

## FORM CRS CUSTOMER RELATIONSHIP SUMMARY

Regiment Securities 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). Brokerage and investment advisory services and fees differ, and it is important for a retail investor to understand the differences. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://investor.gov/CRS), which also provides educational materials about broker-dealers, investment adviser, and investing.

## WHAT INVESTMENT SERVICES AND ADVICE CAN YOU PROVIDE ME?

We offer brokerage services by offering mutual funds, variable annuities, private placements, merger and acquisitions, and underwritings. We offer our services to accredited investors, retail investors, and institutional investors. We have a limited investment offering and only offer and recommend the products listed above. There is not an account minimum to open a mutual fund account or invest in an annuity. Most private placements have a minimum investment amount which will be listed in the private placement memorandum ("PPM") or similar offering documents. When we make a recommendation, you make the ultimate decision regarding the purchase or sale of investments. You may accept or reject any recommendation we make. It is your responsibility to monitor investments, and we encourage you to do so regularly. We do not commit to provide on-going monitoring of your investments with us. Additional information about our services is available through the Best Interest Disclosure Documents. **Ask your financial professional the following questions: Given my financial situation, should I choose a brokerage service? Why or Why Not? How will you choose investments to recommend to me? What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?** For additional information, please see the Disclosure Document and our website: [www.regimentsecurities.com](https://www.regimentsecurities.com)

## WHAT FEES WILL I PAY?

For brokerage services, the fee you pay is based on the specific transaction and not the value of your account. You may pay a fee every time you buy or sell an investment. With mutual funds, this fee (typically called a "sales charge") reduces the value of your investment. Some mutual funds offer "break points" depending on how much you invest, which could decrease the amount of sales charge you pay. Some investments (such as mutual funds and variable annuities) impose additional fees that will reduce the value of your investment over time. You may pay a 12b-1 fee which is a fee charged by a mutual fund company to pay for their marketing fee, custodial, and administrative fee. Part of this fee is received by your financial professional. Also, with certain investments such as variable annuities, you may have to pay fees such as "surrender charges" to sell the investment. You will pay certain fees (commissions and sales concessions) in connection with investing in a private placement/underwriting. The applicable fees will vary from offering to offering. That said, there are management fees, organizational and operating expense reimbursement, and profit participation/carried interest fees. In venture capital and private equity offerings, there can be stock acquisition costs. The more transactions in your account, the more fees you will be charged. We therefore have an incentive to encourage you to engage in transactions. You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. For additional information, please see the Disclosure Document and our website: [www.regimentsecurities.com](https://www.regimentsecurities.com).

**Ask your financial professional: Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?**

**WHAT ARE YOUR LEGAL OBLIGATIONS TO ME WHEN PROVIDING RECOMMENDATIONS? HOW ELSE DOES YOUR FIRM MAKE MONEY AND WHAT CONFLICTS OF INTEREST DO YOU HAVE?**

When we provide you with a recommendation, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations we provide you. Here are some examples to help you understand what this means. Your financial professional receives transaction-based compensation. The more trades in your account, the more fees you are charged you, so there is an incentive to have you to trade often. We can make extra money by selling you certain investments, such as underwritings because they are offered by companies that pay our firm to sell their investments. Your financial professional also receives more money if you buy these investments. We have an incentive to offer or recommend certain investments, such as private placements, mutual funds or money market funds, because the manager or sponsor of those investments shares with us revenue it earns on those investments. Your financial professional may receive greater compensation investing your money in a variable annuity rather than in a mutual fund or buying and selling individual securities rather than purchasing a mutual fund. In addition, your financial professional could receive further compensation for additional riders/benefits added to a variable annuity. **Ask your financial professional “How might your conflicts of interest affect me, and how will you address them?”**

**HOW DO YOUR FINANCIAL PROFESSIONALS MAKE MONEY?**

Registered Representatives earn a portion of the commissions and other transaction fees you pay. As commissions are based on a number of factors, so is the compensation paid to our Registered Representatives. For example, certain products pay higher commission rates than others. Representatives may earn higher fees on products such as new issues or variable annuities. The more trades in your account, the more fees you are charged you, so there is an incentive to have you to trade often so the Representative earns more commissions. Thus, a financial representative’s payout increases with commission generation. They do not receive overrides, bonuses, cash, non-cash compensation or any form of incentive compensation.

