide what they will spend on these types of activities and do not share this information with us, subject to regulatory guidelines and our policies. The amount of any expense reimbursement or payment to us is dependent on which activities we participate in or sponsor, the amount of that participation, prior sales and asset levels and other factors, and is determined by the provider. We coordinate with certain product sponsors in developing marketing, training and educational plans and programs, and this coordination might be greater with some sponsors than others, depending on relative size, quality and breadth of product offerings, customer interest and other relevant factors.

Representatives of approved sponsors — whether sponsors remit these payments or not — are typically provided access to our branch offices and Investment Professionals for educational, marketing, and other promotional efforts subject to the discretion of our managers. Although all approved sponsors are provided with such access, some sponsors devote more staff or resources to these activities and therefore may have enhanced opportunities to promote their products to our Investment Professionals. FCIS incurs costs associated with the development, implementation, and maintenance of platforms, tools, or services. FCIS sometimes receives reimbursements or allowances from Product Sponsors or Vendors for such enhancements. These enhanced opportunities could, in turn, lead FCIS and its Investment Professionals to focus on those products when recommending investments to customers over products from sponsors that do not commit similar resources to educational, marketing, and other promotional efforts.

Broker Dealer Participation Program
FCIS has entered a Broker Participation Program, with our clearing firm whereby FCIS has elected to mark-up certain customer account related fees and charges. Currently, FCIS receives a portion of the Annual Maintenance Fees for Traditional and Roth IRAs, Inactivity Fees, Account Transfer Fees, Termination Fees, Confirmation Fees on Equities, Paper Statement Fees, and Wire Fees. Accordingly, FCIS has elected not to charge to your account certain fees that are assessed by our clearing firm such as eDelivery of customer communications and online account access.

For a complete list of account related fees and charges please see our Full-Service Brokerage Commission Schedule referenced above on page 5.

Additionally, pursuant to our agreement, our clearing firm has made available to us certain incentives, such as credits to cover implementation, technology, and strategic plan support costs and an annual cash incentive based upon the net annual growth in assets we introduce to our clearing firm, exclusive of market value changes. These incentives, if received, will not be passed on to FCIS customers. Although these incentives, if received, may be considered compensation to FCIS, they will not be applied towards our Investment Professional's production in connection with the determination of their production-base.

Cash Sweep Program Feature

Your Brokerage Account includes a core account that is used for settling transactions and holding free credit balances. You can elect to have your free credit balances automatically transferred to a money market option which we make available to you. Our brokerage account Cash Sweep Program ("Program") has several options. Under the Program, and with your initial written consent, uninvested cash balances in your Account will be automatically swept into an available money market fund selected by you. If you do not select one of the options, your un-invested cash balances will automatically be directed to a default option "Liquid Insured Deposits Tiered." First Citizens Bank receives a portion of the income earned from that option. For terms and conditions regarding the FCIS Cash Sweep Program please refer to the FCIS Cash Sweep Option form which you sign.

Acting in Other Capacities
While providing services to our other customers and as a participant in global markets, we or our affiliates may engage in activities that compete with or could otherwise adversely affect your account or your investments. For example, we may obtain material non-public information that we are prevented from disclosing to you as a result of our internal policies, procedures, and applicable securities laws, which if known by you could impact the way you make investment decisions or conduct transactions involving securities. We may recommend securities of a public company to you in instances where our affiliate has been retained to provide services to the public company. Our policies and procedures are reasonably designed to ensure information barriers are in place in such situations and we restrict trading when engaged by such public company customers in any distribution. Further, our affiliates conduct research on securities and may, in the ordinary course of business, provide research reports and investment advice to investors on investment matters. Our research reports contain conflicts disclosures.

Without limiting the immediately preceding paragraphs in this section, when acting as a fiduciary with respect to retirement accounts subject to Title I of ERISA, we will not provide or receive nonmonetary compensation that we believe would result in any breach of our fiduciary duty or result in a nonexempt prohibited transaction under ERISA or the Code.

FCIS material business relationships with affiliates and others poses several conflicts of interest wherein FCIS and its Financial Principals may be inclined to put their interests ahead of yours. FCIS mitigates these risks by disclosing them to you, training of Financial Professions and Supervising Principals, monitoring and review of transactions generated by each Investment Professional, management review of all compensation received, management review of all contracts and intercompany agreements, management periodic review of all sweep options, and management due diligence on sponsors and vendors.

FCIS AND YOUR FCIS INVESTMENT PROFESSIONAL'S COMPENSATION

FCIS and your FCIS Investment Professional are compensated for their services in many ways, depending on the type of investment such as a mutual fund, the amount invested, share class, underwriter, carrier, or provider. Therefore, FCIS and its Investment Professionals have conflicts of interest because we earn compensation from your transactions, with respect to investment recommendations we make to you. Under applicable laws, rules, and regulations, when making investment recommendations to you, FCIS has a duty to act in your best interest. We mitigate this conflict of interest by disclosing it to you and implementing internal controls reasonably designed to ensure that FCIS Investment Professionals act in your best interest.

Investment Professionals receive competitive benefits under the FCB compensation program, subject to qualifications. Beyond typical benefits, the program includes 401 K matching contributions. FCIS profitability contributes to FCB profitability, and these programs are administered and approved by Bank associates and executive management. Depending on role, Investment Professionals are compensated in one of two methods (1) Salary and a small commission of 10%, or (2) Commission ranging from 20% - 50% based on a rolling 12 month of production.

