Policy: Regulation Best Interest

Adopted: September 21, 2022

I. POLICY/ PURPOSE

Four Points Capital Partners ("the Firm," "FPCP") is committed to conducting its business ethically and in compliance with all applicable laws and regulations, including the requirements of Regulation Best Interest ("Reg BI"). This policy details compliance with Reg BI in the course of FPCP business operations and sets out responsibilities for ensuring compliance with this policy (Policy).

II. INDIVIDUALS COVERED BY THIS POLICY

This Policy covers all FPCP directors, officers, employees, agents, and business partners.

III. RESPONSIBILITY FOR ADMINISTRATION

FPCP's Chief Compliance Officer shall administer this Policy. All delivery of required disclosures, initial collection and updating of relevant customer data, and other administrative components of this Policy are actioned via mail, email, and may occasionally be delivered in person.

IV. REGULATION BEST INTEREST POLICY

Regulatory Background

On June 5, 2019, the Securities and Exchange Commission ("Commission") adopted Regulation Best Interest, which establishes a new standard of conduct under the Securities Exchange Act of 1934 ("Exchange Act") for broker-dealers and natural persons who are associated persons of a broker-dealer ("associated persons") (unless otherwise indicated, together referred to as "broker-dealer" or "the Firm") when making a recommendation of any securities transaction or investment strategy involving securities (including account recommendations) to a retail customer.

When making such a recommendation to a retail customer, the Firm must act in the best interest of the retail customer at the time the recommendation is made, without placing the Firm's financial or other interest ahead of the retail customer's interests.

This ***general obligation*** is satisfied only if the Firm complies with four specified ***component obligations*****:**

Disclosure Obligation**:** provide certain required disclosure before or at the time of the recommendation, about the recommendation and the relationship between the Firm and the Firm's retail customer;

Care Obligation**:** exercise reasonable diligence, care, and skill in making the recommendation;

Conflict of Interest Obligation: establish, maintain, and enforce written policies and procedures reasonably designed to address conflicts of interest; and

Compliance Obligation**:** establish, maintain, and enforce written policies and procedures reasonably designed to achieve compliance with Regulation Best Interest.

Record-making and Recordkeeping: The Firm must also comply with new record-making and recordkeeping requirements.

The following policy and procedures will define various terms and components of Regulation Best Interest and will outline how the Firm complies with the rule with respect to making recommendations to retail Customers, as well as other implicated areas, such as recordkeeping.

A. Recommendations

Regulation Best Interest applies to recommendations of any securities transaction or investment strategy involving securities (including account recommendations) made to a retail Customer.

Definition of Recommendation The determination of whether a broker-dealer has made a recommendation that triggers application of Regulation Best Interest turns on the facts and circumstances of a particular situation, and therefore, whether a recommendation has been made is not susceptible to a bright line definition. Factors considered in determining whether a recommendation has taken place include whether the communication "reasonably could be viewed as a 'call to action'" and "reasonably would influence an investor to trade a particular security or group of securities." The more individually tailored the communication to a specific customer or targeted group of customers about a security or group of securities, the greater the likelihood that the communication may be viewed as a "recommendation."

The Firm interprets whether a recommendation has been made to a retail customer that triggers the best interest obligation consistent with precedent under the anti-fraud provisions of the federal securities laws as applied to broker-dealers and with how the term has been applied under the rules of self-regulatory organizations (such as FINRA).

Regulation Best Interest does not apply to investment advice provided to a retail customer by a dual-registrant when acting in the capacity of an investment adviser, even if the retail customer has a brokerage relationship with the dual-registrant or the dual-registrant executes the transaction in a brokerage capacity. FPCP notes that it is not dually registered, but rather has an affiliated investment adviser, Four Points Advisors. When acting as an investment adviser representative ("IAR") on behalf of the affiliated adviser, FPCP representatives will be responsible for complying with Regulation Best Interest when making recommendations to retail investors in this capacity.

Account recommendations include recommendations of securities account types generally (e.g., to open an IRA or other brokerage account), as well as recommendations to roll over or transfer assets from one type of account to another (e.g., a workplace retirement plan account to an IRA). As discussed in further detail below, special considerations exist where the financial professional making the recommendation is dually-registered.

FPCP has determined that within its private placement business, each investment in a private placement (even with respect to recurring or ongoing retail customer relationships) will be treated as a unique recommendation to which this Policy will apply. For direct interactions with retail investors, any recommendation of an investment such as a variable annuity or insurance product will constitute a unique recommendation and will therefor be subject to this Policy. Recommendations to retail brokerage customers are defined by this Policy as the following:

- Investment objective change
- Opening of a new brokerage account (new customer)
- Opening of a new brokerage account (existing customer)
- Investing in products previously unavailable under the terms of the original investment object, even without investment objective change

Any securities transaction or investment strategy involving securities **includes:**

- explicit hold recommendations; and
- implicit hold recommendations that are the result of agreed-upon account monitoring between the broker-dealer and retail customer. Special considerations for providing agreed-upon account monitoring are discussed more below.

