

Brokerage & Insurance

Conflicts of Interest Disclosures

October 6, 2021

Fifth Third Securities, Inc. is a registered broker-dealer, member [FINRA/SIPC](http://www.FINRA.org) (www.SIPC.org), and a registered investment adviser with the U.S. Securities and Exchange Commission ([SEC](http://www.SEC.gov)). For more information see finra.org and brokercheck.finra.org.

Table of Contents

1	INTRODUCTION	2
2	DEFINED TERMS	2
	2.a. <i>Brokerage Account</i>	3
	2.b. <i>Financial Professional.....</i>	3
	2.c. <i>Principal Supervisor.....</i>	3
	2.d. <i>Retail Customer</i>	3
3	CAPACITY	3
4	LIMITATION OF PRODUCTS & SERVICES	3
	4.a. <i>No Ongoing Monitoring in Any Brokerage Account or Insurance Annuity.....</i>	3
	4.b. <i>Limitations of Certain Financial Professionals</i>	4
	4.c. <i>Limitation of Products and Types of Products as Compared to other Firms</i>	4
	4.d. <i>Limitation of Products that can be Recommended by Financial Professionals.....</i>	4
	4.e. <i>Limitation of Recommendations Regarding Fifth Third Bancorp</i>	5
	4.f. <i>Limitation of Marijuana Related Businesses' Stocks & Exchange Traded Funds (ETFs).....</i>	5
	4.g. <i>Limitation of Securities Believed to Being Manipulated or Used in Criminally Related Activities</i>	5
	4.h. <i>Limitation of Direct Accounts</i>	5
	4.i. <i>Limitation of Products through NFS' MyWealthscape Website</i>	5
	4.j. <i>Limitation of Products and Services in Direct and Insurance Accounts</i>	6
	4.k. <i>Minimum Initial and Ongoing Brokerage Account Balances.....</i>	6
	4.l. <i>Minimum Investment Amounts</i>	6
	4.m. <i>Product Limitations Based on Age, Liquid Net Worth, or State of Residency</i>	6
5	HOW FTS IS COMPENSATED AND RECEIVES REVENUE	7
	5.a. <i>Transaction-Based Compensation</i>	8
	5.b. <i>Revenue from Third Parties.....</i>	8
	5.c. <i>Marketing and Educational Support.....</i>	9
	5.d. <i>Revenue and Credits from National Financial Services, LLC.....</i>	10
	5.e. <i>Principal Trading</i>	11
	5.f. <i>Underwriting Activities.....</i>	11
6	HOW YOUR FINANCIAL PROFESSIONAL IS COMPENSATED	12
	6.a. <i>Transaction-Based Compensation & Conflicts Related to Products Recommended</i>	12
	6.b. <i>Compensation Tiers</i>	19
	6.c. <i>Transactions in Accounts Below \$25,000 and Households Below \$50,000</i>	20
	6.d. <i>Referral Compensation.....</i>	20
	6.e. <i>Bonuses & Performance Based Compensation</i>	20
	6.f. <i>Recruitment Compensation</i>	20
	6.g. <i>Bank Compensation.....</i>	20
	6.h. <i>Investment Advisory Fees</i>	21
	6.i. <i>Insurance Compensation</i>	21
	6.j. <i>Outside Business Activities</i>	21
7	HOW PRINCIPAL SUPERVISORS ARE COMPENSATED	21
8	NON-CASH COMPENSATION	22
	8.a. <i>Gifts.....</i>	22
	8.b. <i>Business Entertainment.....</i>	22
	8.c. <i>Benefits</i>	22
	8.d. <i>Marketing & Educational Support.....</i>	22
	8.e. <i>Recognition and Awards</i>	22

9	PRODUCTS & SERVICES OFFERED BY AFFILIATED ENTITIES OF FTS	23
9.a.	<i>Fifth Third Bank Deposit Program - Core Money Market Option</i>	23
9.b.	<i>Fifth Third Insurance Agency, Inc.</i>	23
9.c.	<i>FTB PCS & IM&T Accounts.....</i>	23
9.d.	<i>FTB Products.....</i>	24
10	DISCIPLINARY INFORMATION.....	24

1 [Introduction](#)

About Fifth Third Securities, Inc.: Fifth Third Securities, Inc. (“FTS”) is a broker-dealer registered with the U.S. Securities and Exchange Commission (“SEC”) and member of the Financial Industry Regulatory Authority (“FINRA”). FTS is also registered as an investment adviser and a municipal advisor with the SEC. FTS operates across the United States and offers securities, investment products, and investment advisory services in all 50 states, Puerto Rico, and the District of Columbia. **About Fifth Third Insurance Agency, Inc.:** Fifth Third Insurance Agency, Inc. (“FTIA”) is an insurance agency registered in 49 states, all states except the State of New York. Therefore, FTS and FTIA do not solicit insurance products, including variable annuities and variable universal life accounts for clients who reside in the state of New York. FTS and FTIA (both firms collectively referred to as “we,” “us,” or “our”) are direct wholly-owned subsidiaries of Fifth Third Bank, National Association (“FTB”), a full-service bank.

This *Brokerage & Insurance Conflicts of Interest Disclosures* document contains information about certain business practices, compensation, and conflicts of interest related to the brokerage business of FTS for retail customers (as defined in the section titled *Defined Terms*). This *Brokerage & Insurance Conflicts of Interest Disclosures* document is not intended to discuss the activities of FTS that are related to our capital markets and investment banking businesses unless those activities involve retail customers. Additional information about FTS and our Financial Professionals (as defined in the section titled *Defined Terms*) is available on FINRA’s website at <http://brokercheck.finra.org>.

This disclosure document, *Brokerage & Insurance Conflicts of Interest Disclosures*, is specific to FTS’ Broker-Dealer accounts and services and does not include the investment advisory accounts and services offered through FTS. Additionally, this disclosure document, *Brokerage & Insurance Conflicts of Interest Disclosures*, is specific to FTIA’s offering of annuities and does not include other non-annuity insurance, such as, term life, whole life, disability income, universal life insurance, and long-term care insurance (with the exception of long-term care annuities).

Since the investment advisory accounts and services provided by FTS under our registered investment advisor are materially different than our brokerage accounts and services, disclosures specific to our investment advisory services are discussed in separate disclosure documents. Please refer to our *Passageway Managed Account Wrap Fee Program Brochure (ADV Part 2A, Appendix 1)* and our *Fifth Third OptiFi Managed Account Program Brochure (Form ADV Part 2A)* for important information about the investment advisory accounts and services offered by FTS. Both disclosure documents can be requested from your Financial Professional or found at 53.com/ftsdisclosure.

2 [Defined Terms](#)

We have written this *Brokerage & Insurance Conflicts of Interest Disclosures* document in a manner that doesn’t require an extensive knowledge of the financial services industry. However, in order to help ensure there is clarity on certain key terms that are used in this document, we have provided descriptions for the following terms:

2.a. **Brokerage Account**

Any account for a retail customer through FTS' broker-dealer. This would include, but would not be limited to, brokerage accounts opened through and held at National Financial Services, LLC ("NFS"), direct accounts held at an investment company (a/k/a mutual fund company), 529 Plan accounts, and variable insurance contracts held at an insurance company, such as, a variable annuity, variable universal life, and variable life insurance.

The Brokerage Account definition does not include investment advisory accounts in FTS' Passageway Managed Account Wrap Fee Program, FTS' OptiFi Program, or the Private Client Services ("PCS") account offered and provided through FTS' parent company, FTB. In addition, the definition of a Brokerage Account does not include non-securities related insurance products or contracts. These insurance products would include, but are not limited to, whole life, universal life, long-term care, fixed annuity, index or indexed annuity, equity index or equity indexed annuity, or a fixed index or fixed indexed annuity.

2.b. **Financial Professional**

An FTS and/or FTIA securities registered individual who offers or provides brokerage and/or investment advisory services through FTS to FTS clients or prospective retail customers.