From time to time, similar to the compensation discussed above under “Sponsors and Vendors”, certain third parties, such as investment product distributors, mutual fund companies, insurance and annuity companies, broker-dealers, wholesalers, etc. provide Investment Professionals or FCIS and its affiliates with non-monetary gifts and gratuities, such as promotional items (e.g., coffee mugs, calendars or gift baskets), meals, invitations to events, entertainment, and access to certain industry-related conferences or other events of reasonable value. Sponsor and vendors may also give FCIS associates gifts up to a total value of $100 per provider per year, consistent with industry regulations. Gifts and entertainment must be appropriate, customary, and reasonable and clearly not meant to influence our business or serve as a “quid pro quo” for it to be accepted. Product Sponsors and Vendors may occasionally pay for, reimburse, or assist FCIS and its Investment Professionals in connection with customer educational meetings, seminars, events, open house, holiday gatherings, workshops, training, or other advertising initiatives, including for the purpose of identifying prospective Customers. These arrangements could incent FCIS and its Investment Professionals to favor the products of those sponsors or vendors when making a recommendation to you.

FCIS mitigates compensation conflicts of interest by disclosing it to you, reviewing each transaction recommendation generated by Investment Professionals, training, site reviews and guidelines on the percentage of a customer's liquid net worth that may be invested. We have implemented policies and procedures intended to ensure that we avoid actual or perceived conflicts when giving to or receiving gifts and entertainment and other non-monetary compensation from relevant parties by limiting the maximum value that any individual is permitted to receive in any calendar year and review of such items.

BROKERAGE PRODUCTS AND SERVICES

FCIS limits recommendations of products available through an Approved Product List. Our Approved Product List does not contain the entire universe of securities or products available in the marketplace. Other broker-dealers and investment advisory firms may have additional securities available to you that we do not offer, some of which may be available at a lower cost.

Securities and other investments available to FCIS brokerage account customers include securities listed on U.S. securities exchanges, mutual funds, annuities, unit investment trusts, 529 Plans and certain other unlisted investments which are (1) made available to our customers by Pershing and (2) other investments whose sponsors or affiliates have contracted directly with us to provide selling and distribution services. **The fact that an investment is available on our platform is not any form of investment recommendation. All investments are subject to market risks and fluctuate in value, so that an investor's shares, when redeemed may be worth more or less than their original cost.**

Not all associates of FCIS are registered and licensed to offer brokerage, insurance, and investment advisory products and services. Some associates are limited to a subset of products on our Approved Product List. For example, some associates may only recommend mutual fund and annuity products and are not able to make recommendations on individual equities or fixed income products (i.e., stocks and bonds) or provide investment advisory products or services.

Mutual Funds

A mutual fund is a diversified portfolio of investments professionally selected and managed under a stated investment objective. Funds can be invested in U.S. or international stocks, bonds, money market instruments or a blend of these investments. The investment company owns the investments and sells shares of the fund to individual investors. Diversification does not ensure against loss and does not assure a profit. Like most investments, there are certain charges associated with mutual funds. The prospectus spells out the charges you pay, including sales charges and annual operating expenses. These charges vary by share class.

Sales charges are levied on either the front-end or the back end of a mutual fund transaction that your FCIS Investment Professional recommend. Front-end charges are levied when you purchase certain classes of shares. Back-end charges, or contingent deferred sales charges (CDSC), are levied when you sell certain classes of shares. However, back-end charges decline over time, so you pay less or nothing at all in sales charges as you hold your shares for longer periods of time. When choosing a mutual fund, you will want to ask about sales charges and take the type of charge into consideration based on your investment goals.

Sales Charges, 12b-1 Fees, and other Compensation: Fund operating expenses include management fees, SEC Rule 12b-1 fees, the costs of shareholder communications and other expenses. Some funds carry higher sales charges or operating expenses (including 12b-1 fees and shareholder service fees) than others. Operating expenses are deducted from the fund's assets, reducing investment returns, although they are not charged as an additional fee separate from the mutual fund's internal expenses. Operating expenses vary by fund, fund family, investment objective and share class such that higher operating costs correspondingly reduce mutual fund investment returns. The fund's prospectus will provide you with a record of the fund's expense ratio, so that you can compare the expense costs of various funds. There are several different classes of mutual fund shares. Each share class has different fees and expenses, which affect the fund's results. As discussed previously in this guide, mutual fund share classes we recommend to FCIS customers vary by brokerage relationship (Self-Directed or Full Service). Class A Shares often carry front-end sales charges. These are deducted from your initial investment. The front-end sales charge can range up to 5.75%. A Shares also typically charge annual 12b-1 fees of 0.25%.

•**Breakpoint Discounts**. Most Class A mutual funds offer breakpoint discounts for large investments, so that, the larger your investment in a fund, the lower the sales charge percentage applied to the investment. Many mutual fund groups count holdings in related accounts toward this breakpoint. This privilege is referred to as rights of accumulation.

•**Letters of Intent**. Some mutual funds will grant breakpoint discounts at a lower investment level if an investor signs a Letter of Intent claiming an intention to invest a specified amount in the fund over a specified period of time. Each fund's rules about rights of accumulation and letters of intent differ, so be sure to ask your FCIS representative about a fund family's rules before investing so that you can take steps to qualify for any available discounts.