<u>Dually Registered Firms and Financial Professionals</u>

Four Points Capital Partners (FPCP) is registered with the Securities and Exchange Commission (SEC) as a broker-dealer and is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). Although the Firm is not dually registered, certain representatives are dually licensed with our affiliated SEC-registered investment adviser, Four Points Advisors. Four Points Advisers is responsible for its own compliance with Reg BI, as appropriate. Dually registered representatives are trained in FPCP's Reg BI procedures and act accordingly when acting on its behalf. FPCP's Form CRS will always be distributed alongside Four Points Advisors' Form CRS.

Reasonable Basis and Customer Profile

In order to reasonably determine whether a recommendation is appropriate for and in the best interest of a specific Customer, the Firm creates and monitors a Customer Profile by collecting the following information at account inception, and on a periodic basis no more than annually:

- age
- retirement status
- annual income (and source(s))
- employment status
- net worth
- risk tolerance
- investment experience & current investment allocation
- objective for investment
- liquidity needs
- time horizon for investment
- source of invested funds
- Conflicts (with issuer, FPCP, broker-dealer etc.)

B. Agreed-Upon Account Monitoring

Regulation Best Interest does not explicitly impose a duty to monitor a retail customer's account. In addition, it does not change the scope of account monitoring that the Firm may agree to provide. Any agreed-upon monitoring arrangements are related to the Firm's primary business of effecting securities transactions, and therefore does not implicate the "solely incidental" prong of the broker-dealer exclusion to the definition of "investment adviser" in the Advisers Act.

At present, FPCP does not provide any such account monitoring, solely incidental or otherwise, due to the nature of the investments offered to Customers. In the event that this becomes applicable in the future, the Firm will adopt relevant policies and procedures at such time.

C. Implicit Hold Recommendations

The Firm has not agreed with Customers as a matter of contract to perform account monitoring services; as such, Regulation Best Interest does not apply even where the Firm remains silent (i.e., an implicit hold recommendation). This is disclosed on the Firm's Form CRS.

D. Voluntary Account Review

The Firm may voluntarily, and without any agreement with the Firm's customer, review the holdings in the Firm's retail customer's account for the purposes of determining whether to provide a recommendation to the customer. This voluntary review is not considered to be "account monitoring," nor would it in itself create an implied agreement with the retail customer to monitor the customer's account.

Any explicit recommendation made to the Firm's retail customer as a result of any such voluntary review is subject to Regulation Best Interest and this Policy.

E. Retail Customers

Definitions

The Firm uses the following definitions to facilitate appropriate identification of Retail Customers under Reg BI.

Retail Customer

A "retail customer" is a natural person, or the legal representative of such person, who:

- receives a recommendation of any securities transaction or investment strategy involving securities from a broker-dealer; and
- uses the recommendation primarily for personal, family, or household purposes.

Any customer identified as a retail customer at account opening is identified as such and maintained in a specific list or database of other such Customers who are subject to these Reg BI policies and procedures.

Legal Representative

A "legal representative" of such person includes the non-professional legal representatives of such a natural person, for example, a non-professional trustee that represents the assets of a natural person.

Use

The Firm interprets that a retail customer "uses" a recommendation of a securities transaction or investment strategy involving securities when, as a result of the recommendation:

- the retail customer opens a brokerage account with the broker-dealer, regardless of whether the broker-dealer receives compensation;
- the retail customer has an existing account with the broker-dealer and receives a recommendation from the broker-dealer, regardless of whether the broker-dealer receives or will receive compensation, directly or indirectly, as a result of that recommendation; or
- the broker-dealer receives or will receive compensation, directly or indirectly as a result of that recommendation, even if that retail customer does not have an account at the broker-dealer.

***Personal, family, or household purposes*:** A retail customer who uses the recommendation primarily for "personal, family, or household purposes" means *any* recommendation to a natural person for his or her account would be subject to Regulation Best Interest, other than recommendations to natural persons seeking these services for commercial or business purposes.

F. Disclosure Obligations & Relevant Procedures

Responsibility	• CCO and CEO • Designated Supervisor • Registered Reps

Resources	• New product reviews and information • Form CRS • Other resources regarding securities and accounts
Frequency	• Form CRS: when a recommendation is made and when updated • When new products/services are proposed and at least annually: o Review products and services to confirm necessary disclosures are provided to retail customers including possible standardized disclosures o Consider the need for specific training • As soon as practicable but no later than 60 days after a material change - update disclosures • Other disclosures: as required
Action	• Identify necessary disclosures and other requirements for new securities or services • Identify necessary disclosures as part of a review of current products and services • Update disclosures if there have been any material changes • Provide Form CRS to retail investors at time of a recommendation/accountopening and within 60 days of material changes • Include review of disclosures in annual review of Firm's procedures
Record	• Reviews of products and services and actions taken for disclosure • Tracking of providing disclosures including version, date provided, to whomprovided including Form CRS • Various other methods of disclosure (confirmations, monthly statements, account agreements, prospectuses, *etc.*)

The Firm distributes Form CRS to current and prospective retail Customers at the time of or prior to recommendation of any new account or strategy type, or any new product previously unavailable to them. Additionally, the Form CRS will be recirculated and delivered to clients within 60 days of material update and amended filing. Disclosure is accomplished via the distribution of the Form CRS, the Firm's Expanded Disclosure Brochure, and any other relevant product-level disclosure documents.