**DO YOU OR YOUR FINANCIAL PROFESSIONALS HAVE LEGAL OR DISCIPLINARY HISTORY?**

Yes. Visit <https://www.investor.gov/> for a free and simple search tool to research our firm and our financial professionals. **As a financial professional, “do you have a disciplinary history? If so, for what type of conduct?”**

**WHO IS MY PRIMARY CONTACT PERSON? IS HE OR SHE A REPRESENTATIVE OF A BROKER/DEALER? WHO CAN I TALK TO IF I HAVE CONCERNS ABOUT HOW THIS PERSON IS TREATING ME?**

For additional information about our Firm, services or to obtain a copy of the relationship summary, you may contact Michael Cavanaugh at 773-480-7561 or at our website [www.regimentsecurities.com](http://www.regimentsecurities.com)

## **Business Continuity Summary Regiment Securities, LLC.**

Regiment Securities, LLC. is committed to providing timely service to our clients and recognize the importance of preparing for various disasters or disruption in business that could delay or prevent our Firm from providing service our clients. Our Firm has taken steps to provide for business contingency and continuity planning under a variety of possible scenarios. We are continually monitoring our continuity plans and consider

Our plan considers a number of scenarios including disruption to a single building, or a city-wide or regional business disruption. In the event of a significant business disruption, it may relocate technology and operational personnel to pre-assigned alternate regional facilities and switch technology data processing to an alternate regional data center. Their redundant data centers and alternate processing facilities will help minimize interruptions to our services.

**Contacting Us** – If after a significant business disruption, you cannot contact us as you usually do at 773-480-7561, you can contact us at our cellular telephone numbers which are listed on our business cards.

**Our Business Continuity Plan** – We plan to quickly recover and resume business operations after a significant business disruption and respond by safeguarding our employees and property, making a financial and operational assessment, protecting the firm's books and records, and allowing our customers to transact business. In short, our business continuity plan is designed to permit our firm to resume operations as quickly as possible, given the scope and severity of the significant business disruption.

**Our business continuity plan addresses:** data backup and recovery; all mission critical systems; financial and operational assessments; alternative communications with customers, employees, and regulators; alternate physical location of employees; critical supplier, contractor, bank and counter-party impact and regulatory reporting if we are unable to continue our business. While every emergency situation poses unique problems based on external factors, such as time of day and the severity of the disruption; our objective is to restore our operations and be able to complete existing transactions and accept new transactions within a reasonable time period.

**Varying Disruptions** – Significant business disruptions can vary in their scope, such as only our firm, a single building or unit housing our firm, the business district where our firm is located, the city where we are located, or the whole region. Within each of these areas, the severity of the disruption can also vary from minimal to severe. In a disruption to only our firm or a building housing our firm, we will transfer our operations to a local site when needed and expect to recover and resume business within a few hours. In a disruption affecting our business district, city, or region, we will transfer our operations to a site outside of the affected area and recover and resume business within a day. In either situation, we plan to continue in

business, transfer operations to our clearing firm if necessary, and notify you through our phone system or our customer emergency number, how to contact us. If the significant business disruption is so severe that it prevents us from remaining in business, we will assure our customer's prompt Access to their funds and securities.

**For more information** – If you have questions about our business continuity planning or would like a copy of the complete Business Continuity Plan for Regiment Securities, LLC, please contact us directly at 773-480-7561.

## **Privacy Policy**

We collect nonpublic personal information about you from the following sources:

### **Categories of Information Regiment Securities, LLC/Regiment, LLC Collects**

Regiment collects the following nonpublic personal information about you:

- Information Regiment receives from you from the following sources: Information we receive on applications, subscription documents or other forms, correspondence, or conversations (such as your name, address, phone number, social security number and date of birth); and
- Information about your transactions with Regiment, their affiliates, or others (such as your account number and balance, payment history, parties to transactions, cost basis information, and other financial information).

### **Categories of Information Regiment Discloses**

Regiment does not disclose any nonpublic personal information about their current or former clients or accounts to unaffiliated third parties, except as required or permitted by law. Regiment is permitted by law to disclose all of the information they collect, as described above, to their service providers (such as the clearing firm) to process your transactions and otherwise provide services to you.

### **Confidentiality and Security**

Regiment restricts access to your nonpublic personal information to those persons who require such information to provide products or services to you. Regiment maintains physical, electronic, and procedural safeguards that comply with federal standards to guard your nonpublic personal information.

## REGIMENT SECURITIES, LLC

### REGULATION BEST INTEREST DISCLOSURE

This document is intended to provide a brief overview and explanation of important information regarding your brokerage account relationship with Regiment Securities, LLC, (“Regiment”), and how Regiment’s affiliates, Regiment, LLC, and FinTech Ranger can interact with you and Regiment Securities to provide additional non-brokerage services to your account. We encourage you to review this information carefully, along with any applicable account agreement(s) and disclosure documentation you may receive from us.