Class B Shares (not currently offered by FCIS) generally do not carry front-end sales charges, but their operating expenses are typically higher than those of A Shares. B Shares normally impose a contingent deferred (back-end) sales charge (CDSC). The CDSC is typically reduced each year and is usually eliminated if you hold your shares for seven or eight years. (In most cases, Class B Shares convert to A shares at this point) subject to the terms of your mutual fund's prospectus. Please read the prospectus carefully before investing.

Class C Shares do not generally carry front-end sales charges and generally impose a lower CDSC, often 1 percent for one year. C Shares typically charge an annual 12b-1 fee of 0.50% to 1%. In most cases there is also a contingent deferred sales charge. FCIS has adopted a policy of, where available and permitted by the applicable mutual fund company, C-Share mutual fund shares held in Full-Service brokerage accounts are converted by FCIS to Class A shares after being held for a period of eight years subject to the terms of each mutual fund's prospectus.

Other Mutual Fund Share Classes

Recommendations from FCIS Investment Professionals to customers enrolled in Full-Service brokerage accounts are limited to share classes of mutual fund, annuities, unit investment trusts and similar investments which compensate FCIS your Investment Professional for distribution and shareholder services through sales charges, 12b-1 and/or shareholder service fees as more fully described in each investment Prospectus and Statement of Additional Information. FCIS does not offer certain mutual funds and share classes to its Full-Service Brokerage customers which do not offer compensation to FCIS. Full-Service brokerage accounts will not be recommended to invest in no-load, lower cost share classes of mutual funds which FCIS, in its sole discretion, shall make available to Self-Directed Brokerage Full-Service brokerage customers have the ability to access other share classes on an unsolicited basis only.

Mutual Fund Share class available for purchase in connection with an FCIS Full-Service brokerage relationship are limited to Class A shares, Class C Shares and other similar share classes which compensate FCIS and your FCIS Investment Professional ("Eligible Share Classes"). Eligible Share Classes generally have higher operating expenses than other available share classes and will charge sales loads and 12b-1 and/or shareholder service or other fees which are used to compensate FCIS and your FCIS Investment Professional representative.

- Rule 12b-1 fees and shareholder services fees charged to the operating expenses of each mutual fund and are indirectly paid by you through the mutual fund's internal expense ratio. These charges increase the mutual funds expenses and correspondingly reduce your investment return associated with such investments.
- In addition, FCIS receives payments for shareholder services, omnibus recordkeeping services and other services provided to some, but not all, mutual fund families.
- Your FCIS Investment Professional receives a portion of the compensation received by FCIS.

- Your FCIS Investment Professional's compensation is generally based on a compensation formula applied to the front-end sales charge described in the fund's prospectus for A Shares, or to the selling fee or sales concession for C Shares.
- A portion of the ongoing payments on mutual fund shares (known as residuals or trails) that are set by the fund family are also paid to FCIS and its Investment Professionals.

In addition, there are many other share classes of funds including, but not limited to no load funds, institutional class shares, or retirement class shares we may make available to our customers through our clearing firm, Pershing on our self- directed platform. Some mutual funds' discounts, fee waivers or different share classes are not available at FCIS and are available only if you purchase the mutual fund directly from the mutual fund company or its distributor, or through financial intermediaries other than FCIS.

The compensation FCIS and its Investment Professionals receive in connection with your Full-Service Brokerage account investment in certain mutual funds and mutual fund share class selection described above creates a conflict of interest and economic incentive for FCIS and its Investment Professional. FCIS Investment Professionals have an economic incentive to sell certain funds because the higher sales charge and/or operating expense level will result in a higher compensation amount to the FCIS Investment Professional. FCIS mitigates this conflict of interest by disclosing it to you, training our Investment Professionals and Supervising Principals on appropriate recommendations, and by reviewing investment recommendations made by the FCIS Investment Professional. However, FCIS cannot eliminate this conflict of interest as it is inherent in the business model of a typical securities broker to be compensated in connection with its brokerage services.

You should ask your FCIS Investment Professional how they will be compensated for any mutual fund transaction. For more information regarding the risks associated with your mutual fund purchase please carefully review the prospectus provided by your Investment Professional at the time of the transaction.

For more information about share class expenses, see FINRA 's Mutual Fund Expense Analyzer which can assist you in determining the appropriateness of share class selection.
Fund Analyzer | Tools & Calculators (finra.org)

Other Compensation to FCIS From Mutual Fund Families and Others
Certain mutual fund companies pay FCIS or Pershing an administration and record-keeping charge for each fund in your account. A written statement of each mutual fund's policies can be found in its Prospectus or Statement of Additional Information (SAI), which is available from the fund family. If you have any questions about these practices, please ask your FCIS Investment Professional.

FCIS regularly receives voluntary monies from several different partner firms that are used for the general education and training of FCIS Investment Professionals. The participation by partner firms in these educational settings is voluntary and does not constitute an agreement with us to favor the product and services of the participating partner firms. Our receipt of this additional compensation creates a conflict of interest that FCIS or an FCIS Investment Professional would favor a participating partner firm over one that does not participate. In order to minimize this conflict of interest, we disclose this conflict of interest to you and supervise the recommendations of your FCIS Investment Professional. Your FCIS Investment Professional does not share in any additional compensation FCIS receives in connection with education and training.