The Firm will, prior to or at the time of the recommendation, provide the retail customer, in writing, full and fair disclosure of:

- all material facts relating to the ***scope and terms of the relationship with the retail customer***; and
- all material facts relating to ***conflicts of interest that are associated with the recommendation***.

The Firm will provide such disclosure language for account recommendations with or as an addendum to the Investment Management Agreement.

The Firm will provide such disclosure language for recommendations prior to or at time of investment. This will be via either email or letter (or both), and in most cases will contain negative consent language rather than requiring Customer consent or approval.

The documentation and surveillance of this process is detailed further in this Policy.

Material Facts

Scope and Terms of Relationship

Material facts relating to the ***scope and terms of the relationship*** with the retail customer include:

- that the broker, dealer, or such natural person is acting as a broker, dealer, or an associated person of a broker-dealer with respect to the recommendation;
- ***material fees and costs*** that apply to the retail customer's ***transactions, holdings, and accounts***; and
- the ***type and scope of the services*** to be provided to the retail customer, ***including any material limitations*** on the securities or investment strategies that may be recommended to the retail customer.

Other material facts relating to the ***type and scope of services*** provided to the retail customer, and that must be disclosed, include:

- whether or not the Firm will ***monitor*** the retail customer's account and the ***scope and frequency*** of any account monitoring services that the Firm agree to provide; and
- whether the Firm has any ***requirements*** for retail customers to open or maintain an account or establish a relationship, such as a minimum account size.

Other material facts relating to the ***scope and terms of the relationship*** with the retail customer that must be disclosed include:

- ***general basis*** for the Firm's recommendations (i.e., what might commonly be described as the Firm's investment approach, philosophy, or strategy); and
- ***risks*** associated with the Firm's recommendations in standardized terms.

Additionally, the Firm must consider, based on the facts and circumstances, whether there are other material facts relating to the scope and terms of the relationship with the retail customer that need to be disclosed. The Chief Compliance Officer must be consulted with in all such situations, and in his or her sole discretion will determine what disclosure is appropriate.

Conflicts of Interest

For purposes of Regulation Best Interest a *"**conflict of interest**"* is defined to mean "an interest that might incline a broker, dealer, or a natural person who is an associated person of a broker or dealer – consciously or unconsciously – to make a recommendation that is not disinterested."

Such conflicts include, for example: conflicts associated with proprietary products, payments from third parties, and compensation arrangements. Broker-dealers must disclose all ***material facts*** relating to conflicts of interest associated with the recommendation. Questions regarding such disclosure should be directed to the Chief Compliance Officer, who will, in his or her sole discretion, determine what level of disclosure is appropriate under applicable regulation.

If an employee or associated person becomes aware of a real, perceived, or potential conflict of interest that they believe may not have been disclosed or addressed appropriately, they are required to report such information to the Chief Compliance Officer. The Firm periodically requires associated persons to report conflicts of interest, as well as certify that they have read and understand the Firm's definitions of conflict of interest as contained herein and as defined by the Firm's Compliance Manual.

On a periodic basis, the Firm reviews all known conflicts and requires employees and associated persons to report any real, potential, or perceived conflicts that may impact a Customer's decision to invest. All such conflicts that are deemed to require disclosure are maintained in a log by compliance and are periodically reviewed by the CCO or his designee to identify active conflicts, list conflicts that have since become inactive (with appropriate documentation), etc.

For purposes of Regulation Best Interest, "material facts" is interpreted consistent with the standard articulated in *Basic v. Levinson*. Accordingly, information is material if there is a substantial likelihood that a reasonable shareholder would consider it important. In the context of Regulation Best Interest, the standard is the retail customer, as defined in the rule.

Full and Fair Disclosure

The Firm will ensure a level of disclosure such that it should give sufficient information to enable a retail investor to make an informed decision with regard to the recommendation. The Chief Compliance Officer will review all such disclosures to ensure that under applicable regulation and in pursuit of upholding Customer interests, will make the sole determination that disclosures are appropriate, full, and fair.

Costs and Fees

The Disclosure Obligation requires disclosure of material fees and costs relating to a retail customer's transactions, holding, and accounts. This obligation does not require individualized disclosure for each retail customer. The use of standardized numerical or other non-individualized disclosure (e.g., reasonable dollar or percentage ranges) is permissible where the Firm, in consultation with the Chief Compliance Officer, has determined it is appropriate.