As you review this information, we would like to remind you that we are registered with the U.S. Securities and Exchange Commission (SEC) as a broker/dealer, providing brokerage services. Our brokerage services are the primary focus of this document. This document contains important information about the types of services we offer along with general information related to compensation, conflicts of interest, disciplinary action, and other reportable legal information. Please carefully review and consider the information in each section below.

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#### DEFINED TERMS

For purposes of this Regiment Securities investing document, the terms “Regiment”, “we,” “us” and “our” refer to Regiment Securities. Regiment Securities is a broker/dealer registered with the U.S. Securities & Exchange Commission (“SEC”), a member of the Financial Industry and Regulatory Authority (“FINRA”) and the Securities Investor Protections Program (“SIPC”).

The terms “Account Holder,” “you” and “your” refer to the owner of a mutual fund account, variable annuity, or transaction held directly by the insurance company, investment company, or issuer. For joint accounts, these terms refer to all owners, collectively, and individually. For accounts owned by entities, such as trust or business accounts, these terms refer both to the entity and to all beneficial owners of the account and all persons authorized to transact with the account.

The term “Regiment LLC,” refers to Regiment Securities affiliated parent company. Regiment, LLC. does not provide brokerage services but may service you by a separate contractual agreement with you for non-securities related business.

The term “FinTech Ranger, LLC.” refers to Regiment Securities affiliated company. FinTech Ranger does not provide brokerage services but may service you by a separate contractual agreement with you for non-securities related business.

Regiment Securities is a limited purpose broker/dealer and we do not hold customer funds or securities. Custody of securities held in your account is maintained directly with a mutual fund company, insurance (annuity) company, or directly with an issuer in an underwriting or private placement.

## YOUR BROKERAGE RELATIONSHIP WITH REGIMENT SECURITIES

Regiment Securities offers limited brokerage services and products to retail customers<sup>1</sup>. In acting as your broker/dealer, Regiment Securities and its account representatives are acting as your agent. Under applicable laws, rules, and regulations, when making investment recommendations to retail customers, Regiment Securities and other securities brokers have a duty to act in your best interest. Acting in your best interest, however, is not the equivalent of acting in a traditional fiduciary relationship and when acting in their capacities as your securities and insurance broker, Regiment Securities and its account representatives have conflicts of interest with respect to their investment recommendations and other relationships with you and other companies such as mutual funds and other investment providers we represent. All recommendations regarding purchases will be made by your Regiment Securities representative in a broker/dealer capacity only. Brokerage accounts are different from advisory accounts.

You will pay Regiment and/or your Regiment representative for services Regiment provides to you through sales commissions and payments Regiment receives from third parties. Based on the nature of your investments, Regiment receives direct or indirect compensation in connection with the services Regiment provides to you.

Please see the materials which follow as well as the additional material referenced in this document for additional information or ask your Regiment representative to answer any questions you may have about our obligation to make investment recommendations in your best interest and/or our conflicts of interest in making such recommendations.

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<sup>1</sup> The term “retail customers” refers to natural persons and the individual legal representatives of such natural persons. This term does not apply to institutional accounts (including corporations, partnerships, institutional trust accounts, etc.) and other accounts which are not subject to laws, rules, and regulations applicable only to retail customers. Accounts other than retail customer accounts, however, remain subject to all other applicable laws, rules, and regulations.

Your brokerage relationship with Regiment is a transactional relationship and unless all parties expressly agree otherwise in writing:

- I. Regiment Securities and its Representatives have no discretionary authority to buy, sell, or otherwise transact investments or other assets on your behalf (or otherwise directly with an investment provider; and
- II. After each transaction is made directly with the investment provider, issuer, or by you or any other agent who is authorized to transact business on your behalf, we will not have any continuing or ongoing obligation to review or make recommendations unless agreed upon by you, for the investment of securities, cash, annuities, insurance policies, or any other form of investment held.

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## **AVAILABLE INVESTMENT OPTIONS**

Mutual funds, annuities, and certain other unlisted investments available to Regiment customers are limited to investments which whose sponsors or affiliates have contracted directly with us to provide selling agency and other 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. Our platform does not include all possible investments. Commission rates, mutual fund share classes, and other investments available to you through our platform will vary in accordance with the type of account relationship with Regiment.

## **REGIMENT SECURITIES BROKERAGE RELATIONSHIP**

When you enter into a brokerage relationship with Regiment, we are acting as your agent to complete securities and other investment transactions at your direction and on your behalf, Regiment Securities and/or your Regiment account representative will provide you with the investment recommendations and other services which are tailored to your specific investment goals and circumstances.

Your brokerage relationship with Regiment means you are eligible to invest in securities in which we offer based on your investment goals. Availability of investments will vary over time. Regiment 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 clients.