2.c. **Principal Supervisor**

An FTS and/or FTIA employee who is responsible for performing supervisory functions over Financial Professionals. To be a Principal Supervisor overseeing FTS Financial Professionals an individual must pass an exam to obtain an additional license.

2.d. **Retail Customer**

The SEC defines a Retail Customer (referred to throughout this document as "you") as, "A natural person, or the legal representative of such natural person, who: (A) receives a recommendation of any securities transaction or investment strategy involving securities from a broker-dealer; and (B) uses the recommendation primarily for personal, family, or household purposes."

3 Capacity

For all Brokerage Accounts, FTS acts in the capacity of a Broker-Dealer and our Financial Professionals as broker and not in the capacity of an investment advisor.

4 Limitation of Products & Services

4.a. **No Ongoing Monitoring in Any Brokerage Account or Insurance Annuity**

We and our Financial Professionals do not provide ongoing monitoring for your brokerage account, the securities held in your brokerage account, or an insurance annuity after a recommendation has been made. Our best interest obligation (or other applicable higher State standard) to you applies only at the time a recommendation is made. **This means FTS, FTIA, and our Financial Professionals do not have a responsibility to surveil or monitor your brokerage account, the securities held in your brokerage account, or your insurance annuity, even when markets experience turbulent fluctuations or values in your account, a security in your account, or insurance annuity drop significantly.**

If you are seeking ongoing monitoring in your account, you can contact your Financial Professional regarding establishing an investment advisory account relationship, such as, our Passageway Management Account Wrap Fee Program. However, FTS does not provide investment advisory management services on insurance products, including insurance annuities.

4.b. Limitations of Certain Financial Professionals

We offer a wide range of investment products to help meet your financial needs. However, not all of our Financial Professionals can offer all of the Brokerage Accounts, insurance, and services. Specifically, individuals in Licensed Personal Banker (also known as Investment Representative), Preferred Relationship Manager, High Net Worth Specialist, and Senior High Net Worth Specialist roles are unable to offer the investment advisory services of FTS or intraday traded securities. Intraday securities include but are not limited to the following: stocks, preferred stocks, options, warrants, collateralized mortgage obligations, bonds as well as other intraday traded fixed income securities, and other securities traded in the secondary markets.

In addition, Financial Professionals in the Licensed Personal Banker (also known as Investment Representative) and Preferred Relationship Manager roles are prohibited from offering variable insurance products, including, variable annuities, variable life, and variable universal life policies.

Due to the limitations on what can be offered by these Financial Professionals, there is a conflict of interest when these Financial Professionals make a recommendation. However, these Financial Professionals are required to act in your best interest (or other applicable higher State standard) whenever making a recommendation and we help mitigate this conflict by having a separate group of securities registered principals that review the solicited transactions of Financial Professionals and these registered principals do not directly receive compensation from the recommendations made by Financial Professionals. This separate group of securities registered principals will at times use tools and systems designed to aid their reviews based upon various risk-based information.

You should ask your Financial Professional about the investment products or services he/she is licensed or qualified to sell, and the Financial Professional's ability to offer or service investments that you transfer to FTS from another firm.

4.c. Limitation of Products and Types of Products as Compared to other Firms

We offer a wide range of investment products to help meet your financial needs. However, we do not offer the same investment products or product types that may be available through other broker-dealers or insurance agencies. This limitation is due to various reasons that include, but are not limited to, the product company has not passed our due diligence process, we do not have a contract with the product company, the product is not available through the clearing firm we use, National Financial Services, LLC ("NFS"), or the product, product type, or the product company may be outside of our current business model or the amount of risk associated with the company or product.

4.d. Limitation of Products that can be Recommended by Financial Professionals

For mutual funds, closed-end funds, unit investment trusts, exchange-traded products (including exchange-traded funds), variable annuities, variable life, variable universal life, fixed annuities, indexed annuities, immediate annuities, long-term care annuities, we limit which our Financial Professionals can recommend to you. This is a result of our due diligence process associated with these securities and investments.

Additionally, we limit the fixed income investments that can be recommended to you. If the fixed income investment cannot be transacted within our compensation grid, we and our Financial Professionals do not recommend that fixed income investment.

4.e. **Limitation of Recommendations Regarding Fifth Third Bancorp**

FTS and FTIA are wholly-owned subsidiaries of Fifth Third Bank. Fifth Third Bank is ultimately owned by Fifth Third Bancorp. Fifth Third Bancorp is a publicly traded company. As a result of this ownership, this can create a conflict of interest if our Financial Professionals would make recommendations regarding Fifth Third Bancorp. To help mitigate this conflict of interest, FTS prohibits our Financial Professionals from making a recommendation regarding Fifth Third Bancorp stock, which also includes options, preferred stock, and warrants that are associated with Fifth Third Bancorp stock.

4.f. **Limitation of Marijuana Related Businesses' Stocks & Exchange Traded Funds (ETFs)**

Due to current federal law, clients will generally be unable to purchase at FTS the stocks of companies whose primary business is in the sale, distribution, or production of marijuana within the United States. Generally, these companies' stocks can be only liquidated or transferred into or out of an FTS account. Additionally, clients will generally be unable to purchase ETFs whose primary objective is to invest in marijuana related businesses, and these marijuana focused ETFs generally can only be liquidated or transferred into or out of an FTS account.

4.g. **Limitation of Securities Believed to Being Manipulated or Used in Criminally Related Activities**

If FTS or the clearing firm we use, NFS, believes a security is currently being manipulated, has been manipulated (e.g., a pump and dump scheme), or if it is believed that the security is being used or was used by criminals, FTS and/or NFS will limit the transactions available related to these securities. Depending on the circumstances surrounding the security, limitations can include restrictions to purchase, sell, and/or transfer the security or securities. In addition, FTS or NFS can also prohibit the use of margin in the purchase of securities that FTS or NFS believes is a security is currently being manipulated, has been manipulated, or if it is believed that the security is being or was used by criminals.

4.h. **Limitation of Direct Accounts**

We limit the types of accounts that can be opened and maintained directly with an investment company (also known as mutual fund company). We generally refer to these types of accounts as Direct Accounts.

Generally, the limitation is based upon the types of accounts that cannot be held by the clearing firm used by FTS, NFS, or the types of accounts that cannot effectively be handled through NFS. Some examples of Direct Account types that FTS allows include 529 Plans and 401(k) Plans. Brokerage Accounts held at NFS typically have annual maintenance fees and fees for transactions and other services (see our schedule of fees at [53.com/ftsdisclosure](https://www.fts.com/ftsdisclosure)), while Direct Accounts typically do not charge such fees, which can make Direct Accounts less expensive.

FTS limits the types of accounts that can be opened as Direct Accounts because accounts held at NFS have greater availability of products and product types available to clients, and potential for greater efficiency because all the securities are included on one statement and you receive one Form 1099. In addition, FTS has placed this limitation on Direct Accounts because of our ability to more effectively surveil and supervise the activities that occur in an account held at NFS.

4.i. **Limitation of Products through NFS' MyWealthscape Website**

Clients are limited in the types of products they can buy or sell when they are placing the transactions themselves using NFS' mywealthscape.com website. Clients will be unable to place transactions in fixed income investments (both purchases and sells) through the mywealthscape.com website, and clients need to contact their Financial Professional or the FTS' Trade Desk to place a transaction in most fixed income

products. Fixed Income products that a client won't be able to place transactions through the mywealthscape.com website include, but are not limited to, corporate bonds, high-yield bonds, municipal bonds, agency bonds, Ginnie Mae (GNMA) bonds, Fannie Mae (FNMA) bonds, Freddie Mac (FHLMC) bonds, brokered CDs, equity linked CDs, principal protected notes, structured products, U.S. Treasury bonds, U.S. Treasury bills, U.S. Treasury notes, mortgage and asset backed securities, and collateralized mortgage obligations.