Fees and costs are material and must be disclosed if there is a substantial likelihood that a reasonable shareholder would consider it important. Therefore, with any changed to fees or costs, the Chief Compliance officer will determine the disclosures appropriate under applicable regulation.

Timing of Disclosures

As a best practice, all disclosures will be made in advance of or at time of recommendations as required. Such disclosures include the distribution of the Form CRS, as well as any other relevant product-level disclosures. Any exceptions to this procedure must be approved in advance, in writing, by the Chief Compliance Officer, who will make the determination in his or her sole discretion.

Form CRS Delivery

Form CRS is a client relationship summary that the Firm must provide to retail customers, and includes the disclosures detailed above. Form CRS has five parts:

- Introduction
- Relationship and Services
- Summary of Fees, Costs, Conflicts and Standard of Conduct
- Disciplinary History
- Additional Information

Delivery Format and Content

Form CRS will be delivered in paper (hard copy) format, and via email (PDF). The Firm will retain a record of all Form CRS to broker-dealer clients, including those seeking investments in private placements as well as investment banking deals. As noted throughout this policy, FPCP is not dually registered but does have an affiliated SEC-registered investment adviser. As such the Form CRS for FPCP will be distributed alongside Four Points Advisors' Form CRS. Retail investors (as defined in the Instructions to Form CRS) may request a copy of the relationship summary from the Firm. Where Form CRS is delivered in paper format as part of a package of documents to a retail investor, the Firm is required to ensure that the disclosure is prominently displayed (i.e., the first among any documents that are delivered at that time). To ensure that this requirement is met when distributing documents electronically, FPCP will deliver all documents together as one PDF with the Form CRS as the leading document.

Delivery Obligations to Retail Investors

The Firm will deliver its Form CRS as part of each new account package to retail investors in connection with a recommendation before or at the earliest of the triggers listed below, if applicable.

- A recommendation of an account type or an investment strategy involving securities;
- Recommendation of purchase of securities other than stocks or bonds following account opening; or
- The opening of a brokerage account for the retail investor.

Frequency of Re-Delivery of Form CRS Relationship Summary for Existing Clients

The Firm is required to deliver the most recent version of the Form CRS to each retail investor who is an existing customer, before or at the time the Firm (if applicable):

- Opens a new account that is different from the retail investor's existing account(s);
- Recommends that the retail investor roll over assets from a retirement account into a new or existing account or investment; or
- Recommends or provides a new brokerage or advisory service or investment that does not necessarily involve the opening of a new account and would not be held in an existing account.

The Firm will provide its Form CRS to retail investors within 30 days of request.

Tracking of Delivery of Form CRS Relationship Summary

The Firm is required to deliver the Form CRS to retail investors as outlined by the SEC's existing guidance. The following examples are provided in the SEC's guidance and may be used to satisfy the evidence requirements under Form CRS delivery obligations:

- Including an acknowledgement of receipt of Form CRS in the subscription documents for the alternative funds recommended.

The Compliance Department will maintain delivery records of the date on which each Form CRS was delivered to any retail investor or prospective retail investor, and the Form CRS version delivered. The Firm distributes the Form CRS in both hard-copy and electronic (PDF) format to all clients and prospects, and it is made available online through public regulatory websites. When delivering the Form CRS via email, both prospects and existing clients will be required to electronically sign the Form CRS receipt confirmation. Such confirmations are saved with account opening documents.

Supervision and Review

On a periodic basis, the CCO or his designee will review a sample of new recommendations for a given period (monthly, quarterly, etc.) to ensure that appropriate disclosure and/or Form CRS distribution requirements were met for each such recommendation to ensure compliance with Regulation Best Interest and this Policy.

Where Policy exceptions are noted, the CCO will take corrective action designed to prevent future occurrence and to address previous failures, including:

- Post-recommendation disclosure to customer with accompanying explanation of oversight or disclosure failure;
- Memorialization of circumstances and subsequent corrective action;
- Employee training or discipline;
- Policy enhancements; or

- Escalation to management.

Updating Form CRS

As described in the SEC Form CRS adopting release, there is a requirement for "firms to update their relationship summary within 30 days whenever the relationship summary becomes materially inaccurate" and "the rules as adopted will allow firms to communicate information in an amended relationship summary to retail investors who are existing clients or customers within 60 days after the updates are required to be made." An exhibit highlighting the changes to the relationship summary should be included and attached as an exhibit to the unmarked amended relationship summary.

The CCO or a Designated Supervisor will make amendments to the Firm's Form CRS, on an ad hoc or periodic basis, to ensure it is materially accurate. The Firm will undertake periodic, and no less than semi-annually, reviews of its Form CRS to ensure that disclosures made are aligned with its current active lines of business, product mix, fees and potential conflicts of interest. The Firm will leverage FINRA's *Reg BI and Form CRS Checklist* (the "CRS Review Checklist") as a non-exhaustive guide when conducting periodic reviews.