Unit Investment Trusts
A unit investment trust (UIT) is a registered investment vehicle that invests in a fixed portfolio of securities for a predetermined period of time, typically from 12 months to five years. UITs enable customer to own a basket of securities with one single purchase, rather than trying to select individual

stocks or bonds that meet their objectives. UITs differ from mutual funds because they follow a “buy and hold” philosophy, rather than active management. This means that the maturity of the UIT defines the holding period of the securities. UITs can be liquidated on a daily basis at the redemption price, less any possible deferred sales charges, which may be more or less than the original purchase price. UITs are primarily offered in two types: equity and fixed income. Within these types, various investment objectives and risk levels are offered, such as diversified UITs vs. sector oriented UITs, or taxable fixed income vs. municipal fixed income, index based, and strategy based. UITs are required by law to redeem units at their net asset value, less any deferred sales charges, which is based upon the current market value of the underlying securities. This price upon redemption may be more or less than the original purchase price. Upon maturity of a UIT, the shareholder has the option to: (a) receive the cash value of the units, (b) roll into a new UIT, or (c) receive shares of the underlying securities held in the portfolio if the account meets a certain size requirement. Your options are communicated to you at least thirty calendar days prior to maturity. If upon maturity, no liquidity choice is chosen, the UIT will automatically be redeemed for cash. Please read your UIT prospectus provided by your Investment Professional.

We are compensated in ways that vary depending on the type and terms of the UIT portfolio selected. UITs offer varied compensation that could influence an Investment Professional to recommend a product based upon its ability to generate higher commissions and revenues which creates a conflict of interest. The types of fees received by us are typically derived from fund marketing and distribution expense fees, as disclosed in the UIT prospectus. We mitigate these conflicts of interest by disclosing it to you, training the Investment Professions and Supervisory Principals on this product, approving the product sponsor in the Investment Products Committee, and reviewing each UIT recommendation. For more information and details about the UIT you are purchasing ask your Investment Professional to provide a copy of the most recent prospectus to you.

Annuities

FCIS offers a variety of annuities, including registered-index, fixed and variable annuities. Under arrangements with insurance companies, we receive commissions from the insurance companies for the sale of annuities, as well as trail commissions on some products. Commissions and trails paid to us vary by product type and may vary by insurance carrier. The gross commissions we earn for these products generally range from 0.25% to 7.00% with trails (as applicable) typically ranging from 0.25% to 1.00% annually.

FCIS receives ongoing annual compensation on these contracts through trail commissions, if available, and are typically based on contract values. A portion of the commissions is shared with the Investment Professional. Therefore, we have an economic benefit to offer annuity products to our customers which creates a conflict of interest. In some instances, FCIS and its Investment Professionals potentially earn more compensation and revenue when a customer makes an existing contract addition purchase versus the purchase of a new annuity contract. This creates a conflict of interest in that it may provide incentive to recommend a customer adds to an existing contract rather than purchasing a new contract. We mitigated the conflict of interest by disclosing it to you, training the Financial Professions and Supervisory Principals on this product, reviewing each annuity recommendation, reviewing the product in the Investment Products Committee, and we level the initial amount of gross production allocated to Investment Professional’s compensation grid to a maximum of 5% of contract premiums.

Exchange-Traded Funds (ETFs)

FCIS offers ETFs sponsored by third parties. Traditional ETFs are typically registered unit investment trusts or open-end investment companies whose shares represent an interest in a portfolio of securities that track an underlying benchmark or index. Unlike traditional UITs or mutual funds, ETFs typically trade throughout the day on an exchange at prices established by the market.

Non-traditional ETFs, include leveraged, buffered, and inverse, and should only be considered by you after careful examination of the ETF's terms and features to include how they are designed to perform, how they achieve that objective, the impact of market volatility, their use of leverage, your intended holding period, and how the ETF's features may impact performance. FCIS does not recommend triple leveraged and/or inverse ETFs to customers. However, unsolicited orders may be accepted for these products and a case-by-case basis.

We receive compensation on ETFs in brokerage accounts via transaction charges (commissions) for the purchase or sale of ETFs. FCIS does not charge a commission or other transaction fee for ETFs purchased in a self-directed online account but will charge a transaction fee if purchased through an FCIS Representative. You will pay a fee on the sale of any ETF, which will be identified in a transaction confirmation sent to you. The typical cost of a transactions is based on the size of the trade and number of shares (see the FCIS Commission Schedule).

The compensation FCIS and its Investment Professionals receive in connection with your Full-Service brokerage account investment recommendation in ETFs described above creates a conflict of interest and economic incentive for FCIS and its Investment Professional to recommend ETFs to you. FCIS mitigates this conflict of interest by disclosing it to you, and by supervising investment recommendations made by the FCIS Investment Professional. However, FCIS cannot eliminate this conflict of interest as it is inherent in the business model of a typical securities broker to be compensated in connection with its brokerage services.

For more information about the specific risks associated with an ETF, please review, and read carefully the most current prospectus or summary prospectus provided by your FCIS Investment Professional.

Equity Investments

Common stock is a type of equity investment in which holders exercise control by electing a board of directors and voting on corporate policy. The typical cost of equity investments depends on the number of shares traded and the dollar amount of the transaction, (see our FCIS Commissions Guide) Common stockholders have the lowest claim on the issuer's assets and earnings in the issuer's capital structure. FCIS offers both common stocks traded in the United States on public exchanges and over the counter ("OTC"), as well as common stock traded in non-US exchanges, which may trade or settle in currency other than US dollars and be subject to additional fees and risks, including currency exchange risk. FCIS permits customers to take both "long" and "short" positions in common stock.

Holders of long positions buy and own the shares and believe that the value of the common stock will generally increase over time. Holders of short positions, on the other hand, believe that the stock will decrease. A holder of a short position (also known as a "short seller") does not own the shares, but instead borrows the shares in anticipation of a price decline and sells them to a third party.