4.j. **Limitation of Products and Services in Direct and Insurance Accounts**

Direct Accounts and insurance accounts (e.g., variable annuities, variable universal life, variable life policies, fixed annuities, indexed annuities, long-term care annuities, and immediate annuities) are limited to the investment options made available by the mutual fund company or insurance company with which these accounts are held. This means if there is a specific type of investment or type of investment strategy that is not made available by the mutual fund company or the insurance company then you will not be able to invest in it without moving your money to another account. For example, you will not be able to purchase securities traded on exchanges (e.g., stocks, bonds, exchange-traded funds or notes, etc.).

In addition, certain services are generally not available in Direct Accounts and insurance accounts, such as the use of margin.

4.k. **Minimum Initial and Ongoing Brokerage Account Balances**

FTS does not currently have an initial minimum account size for Brokerage Accounts nor an ongoing minimum account size to maintain a Brokerage Account at FTS. However, FTS generally requires a client to have a minimum initial investment amount of \$50,000 in total Brokerage assets with FTS and to maintain a minimum amount of \$50,000 in total Brokerage assets in order to work with a Financial Professional in-person. A client's total Brokerage assets can be made up of multiple Brokerage Accounts, as long as all of the Brokerage Accounts are with FTS. Clients with Brokerage Accounts' total assets that is below or falls below \$50,000 will generally not have availability to meet with Financial Professionals in-person, but these clients can work with FTS' Central Investment Team. The Central Investment Team is a group of Financial Professionals that are available by telephone.

FTS maintains separate minimum and ongoing requirements for investment advisory accounts. Please refer to our Passageway Managed Account Wrap Fee Program Brochure (ADV Part 2A, Appendix 1) and our Fifth Third OptiFi Managed Account Program Brochure (Form ADV Part 2A) for minimum and ongoing requirements.

4.l. **Minimum Investment Amounts**

Some products impose minimum investment amounts, which precludes purchases under that amount. Purchase minimums can vary by issuer, but they are common in mutual funds (typically between \$250 - \$1,000), variable annuities (typically between \$5,000 – \$10,000), and unit investment trusts (usually the price of 1 unit). However, the minimum investment amounts can be higher. Ask your Financial Professional or refer to the official product offering document, such as the prospectus, if there are minimum purchase amounts applicable to the investment product you are considering purchasing.

4.m. **Product Limitations Based on Age, Liquid Net Worth, or State of Residency**

For certain types of investments, FTS generally prohibits our Financial Professionals from recommending the investment to you due to age restrictions, liquid net worth restrictions, or state of residency of the client.

Fixed or Immediate Annuity Limitations: For fixed and immediate annuities our Financial Professionals will generally not recommend an annuity if you are either: 1) over the age of 85, or 2) if the total amount in annuities (including existing fixed, indexed, and variable annuity contracts), is in excess of 50% of your liquid net worth (the amount you can readily turn into cash). Additionally, our Financial Professionals will not solicit the purchase of a fixed and immediate annuity if you reside in the state of New York nor will our Financial Professionals make recommendations regarding existing fixed or immediate annuities if you reside in the state of New York.

Indexed Annuity Limitations: For indexed annuities our Financial Professionals will generally not recommend an indexed annuity if you are either: 1) over the age of 80, or 2) if the total amount in annuities (including existing fixed, indexed, and variable annuity contracts) is in excess of 50% of your liquid net worth (the amount you can readily turn into cash). Additionally, our Financial Professionals will not solicit the purchase of an indexed annuity account if you reside in the state of New York nor will our Financial Professionals make recommendations regarding existing indexed annuities if you reside in the state of New York.

Variable Annuity Limitations: For variable annuities our Financial Professionals will generally not recommend a variable annuity if you are either: 1) over the age of 75, or 2) if the total amount in annuities (including existing fixed, indexed, and variable annuity contracts) is in excess of 50% of your liquid net worth (the amount you can readily turn into cash). However, for indexed variable annuities, our Financial Professionals will generally not recommend an indexed variable annuity if you are either: 1) over the age of 75, or 2) if the total amount in annuities (including existing fixed, indexed, and variable annuity contracts) is in excess of 35% of your liquid net worth.

Additionally, our Financial Professionals will not solicit the purchase of a variable annuity account if you reside in the state of New York nor will our Financial Professionals make recommendations regarding existing variable annuities if you reside in the state of New York.

Variable Universal Life, Fixed Annuity, Indexed Annuity, Immediate Annuity, and Long-term Care Annuity Limitations: Our Financial Professionals will not solicit the purchase of a new or make a recommendation on an existing variable universal life account, fixed annuity, indexed annuity, immediate annuity, and long-term care annuity if you reside in the state of New York.

Structured Products: For structured products, including investments that primarily use structured products, our Financial Professionals will generally not recommend structured products in the following situations: 1) when the purchase amount would be in excess of 25% of your liquid net worth, 2) you have a liquid net worth under \$100,000, or 3) you are over the age of 79 years old.

Mutual Funds: Our Financial Professionals will generally not recommend the purchase of a C share mutual fund if you are under the age of 52 and if the purchase would occur in a qualified retirement plan account. This C share restriction would not apply if you qualify for penalty free withdrawals from your qualified account.

5 How FTS is Compensated and Receives Revenue

Our primary source of revenue is from our clients. In addition, we receive revenue from product issuers and other third parties. This *Brokerage & Insurance Conflicts of Interest Disclosures* document is specific to the activities of FTS' broker-dealer for retail customers, and it is not intended to discuss the activities of FTS

related to our capital markets and investment banking businesses unless those activities involve retail customers. As a result, this section generally does not discuss compensation or revenue associated with our capital markets and investment banking businesses.

5.a. **Transaction-Based Compensation**

Brokerage Accounts generate transaction-based compensation. In Brokerage Accounts, clients pay transaction-based fees in connection with the products and services they receive, such as purchasing and selling stocks, bonds, options, mutual funds, unit investment trusts, and other investment products. For insurance products, such as, fixed annuities, variable annuities, variable life, variable universal life, indexed annuities, immediate annuities, and long-term care annuities, there is a transaction-based commission for the initial purchase and for any additions to the insurance product. Generally, a portion of this transaction-based compensation is shared with your Financial Professional. Therefore, there is a conflict of interest when we or our Financial Professionals make a recommendation to purchase or add to a Brokerage Account or an insurance product.

Examples of transaction-based compensation includes, commissions, transaction fees, trail commissions, sales loads, and sales charges that are embedded in the purchase price, and compensation from third parties in some cases. Additional details about some of these types of transaction-based compensation appears below:

- **Commissions** are paid by you when you purchase or sell equities and fixed-income investments (this applies when we act as agent or broker). Please see commission schedules at [53.com/ftsdisclosure](https://www.fts.com/ftsdisclosure).
- **Sales loads (sales charges)** are commissions or concessions derived from the offering and sale of various investments such as mutual funds, unit investment trusts, variable life insurance, variable universal life, fixed annuities, immediate annuities, indexed annuities, long-term care annuities, and variable annuities. A fee, commission, or sales load is typically paid at the time of the sale and can reduce the amount available to invest. For more information about other fees and commissions that apply to a particular transaction, please refer to the applicable product disclosure form, investment prospectus, or offering document.
- **Markup and markdowns** generally occur when we are purchasing or selling a security from our own inventory (we are acting as principal). This primarily occurs in bonds, but it can occur in other investment products that we hold in our inventory.
- **NFS fees** are charged for having an account with NFS and for various activities, including some fees and charges associated with a transaction. Some of these fees are paid by FTS, some are passed through to you, and other fees and charges are marked up by FTS to aid in covering the costs for providing operational support for accounts held at NFS. To help mitigate this conflict, Financial Professionals do not directly receive a portion of these fees and charges. See section titled *Revenue and Credits from National Financial Services, LLC* for more information regarding fees, revenue share, credits, and other conflicts related to NFS.

5.b. **Revenue from Third Parties**

Trail Commissions and 12b-1 Fees – We will receive payments from mutual fund and insurance companies. These payments are for distribution and/or service fees (12b-1 fees), trail commissions, or renewal commissions. Detailed descriptions of these payments are described in the corresponding prospectus or offering document of the investment product. Trail commissions are typically paid from the assets of the

investment product and the amount is calculated as an annual percentage of the assets you have invested. However, the calculation methodology may differ, and you should refer to your investment product's prospectus or offering document for more specific details. The more assets you invest in the product, the more trail commissions we and our Financial Professionals earn. Therefore, there is an incentive to encourage you to increase the amount of your investment. The percentage of assets received varies by product, which creates an incentive to recommend that you purchase and/or continue to hold products paying higher trails.