The Firm's CCO or a Designated Supervisor shall evidence periodic reviews by creating and saving a file of the CRS Review Checklist each time a periodic review is conducted, as well as noting date and results of the periodic review in the Firm's Form CRS Update Log.

Filing of Form CRS

The Firm is required to file its relationship summary with the SEC by filing Form CRS electronically through the Central Registration Depository (Web CRD), operated by FINRA. The Compliance Department will be responsible for the filing of Form CRS through Web CRD.

Initial written disclosure

Before supplementing, clarifying, or updating written disclosures in the limited circumstances described above, the Firm will provide an initial disclosure in writing that identifies the material fact and describes the process through which such fact may be supplemented, clarified or updated. For example:

> **Product-level fees:** With regard to product-level fees, the Firm could provide an initial standardized disclosure of product-level fees generally (e.g., reasonable dollar or percentage ranges), noting that further specifics for particular products appear in the product prospectus, which will be delivered after a transaction in accordance with the delivery method the retail customer has selected, such as by mail or electronically.
>
> **Capacity**: Similarly, with regard to the disclosure of a broker-dealer's capacity, a dual-registrant could disclose that recommendations will be made in a broker-dealer capacity unless otherwise expressly stated at the time of the recommendation, and that any such statement will be made orally.
>
> **Associated Person Conflicts of Interest**: A broker-dealer could disclose that its associated persons may have conflicts of interest beyond than those disclosed by the broker-dealer, and that associated persons will disclose, where appropriate, any additional material conflicts of interest not later than the time of a recommendation, and that any such disclosure will be made orally. .

Use of the Term "Adviser" or "Advisor"

The Commission presumes that the use of the terms "adviser" and "advisor" in a name or title by (i) a broker-dealer that is not also registered as an investment adviser or (ii) an associated person that is not also a supervised person of an investment adviser to be a violation of the capacity disclosure requirement under Regulation Best Interest. As such,

the Firm does not use either term in the Firm name or title of Firm employees or associated persons. Any exceptions to this policy will be reviewed and approved by the Chief Compliance Officer in advance. He or she will make the determination in his or her sole discretion.

G. Care Obligation

Responsibility	• CEO and CCO • Designated Supervisor • Registered Reps.
Resources	• Customer account information • Information about securities • Available reports
Frequency	• When recommendations are made • Other: as required
Action	• Communicate risks, costs, and other necessary information to RRs • Review recommendations of transactions and opening of accounts • Consider whether to use a risk-based approach to identify certain type of recommendations that should be documented, and the type of documentation (*e.g.,* categorizing recommendations as "high risk" or "complex")
Record	• Order records • Account records • Reviews of orders and accounts with supervisor's record of supervision and actions taken, if any • Records of risk-based recommendations and documentation of recommendations, if applicable

Under the Care Obligation, the Firm will exercise **reasonable diligence, care, and skill** when making a recommendation to a retail customer to:

- Item 1: understand potential risks, rewards, and costs associated with recommendation, and have a reasonable basis to believe that the recommendation could be in the best interest of at least some retail customers**;**
- Item 2: have a reasonable basis to believe the recommendation is in the best interest of a particular retail customer based on that retail customer's investment profile and the potential risks, rewards, and costs associated with the recommendation and does not place the interest of the broker-dealer ahead of the interest of the retail customer; and
- Item 3: have a reasonable basis to believe that a series of recommended transactions, even if in the retail customer's best interest when viewed in isolation, is not excessive and is in the retail customer's best interest when taken together in light of the retail customer's investment profile.

The Firm's policy is to require training for all associated persons who will be in a position to make a recommendation to retail customers. Those who have not received training for the specific product or account type will be prohibited from making any such recommendation. As detailed further in the Compliance Manual and the policies contained herein, the Firm will conduct periodic email review to ensure that no recommendations have been made on that medium by unauthorized employees. In the course of ongoing electronic communications review, the Firm will review

the communications of non-registered personnel, and any other such personnel who has not received recommendation-specific training to ensure that such employees are not making recommendations to clients. Any noted instances will be raised in a manner consistent with other exceptions to the Firm's electronic communications policy.

In addition, associated persons will be required to certify on an annual basis that they have not made any unauthorized recommendations and that they have read and understand this policy.

Item 1

The Firm must exercise reasonable diligence, care, and skill to understand the potential risks, rewards, and costs associated with the recommendation.

What would constitute reasonable diligence, care, and skill will vary depending on, among other things, the complexity of and risks associated with the recommended security or investment strategy and the broker-dealer's familiarity with the recommended security or investment strategy.