## CASH ACCOUNTS

We only offer our services through a cash brokerage account which is held at the mutual fund or annuity company. Any direct investments such as private placements, mergers and acquisitions, and other direct investments are paid for in cash directly to the issuer or sponsor. In a cash brokerage account, you must pay for your purchases in full at the time of purchase. We do not offer margin account or marginable securities.

## INCIDENTAL BROKERAGE SERVICES, RECOMMENDATIONS AND ACCOUNT MONITORING

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

It is important for you to understand that when our account representative makes a brokerage recommendation to you, we are obligated to ensure the recommendation is in your best interest, considering reasonably available alternatives, and based on your stated investment objective, risk tolerance, liquidity needs, time horizon, financial needs, tax status, and other financial information you provide us. You may accept or reject any recommendation. It is also your responsibility to monitor the investments in your brokerage account, and we encourage you to do so regularly. We do not commit to provide on-going monitoring of your brokerage account. We occasionally, and without any formal agreement or obligation, review your brokerage account to determine whether to recommend investments. If you prefer on-going monitoring of your account or investments, you should speak with your account representative about whether an investment advisory relationship is more appropriate for you.

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

## ACCOUNT MINIMUMS AND ACTIVITY REQUIREMENTS

There is no minimum initial account balance required to open a brokerage account with us. However, if you either fail to fund your account or do not return account opening documents as required, your account will be closed. In addition, some types of brokerage accounts have minimum account activity requirements and/or minimum on-going balance requirements that must be maintained, or your brokerage account will be closed. These requirements are detailed in the account agreement(s) you receive when/if you open your brokerage account. You should also understand that our financial professional may have their own minimum account balance requirements for the brokerage accounts they service. For example, a dedicated financial professional may choose to service only those brokerage account clients who satisfy account-specific or total household asset conditions. Minimum asset requirements are disclosed to you orally by your financial professional.

## INVESTING IN MUTUAL FUNDS

Before investing in mutual funds, you should consider the type of mutual fund that is right for you based on your own investment objectives, risk tolerance, time horizon and relative to each strategy's objectives, process, performance, and expense structures which vary across funds and fund families. This document is designed to help you make an informed decision about your investment planning. It is important that you read this document, the prospectus, and disclosure documents of any mutual funds you are considering. Please make sure you talk with your Account Representative so he/she can help you fully evaluate your options. This document explains the costs associated with different share classes, compensation cost and discounts that are available to you.

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### MUTUAL FUND FEES & EXPENSES

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.

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### SALES CHARGES

Sales charges are levied on either front-end or the back end of a mutual fund transaction that includes Regiment and your Regiment representative. Front-end charges are levied when you purchase certain classes of shares. Front-end sales charge fees may be charged and paid to us and your financial professional when you purchase a mutual fund. The front-end sales charge is deducted

from the initial investment on certain share classes. Some purchases may qualify for a reduced front-end sales charge due to breakpoint discounts based on the amount of transaction and rights of accumulation. In addition, some purchases may qualify for a sales charge waiver based on the type of account, and/or certain qualifications within the account. You should contact your financial professional to determine if you are eligible for sales charge waivers.

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 period. This charge typically exists only on share classes that do not have a front-end sales charge. CDSCs are not charged when you purchase a mutual fund. A CDSC is not passed on to your financial professional. You can find a description of the amount and payment frequency of all fees and expenses charged and paid by the mutual fund in the prospectus. Fees and expenses disclosed in the mutual fund’s prospectus are charged against the investment values of the mutual fund. When choosing a mutual fund, you want to ask about sales charges and take the type of charge into consideration based on your investment goals.

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## OPERATING EXPENSES

Fund operating expenses include management fees, SEC Rule 12b-1 fees<sup>2</sup>, the costs of shareholder communications and other expenses. 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 the mutual fund investment returns. The fund’s prospectus will provide you with a record of the funds expense ratio, so that you can compare the expense costs of various funds.

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## CLASSES OF SHARES

**Class A Shares** generally carry front-end sales charges. These are deducted from your initial investment. The front-end charge can range from 0.00% to 5.75%. A shares typically charge annual 12b-1 fees of 0.25%.

- **Breakpoint Discounts:** Most Class A shares 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.”

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<sup>2</sup>The fund company takes 12b-1 fees out of the fund’s assets each year for marketing and distribution expenses, which includes compensation to Regident and its account representatives, as set forth in the mutual fund’s prospectus.

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

**Class B shares** do not generally 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 to eight years. In most cases, Class B shares convert to A shares at this point.

**Class C Shares** do not generally carry a front-end sales charge and generally impose a lower CDSC, often 1 percent for a year. C shares typically charge an annual 12b-1 fee of 0.50% to 1%. In most cases there is also a CDSC.