The ongoing 12b-1 and/or trail commission for mutual funds and 529 Plans will often depend on the class of shares purchased by you. Typically, these payments range between 0.25% and 1% of assets annually. Certain share classes pay higher trail commissions, usually Class C shares pay the highest. Over time the trail commissions may cost you more than paying other types of sales charges or services fees and reduce the return on your investment. The higher fees of Class C shares may cost you more over time than paying the initial charge of a Class A share or other share class.

FTS, in part, manages this conflict by only allowing the solicitation of mutual fund companies that have a conversion of the Class C share to lower cost share Class after a specified time frame. Conversion time frames and processes will vary between different mutual fund companies.

Revenue Share Payments – Revenue sharing involves a payment from a product company, such as, a mutual fund company or the mutual fund company's adviser or distributor or an insurance company. It is not an additional charge to you. These payments are in addition to standard sales loads, annual sales fees, expense reimbursements, and sub-transfer agent fees for maintaining client account information and for providing other administrative services for mutual funds (shareholder accounting and networking fees). **FTS does not receive revenue share payments from product companies for securities or investments held by retail customers.** FTS does receive revenue share payments from certain mutual fund companies (which can also include companies that offer exchange traded funds or notes) for securities held in Institutional client accounts. The actual amounts that FTS receives can vary from one mutual fund company to another and may have minimum dollar amounts prior to FTS being eligible to receive a revenue sharing payment. In all cases, such revenue sharing payments will be paid to FTS from the mutual fund company's own resources and not directly from client funds or assets.

5.c. **Marketing and Educational Support**

The training of our Financial Professionals is important to us, as we want to help ensure our Financial Professionals understand the products and services that can be recommended to you. As a result, we generally look for the availability for product and service companies we recommend to participate in training of our Financial Professionals and the availability of providing marketing support to our clients. Some examples of marketing support would include, print and/or electronic product materials that can be provided to clients, information available on the company's website, and dedicated staff to address questions by Financial Professionals.

Training of our Financial Professionals can occur at our office locations, an office of the product or service company, an FTS or FTIA meeting location, FTS' annual Education Summit, or at other events. Training topics will vary, but often will include one or more of the following, details on the product company's products or services, risks and suitability of the product or service, product and client literature, industry information, regulatory or tax changes and implications, and marketplace studies. As a result of this training, our Financial Professionals may be more inclined to offer or recommend these companies' products and services versus other products and services that are not represented at these meetings,

and/or conferences. This can create a conflict of interest for us and our Financial Professionals to the extent that this may cause them to prefer those products that have greater access, marketing opportunities, and educational opportunities.

If a product or service company does not provide or stops providing training and/or marketing support to us and our Financial Professionals, we may choose to not add or remove the product or service company from our list of available products. These actions of us limit the products and services we make available to you, but this is done to help ensure our Financial Professionals have the information needed on the products and services they recommend to you.

In addition, some product and service companies, such as mutual fund and exchange traded product companies, insurance companies, unit investment trust issuers, structured product issuers, retirement plan distributors, portfolio managers, and NFS, will reimburse and/or pay certain expenses on behalf of our Financial Professionals and us, including expenses related to training, marketing, and educational activities. Support by product and service companies can also include meetings with our clients and client seminars. These types of support can create a conflict of interest for us and our Financial Professionals. To help mitigate the conflict of interest, we do not require product or service providers to reimburse and/or pay expenses or provide educational support for our meetings except if the product or service company seeks to attend FTS' Education Summit. More information regarding FTS' Education Summit can be found under the *Recognition and Awards* section in this disclosure document.

5.d. **Revenue and Credits from National Financial Services, LLC**

NFS Markups – For Brokerage Accounts held at NFS, clients will be assessed fees and charges, including fees and charges specific to some transactions and activities. For certain fees and charges, FTS will markup (increase in amount of fee charged) the NFS fee to aid in covering the expenses for FTS to provide operational support to accounts held at NFS. These fees and charges include, but are not limited to, short sales, margin fees, returned check fee, transfer of account and delivery fee, trade and margin extensions, and annual IRA fees.

NTF Mutual Funds Program, NTF Managed Account Program, and iNTF Managed Account Program – NFS makes transactions in certain mutual funds and exchange traded funds/notes available to FTS at no cost if the mutual fund or exchange traded fund/note is part of NFS' NTF Mutual Funds Program, NTF Managed Account Program, and iNTF Managed Account Program. The availability of no cost transactions creates a conflict of interest for FTS by providing the availability to have transactions in certain mutual funds and exchange traded funds/notes at no cost while transactions in other mutual funds and exchange traded products (exchange traded funds and exchange traded notes) not part of NFS' NTF Mutual Funds Program, NTF Managed Account Program, and iNTF Managed Account Program are assessed a charge or fee.

In order to help mitigate this conflict of interest, FTS does not distribute to our Financial Professionals the list of mutual funds and exchange traded products on NFS' NTF Mutual Funds Program, NTF Managed Account Program, and iNTF Managed Account Program.

NFS Credits & Capital Markets Educational and Leadership Meetings Support – NFS provides FTS with two forms of annual credits if FTS meets certain criteria established by NFS. The first credit is an annual \$55,000 Business Credit that is paid to FTS through a market credit and/or a clearing statement adjustment to clearing and execution expense (e.g., reduce the fees and expenses owed by FTS to NFS). This Business Credit is usually provided to FTS in December of each calendar year. The second credit is an annual \$600,000 Correspondent Business Credit that is generally credited on FTS' January clearing statement. In

order for FTS to receive the Correspondent Business Credit, NFS requires FTS to be at all times in material compliance with the terms and conditions of the Fully Disclosed Clearing Agreement.

To help mitigate the conflict of interest these credits may create, FTS and NFS have limited the criteria that have to be met by FTS to receive these credits. For example, the receipt of these two credits are **not** dependent on the amount of assets FTS has with NFS, the amount of transactions placed through NFS, the amount of charges/fees assessed by NFS to FTS, any commissions earned by NFS for placement of trades, the number of clients or accounts FTS has with NFS, and does not prevent FTS to place a security transaction or transactions through another firm if FTS believes it is in the client's best interest.

In addition, NFS will generally provide FTS with \$10,000 annually in conjunction with FTS' Capital Markets Educational and Leadership Meetings where NFS participates in these meetings and the monies are used to partially cover the expenses of the Capital Markets Educational and Leadership Meetings. These Capital Markets Educational and Leadership Meetings are associated with FTS' Capital Markets business activities and are not directly associated with retail customers or accounts. For example, some of the Capital Markets business activities include Merger & Acquisitions, Corporate and Municipal Bond Underwritings, share buybacks, Institutional Sales, etc.).

5.e. **Principal Trading**

When you buy or sell a secondary certain investment like fixed income investment (e.g., municipal bonds), FTS may act as either an agent or a principal in the transaction. If you buy an investment from our inventory or sell an investment that we purchase directly from you, we act as a principal.

When this occurs, FTS charges markups (an increase) and markdowns (a reduction) on the price of the investment, where we act as principal in purchasing or selling securities for or from our inventory. The markup or markdown is included in the price of the investment. When we hold investments in our inventory, we bear the risk when the value of those investments changes. As a result, we can earn revenue or incur losses from buying or selling investments as principal.

5.f. **Underwriting Activities**

As part of FTS' capital markets business, FTS serves as the underwriter or is part of a group of underwriters for various debt and equity securities issuers. An issuer is a company, entity, or government agency (state federal or municipal) that issues a security. These underwriting activities include a number of securities, including but is not limited to, corporate bonds, municipal bonds, corporate initial public offerings, and secondary offerings of public traded securities.