While every inquiry will be specific to the particular broker-dealer and the recommended security or investment strategy, the Firm generally should consider ***important factors*** such as:

the security's or investment strategy's:

- investment objectives;
- characteristics (including any special or unusual features);
- liquidity;
- volatility; and
- likely performance in a variety of market and economic conditions;
- the expected return of the security or investment strategy; and
- any financial incentives to recommend the security or investment strategy.

In order to allow customers to make such determinations, the Firm will disclose such information at the time of recommendation, or before. The Firm does not require that customers sign and consent; the disclosures include language that urges customers to review the disclosures and contact the CCO or Portfolio Manager with any questions.

Item 2

The Firm will consider the risks, rewards, and costs in light of the retail customer's investment profile and have a reasonable basis to believe that the recommendation is in that particular customer's best interest and does not place the broker-dealer's interest ahead of the customer's interest.

The ***retail customer's investment profile*** is defined to include, but is not limited to the retail customer's:

- age;
- other investments;
- financial situation and needs;
- tax status;
- investment time horizon;
- liquidity needs;
- risk tolerance; and

- investment objectives;
- investment experience;
- any other information the retail customer may disclose to the broker in connection with a recommendation

In order to allow to make such determinations, the Firm will collect such information in writing at the time of recommendation or account inception, or before. The survey includes language that urges customers answer honestly and contact the Firm should any of the information change. The Firm will also include language that indicates that the survey is intended to provide the Firm with sufficient information to create a Customer Profile, which will ultimately be used as the basis for recommending investment and account types.

Item 3

When recommending a series of transactions, the Firm must have a reasonable basis to believe that the transactions taken together are not excessive, even if each is in the Firm's customer's best interest when viewed in isolation. The requirement applies irrespective of whether the Firm exercises actual or de facto control over a customer's account.

Supervision and Review

The Firm will periodically review a random sample of a series of recommended transactions in retail Customer accounts to ensure that such transactions benefit the Customer, and not the Firm.

The CCO or his designee is responsible for the review of such transactions.

Responsibility	• CCO • Designated Supervisor
Resources	• Records of transactions • Available reports • Customer account records
Frequency	• Ongoing
Action	• Identify active accounts and review which may include calculating: o turnover rate (dividing the aggregate amount of purchases by the average monthly investment) o cost-to-equity ratio (percentage of return on the customer's average net equity needed to pay commissions and other expenses) o in-and-out trading (sale of newly-acquired investments) • Take action which may include: o Review of new account records o Consult with RR o Contact the customer
Record	• Review of active accounts including action taken • Contact with customers • Memorialization of complex recommendation meetings

Possible Alternatives

The Firm should consider reasonably available alternatives, if any, offered by the Firm's broker-dealer in determining whether the Firm have a reasonable basis for making the recommendation.

The Firm conducts a review of such reasonably available alternatives (two, whenever possible) to ensure that the recommendation being made is in the customer's best interest, and that there is not a more appropriate alternative for various reasons. Such review will be saved with the files pertaining to the recommendation.

Account Type Recommendations

With respect to ***account type recommendations***, the Firm considers (among other things):

- the services and products provided in the account;
- the projected cost to the retail customer of the account;
- alternative account types available;
- the services requested by the retail customer; and
- the retail customer's investment profile.

When making recommendations to open an IRA, or to roll over assets into an IRA, the Firm considers a variety of factors including, but not limited to:

- fees and expenses;
- level of services available;
- available investment options;
- ability to take penalty-free withdrawals;
- application of required minimum distributions;
- protections from creditors and legal judgments;
- holdings of employer stock; and
- any special features of the existing account.

Complex Recommendations

When recommending securities or investment strategies that are complex, such as inverse or leveraged exchange-traded products, the Firm takes particular care to make sure the Firm itself understand the terms, features, and risks – as with the potential risks, rewards, and costs of any security or investment strategy – in order to establish a reasonable basis to recommend the product to retail customers per the policies and procedures contained herein. Further, the Firm weighs the potential risks, rewards, and costs of the particular product or investment strategy, in light of the particular retail customer's investment profile. These products may not be in the best interest of a retail customer absent an identified, short-term, customer-specific trading objective.

The Firm's CCO meets periodically, and at least quarterly, to discuss complex recommendations with the Firm's management and compliance personnel, and, if such recommendations exist, investment personnel. The purposes of these meetings is to determine if updates to the Firm's procedure need to be made and/or if amendments are required to the Firm's disclosures. These meetings are memorialized by the CCO or their designee.

Considering Cost

While the Firm understands and considers costs when making a recommendation, it is only one important factor among many factors. Thus, the Firm would not satisfy the Care Obligation by simply recommending the least expensive or least remunerative security without any further analysis of the other factors and the retail customer's investment profile.

For example, depending on the facts and circumstances, the Firm may be able to recommend a more expensive security or investment strategy if there are other factors about the product or strategy that reasonably allow the Firm to believe it is in the best interest of the Firm's retail customer, based on that retail customer's investment profile.