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## **SALES CHARGES, 12B-1 FEES AND OTHER COMPENSATION & CONFLICTS OF INTEREST**

Some funds carry higher sales charges or operating expenses than others. This creates an incentive for AC representatives to sell certain funds because the higher the sales charge and/or operating expenses level will result in a higher compensation amount to the Regiment representative.

Regiment mitigates this conflict of interest by disclosing it to clients and by supervising Regiment representatives' investment recommendations. However, Regiment cannot eliminate this conflict as it is inherent in the business model of a typical securities broker to be compensated in connection with its brokerage services.

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## **OTHER MUTUAL FUND SHARE CLASSES**

Additionally, there are other share classes of funds including but not limited to no load funds, institutional share classes, or retirement share classes that may be available through mutual fund companies. Some mutual funds discounts, fee waivers or different share classes are not available at Regiment and are available only if you purchase directly from the mutual fund company, or its distributor or through financial intermediaries other than Regiment Securities. Regiment does not recommend shares classes of mutual funds to its clients other than as set forth above.

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## **REGIMENT SECURITIES AND YOUR ACCOUNT REPRESENTATIVE'S COMPENSATION**

Mutual Fund share class available for purchase in connection with Regiment Securities' brokerage relationship are limited to Class A shares, Class C shares and other similar share classes which compensate Regiment and your Regiment account representative. 12B-1 fees and shareholder

service fees charged to the operating expenses of each mutual fund and are indirectly paid by you through the mutual funds' internal expense ratio. These charges increase the mutual funds expenses and correspondingly reduce your investment returns associated with such investments.

Regiment Securities receives payments for shareholder services, and other services provided to some, but not all, mutual fund families. Your Regiment representative receives a portion of the compensation received by Regiment Securities. Your Regiment representative's compensation is generally based on a compensation formula applies 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. The fund family administers these fees/payments. Ongoing payments on mutual funds (known as residuals or trails) that are set by the fund family are also paid to Regiment Representatives. Regiment Securities does not accept 12B-1 fees on qualified accounts (retirement accounts). The 12B-1 fees received on retirement accounts by Regiment are credited back to each client's retirement plan.

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## **CONFLICTS OF INTEREST RELATED TO MUTUAL FUNDS**

The compensation Regiment Securities and its Representatives receive in connection with brokerage account investments in certain mutual funds and share classes creates a conflict of interest and incentive for Regiment to not offer certain mutual funds and share classes to its clients which do not offer similar compensation to Regiment. Regiment mitigates this conflict of interest by disclosing it to its clients but cannot eliminate this conflict as it is inherent in the business model of a typical securities broker/dealer to be compensated in connection with its mutual fund distribution and brokerage services. Except with respect to purchases of share classes which do not compensate Regiment for distribution expenses, Regiment does not charge a transaction fee or commission in connection with mutual fund investments.

## **INVESTING IN VARIABLE ANNUITIES**

This section is designed to help you make an informed decision as to whether an annuity is the right investment for you. You should read this information carefully and in conjunction with the policy documents, disclosure materials and/or prospectus of any annuity you are considering. You should also talk to your Regiment Representative, who can help you evaluate your options.

An annuity is a contract issued by a life insurance company that provides or more investment choices and allows your money to grow tax deferred until it is withdrawn. In return for the premiums you pay, the issuing insurance company pledges to return your funds in the future-including earnings if

occurred<sup>3</sup> or make a series of guaranteed period payments (called annuitization) to you or anyone else you specify. Annuities can be purchased by making a single payment or by making a series of payments over time. Guarantees, including interest rates and subsequent income payouts are backed by the claims-paying ability of the issuing company.

You can access the money you invest in an annuity by (a) surrendering your contract, (b) making one or more partial withdrawals, (c) electing to receive partial periodic payments. Since annuities are a tax-deferred investment, withdrawing funds generally have tax consequences. Withdrawals from annuities are taxed as ordinary income, which can be a higher rate than other investment products, and surrenders or withdrawals prior to 59 ½, unless otherwise provided by the federal tax code will incur a 10% IRS tax penalty in addition to federal income tax and possible state and local governments. In addition, most annuity contracts include surrender charges for early withdrawals (see surrender charges below).

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## **ANNUITY FEES & EXPENSES**

Like most investments, there are certain charges and fees associated with annuities. The policy documents, disclosure materials, and/or prospectus of each annuity will describe the charges you pay, including annual operating expenses.