As an underwriter, FTS has an agreement with the issuer to purchase all or a portion of the securities from the issuer at a price that is fair and reasonable. FTS then will solicit our customers this security or securities through our Financial Professionals, including in some instances to retail customers. However, FTS must still balance our role as an underwriter and duty with the issuer with our duty to act in our retail customers' best interest (or other applicable higher State standard) and solicit securities to you at prices that are fair and reasonable.

The compensation method and amount, commonly referred to as the "Underwriting Fee", which FTS receives as an underwriter, are generally negotiated between the issuer and FTS at the beginning of the underwriting engagement. For example, the Underwriting Fee that FTS receives typically results from an "Underwriting Spread" which represents the profit FTS makes by retaining the difference between the price we paid the issuer for the security and the price at which we sell the security to our customers. As an

example, FTS would pay the issuer \$99.00 for the security and sell the security to you at \$100.00. The \$1.00 difference is the underwriting spread.

FTS may also receive compensation based, in whole or in part, on a percentage of the principal amount of the completed purchases of the security or securities. FTS may additionally receive customary fees and reimbursement for expenses from the issuer or the issuer's affiliates in the ordinary course of our financial services business. FTS also shares a portion of the compensation we receive as an underwriter with our FTS Financial Professionals when they sell the security or securities to our retail customers.

If FTS does not sell the securities it has purchased from the Issuer, FTS will continue to hold those securities in our inventory account and bear the market risk associated with continuing to hold those securities. Therefore, FTS has a conflict of interest when offering you securities for which FTS is the underwriter. To help mitigate the conflict, FTS recommendations resulting in compensation are reviewed by a separate group of principals within FTS.

6 How Your Financial Professional is Compensated

Our Financial Professionals are primarily compensated from transaction-based compensation, referral fees, and investment advisory fees. We encourage you to ask your Financial Professional how he/she is compensated, especially as it pertains to recommendations made by your Financial Professional.

Financial Professionals who are part of the Central Investment Team are paid salaries and not paid based upon transaction-based compensation, trail commissions, or 12b-1fees.

6.a. Transaction-Based Compensation & Conflicts Related to Products Recommended

When you purchase and sell investments, such as stocks, bonds, exchange traded products, unit investment trusts, structured products, variable annuities, variable life or variable universal life policies, and other investment products, you will usually pay to us a commission or a sales charge. The amount you pay and the amount we receive will differ depending on the specific investment you purchase or sell and the amount of the transaction.

This creates a conflict of interest for us and our Financial Professionals to recommend one product or service that may result in greater compensation to FTS and the Financial Professional over another product or service that may result in less compensation. Recommendations by our Financial Professionals must be in the best interest (or other applicable higher State standard) of you. To help mitigate the conflict, recommendations resulting in compensation are reviewed by a separate group of principals.

Each investment has its own compensation structure, costs, charges, fees and other expenses that ultimately reduce the amount you earn from your investment. In an effort to help you understand the differences in compensation between different investment products that may be recommended to you, we have provided the below compensation information. **The below information does not include all compensation and costs, and you should always refer to the investment's prospectus, offering statement, or other documentation that provides greater detail about the investment's risks, costs, charges, and other important information about the investment.** These documents can be obtained from your Financial Professional, or in many cases you can access the documents by going directly to the corresponding product company's internet page. If you ever feel like you are not receiving the information you need to assess the conflicts of interest of your Financial Professional's recommendations, ask to speak with your Financial Professional's Principal Supervisor.

We offer, and our Financial Professionals recommend, a variety of different types of investments. The below information does not include all types of investments that are recommended by our Financial Professionals, but does represent the most common types of investments purchased at FTS. If you have a question about how your Financial Professional is compensated, speak with your Financial Professional or ask to speak with your Financial Professional's Principal Supervisor.

Equities and Options

Charges associated with most equities (e.g., stocks) and options will depend on the type of client relationship you have with FTS and FTB. FTS has five different Commission and Fee Schedules for Brokerage Accounts held at NFS, which are Preferred, Private Bank, Online (also known as self-directed), Employee, and Standard. Please refer to your corresponding Commission and Fee Schedule that you received at the opening of your Brokerage Account held at NFS or you can access them by going to 53.com/ftsdisclosure. If you are an employee of FTS, you can access the Employee Commission and Fee Schedules by contacting Operations.

Fixed Annuities

FTIA has worked with the insurance companies of which we offer fixed annuities to provide a leveled compensation structure regardless of the insurance company. Compensation for fixed annuities varies depending on the age of the fixed annuity contract owner and the number of years of the fixed annuity. For example, a 3-year fixed annuity for a 55-year-old contract owner provides us compensation of 1.50% of the fixed annuity's premium.

Age of the Fixed Annuity Contract Owner	Compensation*	Example of 3 Year Fixed Annuity	Example of 5 Year Fixed Annuity
0 - 80 Years Old	0.50% for each year of the fixed annuity	$3 \times 0.50 = \mathbf{1.50\%}$	$5 \times 0.50 = \mathbf{2.50\%}$
81 - 85 Years Old	0.25% for each year of the fixed annuity	$3 \times 0.25 = \mathbf{0.75\%}$	$5 \times 0.25 = \mathbf{1.25\%}$

*This information does not include all costs, and you should refer to the fixed annuity's offering document that provides greater detail about the investment's risks, costs, charges, and other important information about the investment prior to purchasing.

Immediate Annuities

FTIA has worked with the insurance companies of which we offer immediate annuities to provide a leveled compensation structure regardless of the insurance company. Compensation for immediate annuities depends on the term of the immediate annuity.

Term of the Immediate Annuity	Compensation*
0 - 9 years	2.50%
10 years – Life	4.00%

*This information does not include all costs, and you should refer to the immediate annuity's offering document that provides greater detail about the investment's risks, costs, charges, and other important information about the investment prior to purchasing.

Indexed Annuities (also known as Equity Indexed Annuities)

A Financial Professional's compensation when recommending an indexed annuity depends on the duration of the indexed annuity. We and the Financial Professional receive more compensation the longer the duration of the indexed annuity. Therefore, we and the Financial Professional have a conflict of interest in recommending an indexed annuity with a longer duration as we receive more compensation.

Duration of Indexed Annuity	Initial/Upfront Compensation*	Annual Trailing Compensation*
3 Years	1.90%	0.25%
5 Years	3.00%	0.25%
7 Years	3.80%	0.30%

*This information does not include all costs, and you should refer to the indexed annuity's offering document that provides greater detail about the investment's risks, costs, charges, and other important information about the investment prior to purchasing.

Long-Term Care Annuities

A Financial Professional's compensation when recommending a long-term care annuity depends on the insurance company issuing the long-term care annuity and the insured's issue age.

Product	Insured's Issue Age	Compensation*
Forethought Forecare	0 - 75	8.00%
Forethought Forecare	76 - 85	4.00%
One America Annuity Care	50 - 75	5.75%
One America Annuity Care	76 - 85	3.75%
One America Annuity Care II	40 - 80	7.50%
One America Indexed Annuity Care	40 - 75	7.00%
One America Indexed Annuity Care	76 - 85	5.50%
One America Legacy Care	0 - 99	2.00%
One America Immediate Care SPIA Contingent	50 - 90	3.75%
One America Immediate Care SPIA 9-20 years	50 - 90	3.15%
One America Immediate Care SPIA 7-8 Years	50 - 90	2.05%
One Ameirca Immediate Care SPIA 5-6 years	50 - 90	1.45%

*This information does not include all costs and compensation, and you should refer to the long-term care annuity's offering document that provides greater detail about the investment's risks, costs (including rider costs and compensation), charges, and other important information about the investment prior to purchasing.