H. Conflict of Interest Obligation

Responsibility	• CEO and CCO • Designated Supervisors
Resources	• Reviews of products and services
Frequency	• As required when revised or adopted: review incentive programs • When new products or services are proposed • At least annually: review current products and services to review for potential conflicts of interest • Annual and as necessary: training
Action	• Assign responsibility for identifying potential conflicts of interest • Determine whether to use a risk-based approach • Review products and services for potential conflicts regarding compensation including, but not limited to: o Proprietary products/services o Third-party products/services where the Firm receives payment from the third party o Non-cash compensation where RRs are provided incentives to sell a product or service o Differential or variable compensation, incentives tied to appraisals or performance reviews o Compensation practices for new or existing RRs o Generally: overarching Firm-wide conflicts; associated person related conflicts; material limitations • Document conflicts reviews including whether to mitigate, disclose and/or eliminate • Develop written disclosures for providing to customers • Mitigation consideration for compensation issues include the following: o avoiding compensation thresholds that disproportionately minimize compensation incentives for employees to favor one type of account over another, or to favor one type of product over another, proprietary or preferred provider products, or comparable products sold on a principal basis, for example, by establishing differential compensation based on neutral factors o eliminating compensation incentives within comparable product lines o implementing supervisory procedures to monitor recommendations that are near a compensation threshold for Firm recognition; involve higher compensating products, proprietary products or transactions in a principal capacity; or involve the rollover or transfer of assets from one type of account to another o adjusting compensation for RRs who fail to adequately manage

	conflicts of interest o limiting the types of retail customer to whom a product, transaction or strategy may be recommended o eliminating sales contests, sales quotas, bonuses, and non-cash compensation based on the sales of specific securities or specific types of securities within a limited period of time o modifying or eliminating certain compensation practices • Include conflict reviews in annual audits/reviews • Include conflicts of interest training of RRs
Record	• Conflicts reviews and mitigation/disclosures • Conflicts of Interest Log • New product and service reviews • Records of training including when, who attended, and subjects

The Conflict of Interest Obligation (and the Compliance Obligation discussed below), applies solely to the broker-dealer, and not to the associated persons of the Firm. For purposes of discussing the Conflict of Interest Obligation, the term "broker-dealer" or "the Firm" refers only to the broker-dealer entity, and not to such individuals.

Under the Conflict of Interest Obligation, a broker-dealer must establish, maintain, and enforce written policies and procedures reasonably designed to address conflicts of interest associated with its recommendations to retail customers.

As such, as described above, the Firm requires that all associated persons and employees report any known conflicts of interest and confirm that they have read and understand the Firm's Conflict of Interest policies and procedures via annual certification. Such certification seeks to identify conflicts relating to recommendations and incentives or opportunities to place their interest ahead of those of the retail customer.

The CCO or his or her designee will review such certifications and add material conflicts to the Conflict of Interest Log. The CCO or his designee will collaborate with various employees to determine appropriate mediating or eliminating protocol relative to all such conflicts, as well as identify all such conflicts which require disclosure, ensuring that all relevant disclosures are updated across firm filings and documents.

Sales contests, quotas, bonuses, and non-cash compensation based on sales of specific securities are prohibited as a matter of policy.

The Firm also performs a periodic email review, and search criteria involves a lexicon of terms relevant to such conflicts or prohibited activities. Gifts and entertainment reviews include specific review procedures to ensure that no vendors, affiliates, etc., have given inappropriate gifts that could be identified as an incentive. If any such gift is identified, relevant trading activity will be reviewed to ensure that no inappropriate trades resulted from any such incentive. Please refer to the Firm's Gift & Entertainment Policy for further information about prohibited gifts or maximum amounts.

When conflicts of interest are identified. FPCP strives to eliminate or mitigate all material conflicts; where this is not possible, disclosures are required. Materiality is reviewed and determined by the CCO and other personnel. Material disclosures will be added to the Form CRS and other disclosure documents.

The Firm may from time to time update such policies and procedures relating to conflicts of interests as the need evolves or new conflicts are identified due to changing products lines, size of Firm, operational procedures, vendors, etc.

Recommendation Monitoring

The Firm has implemented reviews to monitor recommendations that are:

- near compensation thresholds;
- near thresholds for broker-dealer recognition;
- involve higher compensating products, proprietary products, or transactions in a principal capacity; or,
- involve the roll over or transfer of assets from one type of account to another (such as recommendations to roll over or transfer assets in an ERISA account to an IRA) or from one product class to another;
- adjusting compensation for associated persons who fail to adequately manage conflicts of interest; and
- limiting the types of retail customer to whom a product, transaction or strategy may be recommended.

The CCO of his designee may review:

- - client intake documents, etc.
- - conflicts of interest known versus conflicts disclosed to clients
- - periodic sampling to ensure Form CRS was distributed prior to / at time of recommendation
- - Periodic sampling of Form CRS evidence of delivery to ensure compliance with Firm procedures, etc.