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## **SURRENDER CHARGES**

Surrender charges are assessed for early withdrawals since annuities are designed for long term investing. Surrender charges are usually calculated as a percentage of the purchase payment withdrawn and decline gradually over the surrender charge period. Surrender charges can range from as high as 8% in year one. The surrender charge generally decreases over a period of time. Additional purchase payments usually begin a new surrender charge period applicable to those payments, so new purchase payments will in most cases extend the surrender charge period on your investments beyond the original surrender charge period established at the purchase date. Most annuities allow you to withdraw a part of your account value each year without paying a surrender charge. In addition, many annuities allow you to withdraw all or part of your account value without paying a surrender charge if certain life events occur. The availability of a waiver of surrender charges in case of such events and the requirement for eligibility will depend on the individual annuity contract.

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<sup>3</sup> Annuities can have either fixed or variable features. Variable annuities are subject to risk, which means the value of your investment could decrease below or increase above the initial investment.

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## **VARIABLE ANNUITY FEES AND EXPENSES**

Variable Annuities also have general fees and expenses, in addition to the provisions for surrender charges discussed above, that you should be aware of. These fees and expenses cover the costs of issuing and maintain the annuity contract on an ongoing basis and influence the value of your account and return of investment. All fees, expenses, and charges for any variable annuity that you are considering are described in the prospectus for that annuity. Regiment is paid a commission for selling the variable annuity to you and the insurance company's costs include paying this commission. Types of variable annuity fees include mortality and expense charges and administrative fees (M&E&A), an annual account maintenance fee, sub-account expenses including investment advisory fees and fees for special product features and other charges. M&E&A charges typically range from 1.10% to 1.5%. Fees for annual account management range from \$0 up to \$100 annually depending on the assets invested and maintained in a contract. Fees for asset management and subaccount maintenance range from 0.35% to 2%.

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## **VARIABLE ANNUITY FEATURES**

Variable Annuities offered through Regiment offer many features worth considering. These features may be included as part of your contract, or they could be optional riders that you can elect at the time of purchase or in the future. Optional features typically carry an additional annual charge, expressed as an annual percent of either the account value or the benefit base value. You should carefully consider these features before selecting since often you are not able to change your initial selection later. These features offer additional benefits that can be valuable to you and help you in meeting your investment goals. They do not guarantee against day-to-day market fluctuations and can be affected by the subsequent additions or withdrawals during the accumulation phase of your contract. The guaranteed features like all insurance company guarantees are ultimately subject other claims paying ability of the issuing insurer. Variable Annuities are subject to investment risk, which means the value of your investment could decrease below or increase above the initial investment amount.

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## **COMPENSATION TO REGIMENT SECURITIES**

Regiment Securities and your Regiment Representative are compensated when you purchase an annuity through Regiment. This compensation as described below, can vary based on the type of annuity, the issuing insurance company, and the amount invested.

Under the agreement with each insurance company, Regiment is paid a commission for selling the company's annuity products-based on the type of annuity and the amount of your annuity purchase payments. Your Regiment Representative receives a portion of this payment.

Regiment also receives ongoing payments, known as residual or trail commissions, on invested assets that are held in your variable annuity to compensate for ongoing servicing. The insurance company sets these ongoing payments, and Regiment generally pays a portion of these commissions to your Regiment Representative.

Annuity commissions are determined by the type of annuity product and the amount the corresponding insurance carrier decides to offer. For Regiment, such commission amounts range from 1% to 5%, and trail payment amounts range from 0.25% to 1%. Typically, higher paying commission options offer low trail commissions. Conversely, lower paying commission amounts typically offer higher trail commission amounts. Certain annuity contracts offer multiple share class options which can impact pricing and availability of certain insurance benefits.

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## **REGIMENT SECURITIES AND REGIMENT REPRESENTATIVES' ANNUITY COMPENSATION, CONFLICTS OF INTEREST**

Some insurance companies pay Regiment and your Regiment Representative higher compensation than other companies for sales of annuities. This creates an incentive for Regiment Representatives to sell certain annuities because the recommendation of a particular annuity will result in a higher compensation amount to a Regiment Representative than the recommendation of another annuity type. Regiment mitigates this conflict of interest by disclosing it to our clients and by supervising Regiment Representative's annuity recommendations. However, Regiment cannot eliminate this conflict of interest as it is inherent in the business model of a typical insurance broker to be compensated with its annuity brokerage services.