Structured Products

Type of Structured Product	Duration of Structured Product	Compensation*
Structured CD	Less than 3 years	1.00%
Structured CD	3 years	1.50%
Structured CD	4 years	2.00%
Structured CD	5 years	3.00%
Structured CD	Over 5 years	3.25%
Structured Notes (principal protected)	Less than 2 years	1.50%
Structured Notes (principal protected)	2 - 4.99 years	2.50%
Structured Notes (principal protected)	5 years	3.00%
Structured Notes (principal protected)	Over 5 years	3.50%

Structured Notes (non-principal protected)	Less than 2 years	1.50%
Structured Notes (non-principal protected)	2 - 2.99 years	2.00%
Structured Notes (non-principal protected)	3 - 3.99 years	2.50%
Structured Notes (non-principal protected)	4 - 4.99 years	3.00%
Structured Notes (non-principal protected)	5 years	3.50%
Structured Notes (non-principal protected)	Over 5 years	4.00%

*This information does not include all compensation and costs, and you should refer to the structured product's offering document that provides greater detail about the investment's risks, costs, charges, and other important information about the investment prior to purchasing.

Unit Investment Trusts (UITs)

Duration of UIT	Compensation*
15 Month	1.25%
2 Year	2.00%

*This information does not include all compensation and costs, and you should refer to the UIT's prospectus that provides greater detail about the investment's risks, costs, charges, and other important information about the investment.

Variable Annuities

Variable annuities will have a period of time after the purchase in which there is a charge or fee if you sell or withdraw money from the variable annuity (also known as the contingent deferred sales charge or surrender charge). The time period for which the variable annuity has this surrender charge is often referred to as the "surrender period." The compensation our Financial Professionals will earn will depend on the surrender period of the variable annuity recommended to you. However, many insurance companies don't offer variable annuities with the 5-year, 6-year, and 7-year surrender periods. As a result, a Financial Professional has the conflict of interest to recommend a variable annuity with a longer surrender period than a variable annuity with a shorter surrender period.

In addition, our Financial Professionals will sometimes have two different compensation options when they recommend a variable annuity to you. Our Financial Professionals have a conflict of interest depending on how long you hold the variable annuity. If you hold the variable annuity for a shorter time period, the Financial Professional will have a conflict to recommend a variable annuity with the compensation structure of Option 1. If you hold the variable annuity for a longer time period, the Financial Professional will have a conflict to recommend a variable annuity with the compensation structure of Option 2.

Surrender Period	Option 1	Option 2*
Variable Annuity with a 6 & 7 Year surrender period	4.00% upfront Commission and a 0.50% annual Trail Commission	1.00% initial commission and a 1.00% annual Trail Commission
Variable Annuity with a 5 Year surrender period	4.00% upfront Commission and a 0.25% annual Trail Commission	1.00% initial commission and a 1.00% annual Trail Commission

*Option 2 is not currently available through all insurance companies who offer variable annuities.

Important note: Variable annuities that were opened prior to June 30, 2020 will not generally follow the above compensation description. This includes the scenario when a client makes an addition to a variable annuity that was opened prior to June 30, 2020. Compensation for additions for variable annuities opened prior to June 30, 2020 will follow the agreement FTS had with the insurance company at the time the

variable annuity was originally opened, which for the majority of variable annuities is more than the compensation if the client opened a new variable annuity today. As a result, FTS and our Financial Professionals have a conflict of interest when recommending an addition to a variable annuity that was opened prior to June 30, 2020 rather than opening a new variable annuity or another investment.

Variable Universal Life

Compensation for Variable Universal Life Insurance will vary on the insurance company underwriting the Variable Universal Life Insurance policy. Please refer to the corresponding Variable Universal Life’s prospectus for more information on compensation.

Fixed Income Investments

Fixed Income Investments include but are not limited to, Corporate & Municipal Bonds, Agency Bonds, US Treasuries, Brokerage CDs, and Zero-Coupon U.S Treasury Bonds, and All Other Zero Investments. The compensation amount for a Fixed Income Investment will generally depend on three factors: 1) the type of fixed income investment being purchased, 2) the maturity of the investment, and 3) the dollar amount being purchased. Furthermore, the below compensation grids reflect the compensation per \$1,000 being invested. As an example, a \$25,000 5-year Corporate Bond that is purchased will generally have compensation between \$25.00 - \$562.50. Note that FTS may receive more in total revenue from the purchase if the fixed income investment came from our inventory. Please refer to the section titled *Principal Trading* in this document for more information regarding this type of revenue. Speak to your Financial Professional for the specific compensation amount regarding a recommendation of a fixed income investment.

Corporate Bonds & Municipal Bonds			
Maturity	\$0-\$99,999.99	\$100,000-\$499,999.99	\$500,000 and over
Less than 1 Year	\$0.01 - \$5.00	\$0.01 - \$5.00	\$0.01 - \$5.00
1 - 2.999 Years	\$0.01 - \$15.00	\$0.01 - \$12.50	\$0.01 - \$10.00
3 - 4.999 Years	\$1.00 - \$17.50	\$1.00 - \$15.00	\$1.00 - \$12.50
5 - 9.999 Years	\$1.00 - \$22.50	\$1.00 - \$20.00	\$1.00 - \$17.50
10+ Years	\$1.00 - \$27.50	\$1.00 - \$25.00	\$1.00 - \$20.00

Mortgage Backed Securities			
Maturity	\$0-\$99,999.99	\$100,000-\$499,999.99	\$500,000 and over
Less than 1 Year	\$0.01 - \$5.00	\$0.01 - \$5.00	\$0.01 - \$5.00
1 - 2.999 Years	\$7.50 - \$15.00	\$7.50 - \$12.50	\$5.00 - \$10.00
3 - 4.999 Years	\$10.00 - \$17.50	\$10.00 - \$15.00	\$7.50 - \$12.50
5 - 9.999 Years	\$10.00 - \$20.00	\$10.00 - \$17.50	\$10.00 - \$15.00
10+ Years	\$10.00 - \$25.00	\$10.00 - \$25.00	\$10.00 - \$25.00

Agency Bonds			
Maturity	\$0-\$99,999.99	\$100,000-\$499,999.99	\$500,000 and over
Less than 1 Year	\$0.01 - \$5.00	\$0.01 - \$5.00	\$0.01 - \$5.00
1 - 2.999 Years	\$0.25 - \$10.00	\$0.25 - \$7.50	\$0.25 - \$7.50
3 - 4.999 Years	\$0.50 - \$15.00	\$0.50 - \$12.50	\$0.50 - \$12.50
5 - 9.999 Years	\$1.00 - \$20.00	\$1.00 - \$17.50	\$1.00 - \$15.00
10+ Years	\$1.00 - \$20.00	\$1.00 - \$20.00	\$1.00 - \$17.50

U.S. Treasuries	
Maturity	Compensation
Less than 1 Year	\$0.01 - \$5.00
1 - 2.999 Years	\$0.25 - \$5.00
3 - 4.999 Years	\$0.50 - \$7.50
5 - 9.999 Years	\$1.00 - \$10.00
10+ Years	\$1.00 - \$15.00

Brokerage Certificates of Deposit (Brokered CDs)	
Maturity	Compensation
Less than 1 Year	\$0.00 - \$2.50
1 - 1.999 Years	\$0.01 - \$5.00
2 - 2.999 Years	\$0.75 - \$5.00
3 - 4.999 Years	\$1.00 - \$10.00
5 Years and Over	\$1.00 - \$25.00

Zero-coupon U.S. Treasury Bonds (a/k/a Treasury Zeros)			
Maturity	\$0-\$99,999.99	\$100,000-\$499,999.99	\$500,000 and over
Less than 1 Year	\$0.01 - \$5.00	\$0.01 - \$5.00	\$0.01 - \$5.00
1 - 2.999 Years	\$0.25 - \$5.00	\$0.25 - \$5.00	\$0.25 - \$3.75
3 - 4.999 Years	\$0.50 - \$6.25	\$0.50 - \$5.00	\$0.50 - \$3.75
5 - 9.999 Years	\$1.00 - \$10.00	\$1.00 - \$7.50	\$1.00 - \$6.25
10+ Years	\$1.00 - \$12.50	\$1.00 - \$10.00	\$1.00 - \$10.00
All Other Zero Investments*			
Maturity	\$0-\$99,999.99	\$100,000-\$499,999.99	\$500,000 and over
Less than 1 Year	\$0.01 - \$5.00	\$0.01 - \$5.00	\$0.01 - \$5.00
1 - 2.999 Years	\$0.50 - \$12.50	\$0.50 - \$10.00	\$0.50 - \$8.75
3 - 4.999 Years	\$0.50 - \$17.50	\$0.50 - \$15.00	\$0.50 - \$12.50
5 - 9.999 Years	\$1.00 - \$20.00	\$1.00 - \$17.50	\$1.00 - \$15.00
10+ Years	\$1.00 - \$20.00	\$1.00 - \$17.50	\$1.00 - \$17.50

*"Zeros" refer to investments that generally sell below the face value of the investment and don't make interest payments to you. All other zeros include: Agency Zeros, Asset Backed Zeros, CD Zeros, Collateralized Mortgage Obligation Zeros, Corporate Zeros, Municipal Zeros, and Pass Through Zeros. For more information about Zero investments, please speak with your Financial Professional.