The short seller is required to return an equal number of shares to the lender at some point in the future. If the price drops, the short seller can buy the stock back at a lower price. When the short seller returns the repurchased stock to the lender, they will make a profit on the difference in price. If the price of the stock rises, when the short seller buys the stock back, the customer will incur a loss on the difference in price. For this reason, short selling is typically for more experienced customers with a higher risk tolerance. For this reason, short selling is typically for more experienced customers with a higher risk tolerance.

Preferred Securities are investments with both equity and fixed income characteristics.

Preferred securities include:

- Preferred Stock — Preferred stock pays quarterly dividends at a fixed rate, floating rate or fixed to floating rate (i.e., pays a fixed rate for a specific period of time and then switches to a floating rate) and ranks ahead of common stock in any claim on the issuer's income and assets. These securities are perpetual, noncumulative, and typically non-callable for five years. Unlike common stocks, preferred stocks generally do not carry voting rights in the issuer.

- Senior Notes — Senior notes, also known as "baby bonds," pay interest quarterly or semiannually. Should the issuer declare bankruptcy, holders of these securities have the same rights as other senior debt holders — i.e., their claims are repaid ahead of junior creditors.

- Trust Preferred and Enhanced Trust Preferred Securities — Trust preferred and enhanced trust preferred securities have fixed, long-term maturities — typically 30 to 60 years. They generally pay quarterly interest and have payment priority over equities and traditional preferred stock of the issuer. Trust preferred securities and enhanced trust preferred securities are non-callable for five years. Trust preferred securities and enhanced trust preferred securities are "cumulative."

The compensation FCIS and its Investment Professionals receive in connection with your Full-Service brokerage account investment recommendation in Equities described above creates a conflict of interest and economic incentive for FCIS and its Investment Professional to recommend Equities to you. FCIS mitigates this conflict of interest by disclosing it to you, and by supervising investment recommendations made by the FCIS Investment Professional. However, FCIS cannot eliminate this conflict of interest as it is inherent in the business model of a typical securities broker to be compensated in connection with its brokerage services.

Bonds, Municipal Securities, Treasuries, and Other Fixed Income Securities

FCIS offers fixed income securities including, among others, corporate bonds, U.S. Treasuries, agency and municipal bonds, and CDs. You can purchase fixed income securities from us in two ways: directly from the issuer (new issues) in the primary market and through the broker-dealer in the secondary market.

Fixed income securities are debt obligations issued by a company, government, municipality, agency, or other entity. A customer who purchases a fixed income security lends money to the issuer of the security. In return, the issuer makes a legal commitment to pay the customer interest on the principal (at a fixed or floating rate) and, in most cases, to return the principal when the security comes due, or matures, at a certain date. Fixed income securities can provide a regular income stream from the interest paid prior to maturity but are also subject to certain unique risks, some of which are described below. Customers commonly use fixed income securities to diversify their portfolios and balance their exposure to other types of investments, including equities.

US Government-Issued Securities: The United States Government, its agencies and sponsored enterprises raise money by issuing debt, commonly in the form of bills, notes and bonds. US Government-issued securities include Treasury Bills Treasury Bills (or T-Bills) are short-term securities issued by the US Treasury that mature in a few days to 52 weeks. Standard T-bills have maturities of four, eight, thirteen, 26 or 52 weeks. Another type of T-Bill, the cash management bill, is issued in variable terms, usually of only a matter of days. T-Bills do not pay interest, but typically are sold at discount to their par amount (or face value). T-Bills are guaranteed by the full faith and credit of the US Government. Treasury Notes Treasury Notes (or T-Notes) are longer-term securities issued by the US Treasury that have maturities of two, three, five, seven or ten years. T-Notes pay interest at a fixed rate of interest every six months. T-Notes are guaranteed by the full faith and credit of the US Government. Treasury and Agency Bonds Treasury Bonds (or T-Bonds) are long-term securities issued by the US Treasury that have maturities of ten to thirty years. T-Bonds pay interest at a fixed rate every six months. Agency Bonds are similar to T-Bonds, except they are issued by US Federal agencies, such as the Federal Housing Administration and the Small Business Administration. T-Bonds and Agency Bonds are guaranteed by the full faith and credit of the US Government

Treasury Inflation-Protected Securities Treasury Inflation-Protected Securities (or TIPS): TIPS are inflation-indexed bonds issued by the US Treasury that have maturities of five, ten or thirty years. The principal of a TIPS is adjusted up or down based on changes in the Consumer Price Index, a common measure of inflation. TIPS pay interest at a fixed rate every six months. TIPS are guaranteed by the full faith and credit of the US Government. More information on various Treasury securities is available online at: https://www.treasurydirect.gov/savings-bonds/.
Government Sponsored Enterprise (GSE) Bonds Government Sponsored Enterprise Bonds (or GSE Bonds) are issued by certain enterprises created by Congress to foster a public purpose, such as Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Bank and the Federal Farm Credit Banks Funding Corporation. GSE Bonds may have a fixed or variable interest rate, and their structure varies. The issuers are not government agencies but receive certain government oversight and support. GSE Bonds are not guaranteed by the full faith and credit of the US Government and in some cases and are callable by the issuer. Municipal Bonds Municipal bonds are debt securities issued by states, cities, counties and other government entities in the United States and its territories that have maturities that range from short term (2 to 5 years) to long term (30 years). Interest payments from municipal bonds are exempt from federal taxes and from most state and local taxes if the customer resides in the state in which the bond is issued.