## **INVESTING IN ALTERNATIVE INVESTMENTS (PRIVATE PLACEMENTS)**

Alternative Investments are securities products such as private placements, private equity funds, hedge funds, venture capital, and real estate funds. Alternative Investments are more complex than traditional investment vehicles. They often have higher fees associated with them and are more volatile than traditional investments such as stocks, bonds, and mutual funds. The majority are invested in illiquid investments making them difficult to exit and price on a regular basis. Alternative Investments is a private alternative to issuing, or selling, a publicly offered security as a means for raising capital. In a private placement, both the offering and sale of debt or equity securities is made between a business, or issuer, and a select number of investors. There may be as few as one investor for any issue. The three most important features that would classify a securities issue as a private placement are:

1. The securities are not publicly offered.
2. The securities are not required to be registered with the SEC.
3. The investors are limited in number and must be “accredited”

Companies, both public and private, issue in the private placement market for a variety of reasons, including a desire to access long-term, fixed-rate capital, diversify financing sources, add additional financing capacity beyond existing investors (banks, private equity, etc.) or, in the case of privately held businesses, to maintain confidentiality. Since private placements are offered only to a limited pool of accredited investors, they are exempt from registering with the Securities and Exchange Commission (SEC). This affords the issuer the opportunity to avoid certain costs associated with a public offering as well as allows for more flexibility regarding structure and terms. Investments in private placements are highly speculative and involve a high degree of risk. Interests should not be purchased by any person who cannot afford the loss of the entire investment.

We only offer and recommend securities that are part of a private offering in which Regiment is part of the underwriting syndicate or selling group or has otherwise been engaged by the issuer as placement agent or in a similar capacity to offer and sell the securities. As an integral part of any new issue offering, Regiment serves as an underwriter or placement agent under the federal securities laws for the transactions it participates in and performs pricing, due diligence, and allocation functions as part of the offering.

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## **ALTERNATIVE INVESTMENTS FEES & EXPENSES**

Our Firm performs due diligence for each type of alternative investment in which our Firm and Account Representatives participate. As part of our due diligence, we perform an analysis of each alternative investment to determine if the investment would be suitable for our clients. As each alternative investment is structured differently, the fees and commissions we earn on each sale are disclosed in the offering documents for the specific investment. These fees can range from 0.0% to 9% and is paid by the Sponsor directly to Regiment and does not come out of your investment. Your Account Representative is not compensated from this fee. Your Account Representative is paid fees by Regiment Securities that range from 0% to 7%. Depending on the product sponsor, sometimes the fee your Account Representative receives may be deducted from your initial investment into the fund. Any ongoing fees or upfront commission paid to us will vary based on the particular interest or share class selected. You should make sure you talk to your Account Representative regarding the fees, expenses, and risks prior to investing in an alternative investment.

At times, Regiment Securities may receive warrants, shares, or options in a particular issuer as a form of compensation. This is paid to us by the Issuer and disclosed in the private placement memorandum

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## **REGIMENT SECURITIES AND REGIMENT REPRESENTATIVES' ALTERNATIVE INVESTMENT COMPENSATION, CONFLICTS OF INTEREST**

To the extent alternative investments provide differing levels of compensation to Regiment Securities and your Regiment Representative, this creates a conflict of interest as your Account Representative may be incentivized to favor one alternative investment over another. Regiment discloses this conflict of interest to you and supervises your Representative's recommendations with respect to alternative investments to ensure one investment is not favored over another. Additional information is provided in each alternative investment's prospectus or other offering material regarding the fund's structure, fees, expenses, and risks. We encourage you to fully read the prospectus or offering material prior to purchasing shares of an alternative investment.

At times, Regiment Securities and/or its Registered Persons may buy securities for their own accounts in private placements that Regiment Securities has also participated in the capital raising activities. This presents a conflict of interest. In any instance where our Representatives are purchasing the same securities as we are offering to clients, Regiment Securities will uphold its fiduciary duty by always transacting on behalf of its clients before transacting for the Representative's own benefit. It is the policy of Regiment Securities that registered persons must avoid securities transactions and activities for their own accounts that might conflict with or be detrimental to the interest of a client.

To the extent Registered Persons are aware of capital raising activities in a particular issue, he/she will make every effort to trade in their own accounts only after orders for clients are filled first. To mitigate or remedy any conflicts of interest, Regiment will collect and monitor proprietary and personal trading reports for adherence to the Firm's procedures. Regiment Securities will document any transactions that present conflicts of interest and will implement procedures designed to ensure that personal trading activities will not disadvantage the issuer or any client.

Regiment Securities may also participate in private placements for hedge funds in which our affiliate, Regiment, LLC, may act as the sponsor of the fund. This creates a conflict of interest as it may incentivize our Firm or Registered Persons to sell these funds over other funds that may be available. In these cases, Regiment Securities and Registered Persons will be compensated for investors they bring to the fund and will also receive compensation from the issuer. In order to

mitigate this conflict, the Firm will ensure there is full disclosure within the private placement memorandum, disclose this conflict, and will monitor the sales in the fund to ensure our Firm and its Registered Persons acted in the best interest of the customer and any recommendations made were suitable.