Material Limitations

Responsibility	• CCO • Designated Supervisor
Resources	• Records of products offered by the Firm
Frequency	• Periodically, at least annually
Action	• Reconcile the product offerings with market alternatives to ensure the Firm has a competitive product mix • Identify customer segments or investments needs where the Firm could potentially have difficulties in making recommendations in the customer's best interest due to the limited nature of product offerings
Record	• Records of reviews of products and customers

A "material limitation" placed on the securities or investment strategies involving securities that may be recommended would include, for example, recommending only:

- proprietary products, that is, any product that is managed, issued, or sponsored by the financial institution or any of its affiliates;
- a specific asset class;
- products with third-party arrangements, that is, revenue sharing; or
- the Firm recommend only products from a select group of issuers could also be a material limitation.

The Firm recognize that, as a practical matter, almost all broker-dealers limit their offerings of securities and investment strategies to some degree. The Firm does not believe that disclosing the fact that a broker-dealer does not offer the entire possible range of securities and investment strategies would convey useful information to a retail customer, and therefore we would not consider this fact, standing alone, to constitute a material limitation. Rather, consistent with the examples of a "material limitation" provided above, whether the limitation is material will depend on the facts and circumstances of the extent of the limitation.

Mitigating Material Limitations

The Firm has established a product review processes for products that may be recommended, including establishing procedures for identifying and mitigating the conflicts of interests associated with the product, or declining to recommend a product where the Firm cannot effectively mitigate the conflict, and identifying which retail customers would qualify for recommendations from this product menu.

Such procedures include:

- the restriction of retail customers to whom a product may be sold based on Customer Profile data;
- requiring product-specific training for any employee or associated person who is permitted to recommend a product; and
- conducting conflict of interest reviews, as outlined herein.

The Firm's CCO is responsible for the creation of these procedures, as well as their review and periodic updating.

I. Compliance Obligation

Responsibility	• CCO • Designated Supervisor
Resources	• Sources of revenue • Training program
Frequency	• Annual: review conflicts of interest, compliance with Reg BI • Annual or as required: training
Action	• Conduct reviews of new product reviews, new types of accounts/services to confirm conflicts of interest have been identified and necessary actions taken (eliminate, mitigate, disclosure) and identify types of accounts and customers suitable for the investment or product • Confirm policies and procedures comply with Regulation BI as part of the annual review of procedures • Take corrective action which may include new disclosures, contact with RR and/or RR's supervisor, contact with customer, etc. • Confirm Form CRS is current and accurate and provided to customers and posted on the Firm's website • Include Reg BI requirements in annual audits/reviews of the Firm's business • Provide training to new RRs upon hire and all RRs annually regarding the obligations under Regulation BI
Record	• Record of policy/procedure reviews and action taken, if any • Records of training including when, who attended, subjects

The Compliance Obligation, as with the Conflict of Interest Obligation, applies solely to the broker-dealer entity, and not to its associated persons.

The Firm must establish, maintain and enforce written policies and procedures reasonably designed to achieve compliance with Regulation Best Interest.

As such, the Firm has drafted this policy to instruct its employees about who is permitted to make recommendations. Associated Persons will be required to read and certify their understanding of this policy. In addition, the Firm provides periodic training to all employees relative to recommendations. The Firm has instituted various independent (Compliance) reviews to ensure compliance with all controls surrounding recommendations. In the event of non-

compliance, issues will be investigated, remediated as necessary, and impacted employees will be retrained or reprimanded as necessary, up to and including termination.

J. Recordkeeping

Responsibility	• CCO • Designated Supervisor • Registered Representative
Resources	• Provision of Form CRS to prospects, customers • Information about securities and types of accounts and services offered by the Firm • New product and services reviews
Frequency	• When recommendations are made (as defined in this chapter) • As required under Form CRS requirements • Update and file with CRD as required
Action	• Track delivery of Form CRS which may include electronic return-receipt or byconfirmation that information was accessed, downloaded, or printed and/or disseminating information through facsimile methods • Include reviewing providing Form CRS in audit/review programs
Record	• Tracking records of Form CRS delivery including when delivered and what version was provided • Website postings • Records of Form CRS and updates to the form • Record of filing with FINRA CRD • Record of audits/reviews of providing Form CRS

Regulation Best Interest requirements build upon existing record-making and recordkeeping obligations. For each retail customer to whom a recommendation of any securities transaction or investment strategy involving securities is or will be provided, the Firm must keep a record of all information collected from and provided to the retail customer pursuant to Regulation Best Interest, as well as the identity of each natural person who is an associated person, if any, responsible for the account. The Firm must retain all records of the information collected from or provided to each retail customer for at least six years after the earlier of the date the account was closed or the date on which the information was replaced or updated.

All records will be maintained and destroyed under applicable regulation and company security and recordkeeping practices.