Municipal Securities include General Obligation Bonds: General obligation bonds are not secured by any particular assets or revenues of the issuer but are instead backed by the "full faith and credit" of the issuer, which has the power to tax residents to pay bondholders. Revenue Bonds Revenue bonds are backed by revenues from a specific project or source, such as highway tolls or other fees, rather than from taxes. Some revenue bonds are "non-recourse," meaning that if the revenue stream backing a non-recourse bond dries up, the bondholders do not have a claim on the underlying revenue source. Conduit Bonds Governments issue conduit bonds on behalf of private entities, including not-for-profit colleges and hospitals, to fund projects or development with a public purpose. These "conduit" borrowers typically agree to repay the government that issued the bonds, which in turn pays the interest and principal on the bonds. Note, however, that if the conduit borrower defaults on its repayment obligation, the issuer usually is not required to pay the bondholders. Corporate Bonds Like governments, public and private corporations also raise money by issuing bonds. Corporations use the proceeds of these offerings for a wide variety of purposes, such as financing an expansion, refinancing debt or funding new research and development. Corporations issue bonds with varying maturities, which range from short-term (1 to 3 years) to medium-term (3 to 10 years) to long-term (over 10 years). They also issue bonds at varying interest, or coupon, rates, which may be fixed (meaning that they stay the same throughout the term), floating (meaning that they reset at certain intervals) or zero coupon (meaning that they do not make periodic interest payments but instead make one "balloon" payment at the bond's maturity that exceeds the bond's original purchase price). Credit rating agencies (such as S&P, Moody's and Fitch, among others) evaluate certain factors related to the creditworthiness of corporations and assign credit ratings to issuers and their bonds. Based on those ratings, bonds are broadly classified as either investment or non-investment grade Investment Grade Investment-grade bonds are issued by corporations with a relatively low risk of default and generally include bonds rated Baa3 (by Moody's) or BBB- (by S&P and Fitch) or above; or Non-Investment Grade (or High-Yield) Non-investment grade bonds, also known as high-yield or "junk" bonds, are issued by corporations with a lower credit rating and higher risk of default and, in return, generally offer higher interest rates to account for their increased risk.

RISKS
In general, the bond market is volatile and fixed income securities carry interest rate risk (i.e., as interest rates rise, bond prices usually fall, and vice versa). Interest rate risk is generally more pronounced for longer-term fixed income securities. Extremely low or negative interest rates can magnify interest rate risks. Changing interest rates, including rates that fall below zero, can also have unpredictable effects on markets and can result in heightened market volatility. Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. Tax code changes can impact the municipal bond market. Lower-quality fixed income securities involve greater risk of

default or price changes due to potential changes in the credit quality of the issuer. Foreign fixed income investments involve greater risks than U.S. investments, and can decline significantly in response to adverse issuer, political, regulatory, market, and economic risks. Fixed income securities sold or redeemed prior to maturity are subject to loss.

FIXED INCOME FEES, COSTS AND EXPENSES

In facilitating fixed income customer transactions, FCIS may act either as an "agent" (or broker) and purchase or sell your securities through another counterparty (that is, with another firm or outside buyer or seller) or FCIS may act as a "principal" (or dealer) and complete your trade by purchasing a security from a counterparty for sale to you in a "riskless principal" transaction. FCIS acts as an agent and charges a commission with respect to certain fixed income securities, including:

(i) USD denominated corporate debt securities;
(ii) US Agency debt securities; and
(iii) Municipal Securities.

Note that FCIS may offer discounts from its standard commission rates under certain riskless circumstances (including market conditions) subject to negotiation and firm oversight. When acting as a principal in a sales transaction, FCIS customarily charges a mark-up, which is the difference between the price FCIS paid to purchase the security and the higher price that FCIS charges to its customer; when FCIS sells a security for a customer, FCIS may markdown the security and pay the customer less than it can sell the security for to another customer or third party. Please note that maximum mark-ups and mark-downs for fixed income products vary depending on multitude of factors, which include, but are not limited to:

- Product type;
- Time to maturity;
- Price of the security;
- Bid/offer side of trade;
- Call features; and
- Liquidity of the market for a security.

529 Plans

A 529 Plan is a tax-advantaged savings plan designed to encourage saving for future education costs. 529 Plans, legally known as "qualified tuition plans," are sponsored by states or state agencies. Most 529 Plans offer investment portfolios consisting of mutual funds and/or exchange-traded fund portfolios and can offer more than one share class to investors and each class has different fees and expenses. Distributions that are used for qualified education expenses are not taxed at the federal level. If you withdraw money for something other than qualified education expenses, you will owe federal income tax on earnings and can face a 10% federal tax penalty as well. 529 Plans offered by each state differ both in features and benefits. Some states offer residents an incentive to invest in their state-sponsored 529 Plans by offering state tax benefits. Most plans offer investment portfolios consisting of mutual funds and/or exchange- traded fund portfolios. A plan can offer more than one share class to investors and each class has different fees and expenses. By investing in a 529 Plan outside your state of residence, you can potentially lose certain state tax benefits depending on your state of domicile. 529 Plans are subject to enrollment, maintenance, administration, and management fees and expenses. You should consider each specific 529 Plan's investments, risks, expenses, and tax implications prior to investing. This and other valuable information about 529 Plans are contained in the 529 Plan's disclosure document and prospectus. Read these and the Participant Agreement carefully before you invest. The sales charges of our 529 Plan offerings range from 0% - 5.75%. The range of the 12b-1 fees (shareholder servicing fees) ranges from 0% - 1%.