Mutual Funds

The amount of compensation FTS, and therefore our Financial Professionals, receive from the purchase of mutual funds will vary based on a number of factors, which include:

- 1)The amount the mutual fund pays FTS.
- 2)Amount being invested and the availability of breakpoints (discounts based on how much you invest in the mutual fund company).
- 3)The share class being purchased. Many mutual fund companies offer different share classes (e.g., Class A, Class C, etc.), each with their own compensation and cost structure.

As a result of these differences in compensation, our Financial Professionals can receive a materially different amount in compensation based upon the mutual fund they recommend to you and the share class of that mutual fund. For example, a Financial Professional could recommend a Class A share mutual fund with a front-end load of 5.75% from one mutual fund company or a Class A share mutual fund with similar investment objectives with a front-end load of 4.00% from another mutual fund company. Our Financial Professionals are required to act in your best interest (or other applicable higher State standard) and must do so without placing our own interests ahead of yours. There can be various reasons why the higher commissioned mutual fund is in your best interest (or other applicable higher State standard), and when your Financial Professional recommends a mutual fund to you, you should ask your Financial Professional how the mutual fund is in your best interest (or other applicable higher State standard) over other mutual funds. Additionally, you should ask your Financial Professional what other alternative mutual funds are available to you.

Refer to the mutual fund's prospectus for more details on the compensation, costs, internal expenses, and other important information. As described in the section titled *Transaction-Based Compensation* under the *How FTS is Compensated and Receives Revenue* section, FTS and therefore our Financial Professionals receive compensation from commissions, trail commissions, distribution and/or service fees (12b-1f fees) from the purchase and subsequent holding of mutual funds.

6.b. Compensation Tiers

We generally pay our Financial Professionals a percentage of the commissions, sales loads, trail commissions, and/or fees received from the sales and services associated with the Financial Professional. Financial Professionals who meet certain productivity thresholds (e.g., dollar amounts such as \$250,000) are eligible for a higher payout percentage of the commissions, sales loads, trail commissions, and/or fees from the sales and services associated with the Financial Professional. For example, a Financial Professional whose sales and services activity has totaled \$150,000 will earn less as a percentage than a Financial Professional whose sales and services have totaled \$400,000.

To help mitigate against this conflict, the tiers in which a Financial Professional can earn a higher payout are frequent and increase in a small percentage per tier. In addition, Financial Professional recommendations must be in the best interest (or other applicable higher State standard) of you and recommendations resulting in compensation are reviewed by a separate group of principals.

6.c. **Transactions in Accounts Below \$25,000 and Households Below \$50,000**

If your Brokerage Account's value is below \$25,000, your Financial Professional does not receive any compensation associated with your Brokerage Account. Additionally, if your Brokerage Account's value is between \$25,000 and \$49,999, your Financial Professional does not receive any compensation from the Brokerage Account unless you have total household assets of \$50,000 or more with us.

6.d. **Referral Compensation**

We compensate certain Financial Professionals who are securities registered with FTS, FTIA, and certain employees of FTS' parent company, FTB, when the individual makes a qualified client referral to us. To qualify for the referral fee the following conditions must be met: 1) the client is not an existing client of us at the time of the referral, 2) the client agrees to and has an appointment with a Financial Professional of FTS, and 3) the client has a minimum of \$50,000 in investable assets. If these three conditions are met, a FTB employee would receive a \$15 referral fee, and individuals who are securities registered with FTS would receive a \$25 referral fee. A referral fee is not contingent upon the client opening an account (Insurance, Passageway or Brokerage), purchasing any security or investment, or us receiving any type of compensation from the client or their investable assets.

6.e. **Bonuses & Performance Based Compensation**

Some Financial Professionals are eligible for bonuses or other performance-based compensation. This performance-based compensation is based on a number of factors and generally includes the overall revenue associated with the Financial Professional, which will often include FTS, FTIA and FTB activities and revenue.

Certain individuals who are in a role with FTB and are in charge of an FTB branch office have the potential to receive performance-based compensation based in whole or in part on the branch's profit and loss. The branch receives credit for FTS related revenue, including transactions and other fees and activities occurring in your Brokerage Account.

6.f. **Recruitment Compensation**

Upon occasion, we provide recruitment compensation to Financial Professionals who join us. This recruitment compensation will generally be broken into two segments. In the first segment, the Financial Professional will generally receive a bi-weekly forgivable draw and a higher payout percentage for the first 6 calendar months. In the second segment, the Financial Professional will generally receive either a forgivable or non-forgivable draw and a higher payout percentage for the subsequent 12 calendar months. The determining factor if the draw is forgivable or non-forgivable in the second segment is dependent upon either the amount of revenue associated with the Financial Professional for that time period or the amount of the total market value of the assets brought to FTS during that time period. Generally, recruitment compensation is limited for a time period of no greater than 18 calendar months to allow the Financial Professional to transition to us. However, depending on the individual circumstances of the Financial Professional, we could deviate from these stated timeframes by going longer or shorter for either segment, or having an overall longer or shorter time period for the recruitment compensation.

6.g. **Bank Compensation**

Many of our Financial Professionals provide bank products and services on behalf of FTB. As a result of these activities, Financial Professionals may receive compensation for their bank sales activities.

6.h. **Investment Advisory Fees**

Financial Professionals, if appropriately licensed to offer investment advisory services, will receive compensation for activities associated with FTS' registered investment advisor. Please refer to our Passageway Managed Account Wrap Fee Program Brochure (ADV Part 2A, Appendix 1).

6.i. **Insurance Compensation**

The majority of our Financial Professionals are insurance licensed and may recommend insurance products or policies to you when it is requested by you or if the Financial Professional identifies an insurance need. Insurance products are offered through affiliated entity Fifth Third Insurance Agency, LLC.

6.j. **Outside Business Activities**

Financial Professionals are sometimes engaged or participating in an outside business activity or activities. An outside business activity is an activity outside of FTS, FTIA, or FTB where the Financial Professional has the ability to earn compensation. Financial Professionals, who are securities registered with FTS, are required to disclose to FTS the outside business activities they are involved in.

Some examples of outside business activities are:

- Owning and/or operating commercial or residential rental properties.
- Small business owner.

Due to conflicts of interest or other risks, we may require limitations for or prohibit certain outside business activities disclosed to us by Financial Professionals.

Additional information about your financial professionals outside business activities is available on FINRA's website at <http://brokercheck.finra.org>.

7 How Principal Supervisors are Compensated

Principal Supervisors of Financial Professionals who make recommendations to retail customers generally receive a salary and then a bonus (variable compensation) based on the overall performance of the Financial Professionals the Principal Supervisor supervises. This bonus amount creates a conflict of interest for the Principal Supervisor. We have taken the following steps to help mitigate this conflict of interest:

- Principal Supervisors do not receive a direct portion of the revenue that is generated by a Financial Professional.
- Principal Supervisors of Financial Professionals do not approve sales recommendations made by the Financial Professionals they supervise.
- Applicable recommendations are reviewed by a separate group of principals whose compensation is not directly tied to the performance of a Financial Professional or an area or region of Financial Professionals.
- Compensation is not based upon a specific product, product type, or service.