## **CAPITAL MARKETS-UNDERWRITING OF IPOS**

An equity/debt syndicate (an “Equity/Debt Syndicate”) is a group of underwriters who jointly underwrite equity or debt securities (both initial public offerings and follow-on offerings). The Syndicate purchases the securities from the issuer or selling shareholder, and then resells the securities to investors. Numerous factors, both fundamental and technical, are taken into consideration by the Equity Syndicate when determining the price of the offering.

We only offer and recommend securities that are part of a public offering in which Regiment is part of the underwriting syndicate or selling group or has otherwise been engaged by the issuer as placement agent or in a similar capacity to offer and sell the securities. As an integral part of any new issue offering, Regiment serves as an underwriter or placement agent under the federal securities laws for the transactions it participates in and performs pricing, due diligence, and allocation functions as part of the offering. Regiment Securities only makes available to customers syndicate offerings where Regiment is a syndicate participant on a best-efforts basis.

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## **INITIAL PUBLIC OFFERING**

An initial public offering (“IPO”) generally refers to the first time a company offers its shares of capital stock to the general public. Public companies are subject to strict rules and regulations prior to, during, and after an IPO, such as regular financial information reporting. Public companies have thousands of shareholders and a board of directors that oversees the operations of the company. In the United States, public companies report to the SEC.

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## **SPECIAL PURPOSE ACQUISITION COMPANY**

A Special Purpose Acquisition Company (“SPAC”) is created to raise money from investors on the premise that the sponsor of the SPAC will, in the future, identify and acquire another, usually privately held, company. Before the target company is acquired, the SPAC acts as a pool of capital, and if a target company is not identified during a specific period, investors typically receive their money back. These investments may be appropriate for various types of retail investors, including as a component of a diversified portfolio. However, because of this “money back” feature, during times of heightened market volatility, retail investors may view SPACs as a relatively safe investment option, even though the structure and strategy of a SPAC may present complex risks. Those risks may include potential conflicts of interest caused by the compensation structure and in combination with

the “money back” feature. Retail investors should take any such risks into account in determining whether to invest in a SPAC or another type of structured investment vehicle.

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## **FOLLOW-ON OFFERING**

A follow-on offering is an issue of stock that occurs after a company is already public. As discussed in more detail below, a follow-on offering can be dilutive, meaning that the newly issued shares lower a company’s earnings per share, or non-dilutive. A company looking to offer additional shares in a public offering will register the offering with regulators and provides a prospectus for the offering. Unlike an IPO, for which there is no pre-existing market for the shares being sold in the offering, in a follow-on offering, the price per share of a follow-on offering is market driven. The price per share of a company’s stock in a follow-on offering is typically offered at a small discount from the closing market price per share on the day of the transaction. A follow-on offering can be either dilutive or non-dilutive. A dilutive follow-on offering occurs when a company wants to raise additional funding in the public market. The company will issue additional shares, but the value of the company remains the same. This increases the amount of outstanding shares and, therefore, decreases the earnings per share. The capital raised from a dilutive follow-on offering can be allocated to pay down debt and change a company’s capital structure or used for other corporate purposes. A non-dilutive follow-on offering occurs when existing privately held shares, usually held by company founders, directors of the board or pre-IPO investors, are subsequently sold on the open market. The cash proceeds go directly to the shareholder selling the shares and not to the company itself. Since no new shares are issued, the company’s earnings per share remain unchanged. The marketing time periods for follow-on offerings vary. Some may be announced several days prior to the pricing, others may be announced only the night before pricing.

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## **COMPENSATION RECEIVED FROM IPOs & CONFLICTS OF INTEREST**

Regiment may receive compensation in the form of an “underwriting spread” for participation in an IPO or follow-on offering. This compensation reflects the difference between amounts paid by the underwriters to the issuer or selling shareholder and the offering price paid by investors. This compensation is paid indirectly by investors when they pay for the shares they receive.

There is an underwriting discount included in the offering price (which is the price you pay) that varies based on the security. Underwriting discounts range from 0.05% to 7.00% depending on the new issue offering and type of securities being offered. The prospectus cover page will list the actual amount of the underwriting discount for the offerings. Representatives receive as compensation a portion of the underwriting discount paid to Regiment for the new issue offering.

We have conflicts of interest when one of our affiliates acts as an issuer, placement agent, underwriter, dealer, or structurer or otherwise have a financial interest. Regiment and our affiliates are compensated in connection with new issue offerings, and we have an incentive to recommend

these transactions to you. When Regiment is part of the underwriting syndicate or selling group or has otherwise been engaged by the issuer as placement agent or in a similar capacity to offer and sell the securities, Regiment is compensated when you purchase securities we recommend. A portion of the underwriting compensation or placement fees that Regiment receives is used to compensate us and our Representatives for our efforts relating to the sale of the product. From time to time, certain securities, that we make available and recommend in new issue offerings are issued by our Affiliates.