Brokered Certificates of Deposit

Brokered Certificates of Deposits (CDs) are issued by banks via a "master CD" to deposit brokers, which in turn sell interests in the master certificate to individual retail investors. The master CD is a negotiable instrument that represents a certain number of individual CDs. FDIC insurance is attached to the individual CDs represented in the master CD. Any broker-dealer that sells brokered CDs is a deposit broker. We are compensated through your purchases and sales of brokered CDs though an upfront gross fee paid by the issuing bank on new offering purchases. This gross fee typically ranges from 0.25% to 2.5% depending upon the issuing bank and maturity. Compensation on secondary market transactions is received by either a mark-up on top of the CD price, which may be discounted, when you purchase a CD or a mark-down that is subtracted from the CD price, which may be discounted, when you sell a CD. The mark-ups and mark-downs are typically in the range of .25% - 3.00%.

New issue CDs are offered without an additional transaction fee. FCIS also makes certain new issue fixed income securities available without a separate transaction fee. With respect to fixed income securities purchased or sold through the secondary market, the cost for the transaction (commonly called a “markup” for purchases or “markdown” for sales) is included in the purchase or sale price. In addition to any markup or markdown, an additional transaction charge can be imposed by FCIS when you place your order through an FCIS Representative, depending on the type of fixed income security you purchase.

FCIS receives compensation from the issuer for participating in new issue offerings of bonds and CDs. Information about the sources, amounts, and terms of this compensation is contained in the bond or CD related offering documents. For secondary market transactions, FCIS receive compensation by marking up or marking down the price of the security which ranges between .25% -2.5%.

FCIS and its Investment Professionals are compensated in connection with the purchase and sell of fixed income securities in your FCIS Account. FCIS Investment Professional’s compensation is not affected by whether the security is purchased or sold as a new issue or in a secondary market transaction and is paid irrespective of whether our Investment Professional recommended the transaction to you. FCIS Investment Professional’s compensation is based on the type of fixed income security that you buy, with compensation for CDs and U.S. Treasury Bonds being lower than for other types of fixed income securities. As a result, these Investment Professionals have a financial incentive to recommend certain fixed income products over others. We address this conflict by providing our Investment Professionals and Supervising Principals with appropriate training and tools to ensure that they are making recommendations that are in your best interest, supervising investment recommendations made by our Investment Professionals, and disclosing these conflicts so that you can consider them when making your financial decisions.

Market Linked and Structured Products

Market Linked Brokered Certificates of Deposit or “CDs”

FCIS offers equity indexed certificates of deposit or equity linked certificates of deposit (both of which are referred to herein as “ELCD”) is an FDIC insured CD that ties the rate of return to the performance of a stock index such as the S&P 500. The term of an ELCD varies, typically two to seven years. The financial institution calculates the rate of return on the date the ELCD matures based on the final index value; therefore, there may be no guarantee that any payment in excess of your original investment will be paid, unless there is a guaranteed minimum coupon on the ELCD. A CD is a time deposit offered by depository institutions, such as a commercial bank or savings and loan association. All CDs FCIS sells are FDIC insured up to a maximum amount of $250,000 (principal and accrued interest combined) if held to maturity but must be aggregated with any other deposits at the depository institution held by the depositor in the same insurable capacity (e.g., individual, joint, IRA) for purposes of FDIC insurance limits. Brokered CDs are available in a range of time frames and structures, including non-callable, callable, and step-rate CDs. In general, customers can buy most brokered CDs with a minimum investment of $1,000, and thereafter in $1,000 increments. The amount of commission you pay to buy a market-linked investment will be stated in the offering document for the investment. These commissions vary in range, and we typically receive from 2% to 5% of the purchase amount. If you buy or sell the product in the secondary market, commission transaction charges will most likely also apply. For complete information about your purchase please refer to the "*Equity Linked Certificate of Deposit Disclosure*" provided by your Investment Professional at the time of the transaction.

Structured Notes

An equity indexed note or equity linked note ("Note") is a non-FDIC insured note that ties the rate of return to the performance of a stock index such as the S&P 500, or to a basket of selected equity securities. The terms of a Note vary, typically two to seven years. The financial institution will calculate the rate of return based on the terms of the chosen Note. Therefore, there may be no guarantee that any payment in excess of your original investment will be paid, unless there is a guaranteed minimum coupon on the Note. Further, depending on the terms of the Note, there could be the risk of receiving an amount lower than the original investment due to market risk or credit risk. Some risks associated with these Notes include:

- **No FDIC Insurance -** The Notes are not deposit liabilities or other obligations of a bank and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency or program of the United States or any other jurisdiction. An investment in the Notes is subject to the credit risk of the Issuer, and in the event that the Issuer is unable to pay its obligations as they become due, you may not receive the full payment at maturity of the Notes.

The Notes are Subject to the Credit Risk of Issuer - The Notes are senior unsecured obligations of the Issuer, and are not, either directly or indirectly, an obligation of any third party. The Notes will rank on par with all the other unsecured and unsubordinated debt obligations of the Issuer, except such obligations that may be preferred by operation of law. Any payment to be made on the Notes, including any return of coupons or principal at maturity, depends on the ability of the Issuer to satisfy its obligations as they come due. As a result, the actual and perceived creditworthiness of the Issuer may affect the market value of the Notes and, in the event the Issuer were to default on its obligations, you may not receive the amounts owed to you under the terms of the Note.