In addition, a Principal Supervisor of a Financial Professional may determine that the amount of revenue a Financial Professional is producing is insufficient to maintain the Financial Professional's securities registration with FTS. This can create a conflict of interest, and to help mitigate this conflict Principal Supervisors cannot determine to terminate the securities registrations of a Financial Professional on their own. Additional personnel within FTS and/or FTB are involved in the decision to terminate the securities registrations of a Financial Professional.

8 Non-Cash Compensation

8.a. Gifts

Financial Professionals may receive gifts from product and services providers. This can create a conflict of interest for the Financial Professional where the Financial Professional recommends the product or service associated with the company who has provided the gift. To help mitigate this conflict, FTS and regulatory rules prohibit the receipt of gifts over \$100 per company and per calendar year. Additionally, Financial Professionals are required to report to FTS when they receive a gift that was provided by a product or service company with the exception of promotional items of small dollar value (e.g., water bottle with the company logo on the bottle, pens, notebooks).

8.b. Business Entertainment

Financial Professionals may receive business entertainment from product or service providers. Examples of business entertainment include, but are not limited to, an occasional meal or a ticket to an event (e.g., concert, game, local event). This can create a conflict of interest for the Financial Professional where the Financial Professional recommends the product or service associated with the company who has provided the business entertainment. To help mitigate this conflict, FTS limits the amount of business entertainment that can be received by its Financial Professionals to \$250 per product or service company when the business entertainment is not associated with training, an FTS meeting, or a meeting with an FTS client.

8.c. Benefits

Financial professionals will generally receive additional benefits as part of their employment with us or parent company, FTB. These benefits present a conflict of interest because the Financial Professional has an incentive to remain registered with us or employed by FTB in order to maintain these benefits.

These benefits include, but are not limited to: health care insurance, dental care insurance, short-term disability insurance, life insurance, physical office space, 401(k) or other retirement contributions, and access and use of computer hardware and software systems.

8.d. Marketing & Educational Support

Please see section titled *Marketing & Educational Support* under the section titled *How FTS is Compensated and Receives Revenue* in this disclosure document.

8.e. Recognition and Awards

We and our parent company, FTB, will recognize and provide awards to our Financial Professionals.

FTS Education Summit – Each year, FTS holds an educational meeting to provide enhanced training for our top Financial Professionals. FTS provides the travel, food, entertainment, lodging accommodations, and other expenses for our Financial Professionals who are invited to the FTS Education Summit. FTS generally invites the Financial Professionals who have produced the most revenue based upon the specific role of the Financial Professional. For example, FTS will generally invite the top 150 Investment Executives to the FTS Education Summit, and Private Bank Investment Executives who produce over \$1,000,000 in revenue. Criteria for qualifying for an invitation to the FTS Education Summit may change from year-to-year, but it is anticipated that the criteria will generally involve the overall performance of the Financial Professional.

Financial Professionals who are not invited are unable to attend the FTS Education Summit. These factors can create a conflict of interest for the Financial Professional if they would like to be invited to the FTS

Education Summit. To help mitigate this conflict, FTS employs a separate group of principals who generally review the recommendations that result in securities transactions or opening of Brokerage Accounts or Passageway Accounts. Additionally, criteria for an invitation to the FTS Education Summit is not based solely on the revenue of a single product, product or service type, and the time period in which the overall revenue is based will be for a longer period of time (generally between 9-12 months).

FTB President's Circle – FTS' parent company, FTB, annually holds the President's Circle meeting for top-performing FTB employees based upon role. Several of FTS' roles are eligible for the FTB President's Circle, which includes, but is not limited to, Private Bank Investment Executives, Investment Executives, Wealth Management Advisors, and FTB Financial Center Managers who are Financial Professionals of FTS (also known as Investment Representatives). Invitation to the FTB President's Circle is generally based on the overall revenue to FTB for a period of time (generally between 9-12 months). The revenue counted towards being invited to the FTB' President's Circle includes revenue associated with FTS' transactions and accounts. FTS generally has no final determination for the criteria of the FTB's President's Circle, but FTS does have input as to the general structure to help ensure that the criteria complies with FTS' standards and securities regulatory rules.

Area and Regional Meetings – Financial Professionals may also receive recognition in area and/or regional meetings. Examples of recognition can include: verbal recognition, trophies, plaques, or other physical awards.

9 Products & Services Offered by Affiliated Entities of FTS

9.a. Fifth Third Bank Deposit Program - Core Money Market Option

You may elect a core account investment vehicle to invest the available cash balance held within your Brokerage Account or investment advisory account held at NFS. One of the options for the account investment vehicle is the Fifth Third Bank Deposit Program. The Fifth Third Bank Deposit Program is FDIC insured, which may be a desired benefit for clients seeking FDIC coverage. The interest rate offered by the Fifth Third Bank Deposit Program will often differ from other money market options that are available, and often FDIC insured options provide a lower interest rate than non-FDIC insured money market options. FTS receives a portion of the revenue associated with the Fifth Third Bank Deposit Program. This creates a conflict of interest when a client selects the Fifth Third Bank Deposit Program. To help mitigate this conflict of interest, FTS does not share the revenue received from the Fifth Third Bank Deposit Program with our Financial Professionals. Additionally, FTS makes available several other money market options to clients which are not FDIC insured, and clients are provided at or prior to opening a Brokerage Account or an investment advisory account, the *Fifth Third Securities Core Disclosure Summary*. This disclosure can be obtained by requesting one from your Financial Professional or by going to [53.com/ftsdisclosure](https://www.fifththird.com/ftsdisclosure).

9.b. Fifth Third Insurance Agency, Inc.

Fifth Third Insurance Agency, Inc. is a licensed insurance agency, which is a wholly-owned subsidiary of FTB. The majority of FTS' Financial Professionals act as insurance agents for Fifth Third Insurance Agency. FTS and our Financial Professionals offer insurance products and services to clients outside of Brokerage Accounts. You are under no obligation to engage Fifth Third Insurance Agency or our Financial Professionals for these separate products for which a commission is received.

9.c. FTB PCS & IM&T Accounts

FTB offers the Private Client Services ("PCS") account and Investment Management and Trust Services ("IM&T") account. PCS and IM&T accounts are investment advisory accounts, but they are

not investment advisory services provided by FTS. Financial Professionals can refer you to FTB when the Financial Professional believes it is appropriate for you. FTS and your Financial Professional will receive a portion of the investment advisory fees associated with PCS and IM&T accounts. In addition, since PCS and IM&T accounts are not administered through FTS, the requirements and review process to approve and maintain the PCS or IM&T account differ from FTS' processes and requirements for Brokerage Accounts and investment advisory accounts. These differences can create conflicts of interest for the Financial Professionals if the Financial Professional believes one process is less difficult to open an account or if the Financial Professional does not believe the account would be opened at FTS or FTB. Additionally, the investment advisory fees earned in a Passageway account will differ from the amount the Financial Professional can receive for referring to a PCS account. Additional details regarding this potential conflict of interest can be found in *Passageway Managed Account Wrap Fee Program Brochure (ADV Part 2A, Appendix 1)* which can be requested from your Financial Professional or found at 53.com/ftsdisclosure.

9.d. **FTB Products**

In addition to the PCS and IM&T accounts mentioned above, some of FTS' Financial Professionals are in roles/positions with FTB where the Financial Professional can offer products of FTB. These FTB products include, but are not limited to, checking (e.g., preferred, express, free checking, access 360), savings, credit cards, debit cards, identity alert services, loans (e.g., home loans, refinance home loans, equity flexline, secured flexline, unsecured flexline, auto, personal), and bank CDs and IRAs.

10 Disciplinary Information

FTS and some of its Financial Professionals have incurred some form of disciplinary action. FTS strongly recommends that you visit <https://brokercheck.finra.org/firm/summary/628> for more information regarding FTS' history. In addition, we strongly recommend you visit brokercheck.finra.org for more information on your Financial Professional.

(Remainder of this Page Intentionally Left Blank)