Liquidity Risk - Investors may have limited opportunities, if any, to redeem their Note before maturity. There is no guarantee of a secondary market. Therefore, you may not be able to redeem your Note when you may need or want money available. If a secondary market exists or the financial institution allows withdrawal, you may pay a penalty and you may lose principal value and accrued interest.

- **Market Risk -** If the Note is sold or redeemed before maturity, it may be worth less than its purchase amount or face value. The Note is subject to stock market volatility, bond market volatility, changes to the components of the linked index and other variables. Notes on your brokerage account statements may be valued at more or less than your original investments based on current market conditions. Further, depending on the terms of the Note, the principal value of some Notes is subject to market risk and may result in loss of principal according to the terms of the respective Note.

- **Call Risk -** Your Note may be callable. If called, your rate of return may be less, and the yield may be less than if held to maturity.

- **Calculations of Return -** Many financial institutions calculate the return on the Notes by averaging the closing price of the underlying securities or index at specified intervals over a specific period of time, rather than simply using price upon maturity*. The formulas used to calculate your rate of return may lessen the impact of a declining market. However, if the market moves steadily upward during the period you hold the Note, your return may be significantly less* *than the underlying securities or index gain during this period.* The formulas used by the financial institution usually do not take into consideration the dividend yield of the stock index.

- **Participation Rates -** Some Notes have a participation rate. The participation rate determines how much of the index's increase will be used to compute the return. For example, if the securities or index increase 10% and your participation rate is 70%, you will earn 7%.

Caps - Some Notes set a cap on your gain per year regardless of how well the securities or index performed. For example, if the index goes up 20% and the participation rate is 70%, but the cap is 10%, your return will not be 14% (70% of 20%) but will be capped at 10%.

Tax Treatment - Notes may be treated differently than traditional fixed income products for tax purposes. Before investing in these products, you should carefully review the disclosures concerning the reporting of interest income and consult a tax adviser.

The compensation FCIS and its Investment Professionals receive in connection with your Full-Service brokerage account investment recommendation in Structured Products described above creates a conflict of interest and economic incentive for FCIS and its Investment Professional to recommend Structured Products to you. FCIS mitigates this conflict of interest by disclosing it to you, training the Investment Professionals and Supervisory Principals on appropriate recommendations, supervising investment recommendations made by the FCIS Investment Professional, Investment Products Committee review and approval of the product, and limiting the percental of your liquid net worth that can be invested. However, FCIS cannot eliminate this conflict of interest as it is inherent in the business model of a typical securities broker to be compensated in connection with its brokerage services.

INSURANCE

FCIS offers a variety of insurance products including Variable Universal Life Insurance (VUL), Term Life Insurance, Universal Life Insurance, Long Term Care Insurance, and Disability Income Insurance policies. Customers must qualify for coverage and premiums are generally most impacted by factors such as age, health, and lifestyle. Under arrangements with insurance companies and insurance broker general agencies, we receive commissions from the insurance companies for the sale of these policies, as well as trail/renewals commissions on some products. Insurance broker general agencies are third party, independent, non-affiliated firms that help our Investment Professionals with among other items: product knowledge, case design, point of sale and application servicing and processing.

Commission and trails paid to us vary by the product offerings and by insurance carriers. The gross commissions we earn for these products typically range up to 25% to 95% of target premiums with additional commission up to 1% to 10% of any excess premiums paid above target premium amount. Also, some policies pay additional compensation for policies maintained past the first year (trail compensation) and/or for premiums paid after the first year. Trail compensation typically can range up to 1% annually of the contract value and compensation for additional premiums is generally 1% to 3% of the premium. The amount of gross commission FCIS receives is net of the amount paid to the insurance broker general agency.

Revenue generated to FCIS from underwritten life insurance, is applied to our Investment Professional's progressive grid payout. This potential increased payout is a conflict of interest in that it may provide economic incentive to increase sales in this product. We mitigate this risk by disclosing it to you, training our Financial Consultants and Supervising Principals on insurance products and appropriate recommendations, and reviewing each transaction.

UNDERSTANDING INVESTMENT RISKS

It is important for you to understand that all of the aforementioned investments and recommendations made by FCIS Investment Professionals involve risk, including the potential risk that you may lose your entire principal before you invest. 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 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 and objectives, time horizon and liquidity need to offer a recommendation that is in your best interest. You should carefully read the prospectus or offering memoranda provided to you by your FCIS Investment Professional and consider the risks associated with the investment before you make a final decision.

TRADE CORRECTIONS AND ADJUSTMENTS TO COMPENSATION

Occasionally, a trade error will occur for a variety of reasons. When a trade error happens, FCIS strives to correct the trade error in a manner that is fair and equitable to our customers in a timely manner. In cases where a customer causes the trade error, the customer will be responsible for any loss resulting from the correction. Depending on the circumstances of the trade error, generally, the customer is not able to receive any gains generated as a result of the error correction. Situations where the customer is not the cause of the trade error, the customer will be made whole as soon as possible. FCIS or the custodian will absorb losses and gains resulting from the trade error based on fault. If the trade correction, as a result of an FCIS or custodian error results in a gain, the customer will not receive the profit. Investment Professional trading errors resulting in losses may be charged either dollar for dollar against an Investment Professional's income or charged against their gross production (revenue). The effect of charging against gross production is that the Investment Professional and our firm share in cost of the trade correction.