

# Regulation Best Interest Disclosure

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

As you review this information, we would like to remind you that we are registered with the U.S. Securities and Exchange Commission (SEC) and with the Financial Regulatory Authority (FINRA) as a broker dealer. Our [Form CRS](#) contains important information about the types of services we offer along with general information related to compensation, disciplinary action, and other reportable legal information.

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

## Brokerage Services

We offer both brokerage accounts and exempt offerings of private placement securities to both retail and institutional investors. Through a brokerage account you have the ability to buy, sell and hold investments. For Private Placement Investments, please refer to the Private Placement Memorandum for limitations and requirements specific to each investment.

### *Cash Brokerage and Margin Brokerage Accounts*

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

Given that a margin-enabled brokerage account has specific eligibility requirements, unique costs, and governing regulatory requirements, our default brokerage option is our cash brokerage account. You must execute a separate margin agreement before engaging in margin brokerage activity. Included with your margin agreement is a copy of the Margin Disclosure Statement. This statement contains important information you should understand and consider before establishing a margin brokerage relationship with us. For more information on our margin brokerage services, contact a financial professional or refer to our Margin Disclosure Statement available at [Noble Capital Markets Margin Disclosure](#).

### *Brokerage Account Types*

We offer many different brokerage account types including individual and joint accounts, custodial accounts, Delivery Versus Payment (DVP) accounts, estate and trust accounts, partnership accounts, individual retirement accounts and other types of retirement accounts as outlined in our account agreement(s). You should refer to our account agreement(s) for more information concerning available account types or speak with a financial professional.

### *Incidental Brokerage Services, Recommendations and Account Monitoring*

Within your brokerage account, we may also provide other incidental services such as research reports, and recommendations to buy, sell, or hold securities. 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 into a fiduciary relationship with you.

It is important for you to understand that when our financial professionals make a 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 investments. If you prefer on-going monitoring of your account or investments, you should speak with a financial advisor about whether an advisory services relationship is more appropriate for you.

Please also consider that from time to time we may provide you with additional information and resources to assist you with managing your investments. This may include but is not limited to educational resources, sales and marketing materials, performance reports, asset allocation guidance, and/or periodic brokerage account reviews. When we offer these services and information, we do so as a courtesy to you.

### *Clearing Services*

We have entered into an agreement with INTL FC Stone (Stone X Group – also referred to herein as “Clearing Agent”) to carry your account and provide certain back office functions. We and the Clearing Agent share responsibilities with respect to your account as set forth in the disclosures that were delivered to you upon opening of your account.

## *Understanding Risk*

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

Investment goals typically have different time horizons and different income and growth objectives. Generally, investment goals are on a spectrum, with “Capital Preservation” and “Conservative” investors typically holding the smallest percentage of higher-risk investments, followed by “Moderately Conservative”, “Moderate”, and “Moderately Aggressive” investors holding *some* higher-risk investments, and finally “Aggressive” and “Speculative” investors holding a significant portion of their portfolio in higher-risk investments. See the Investor Profile Descriptions below for details.

### *Investor Profile Descriptions:*

**CAPITAL PRESERVATION:** Client seeks preservation of principal over potential income or capital appreciation. The primary goal of this account is to prevent the loss of the investment’s value, even if that means the account does not keep pace with inflation. A typical portfolio may include cash and/or cash alternative securities, FDIC insured certificates of deposit, insured high-grade general obligation municipal bonds and certain government securities.

**CONSERVATIVE:** Client seeks current income. Long-term capital growth is not an objective. Client is willing to accept very low levels of volatility and the possible loss of a portion of his or her principal, but preservation of capital is still an important concern. A typical portfolio may be heavily weighted toward fixed income investments and cash and/or cash alternative securities.

**MODERATELY CONSERVATIVE:** Client seeks current income with long-term growth as a secondary goal. Client is willing to accept low levels of volatility and the possible loss of a portion of his or her principal in order to pursue his or her investment goal. A typical portfolio may have a fixed income investment bias with more modest allocations to equities.

**MODERATE:** Client seeks both capital growth and current income. Client is willing to accept moderate levels of volatility in order to achieve capital appreciation or higher income returns and the possible loss of a portion of his or her principal in order to pursue his or her investment goal. A typical portfolio may include an approximate balance of fixed income investments and equities.

**MODERATELY AGGRESSIVE:** Client primarily seeks long-term growth with some current income as a secondary goal. Client is willing to accept high levels of volatility and the possible loss of a substantial

portion of his or her principal in order to pursue his or her investment goal. A typical portfolio may have exposure to various asset classes but would generally be biased toward equities.

**AGGRESSIVE:** Client seeks long-term capital growth. Current income is not an objective. Client is willing to accept very high levels of volatility and the possible loss of a substantial portion of his or her principal in order to pursue his or her investment goal. A typical portfolio may have exposure to various asset classes but would generally have a strong bias toward equities.

**SPECULATIVE:** Client seeks realized gains on short-term movements in securities prices. Client is willing to accept the highest levels of volatility and the possible total loss of principal that may occur in attempting to achieve his or her investment goal. A typical portfolio may consist of heavy allocations toward small cap and microcap equities, high-risk options strategies, high-yield bonds and, in many instances, concentrated positions in securities of a particular industry or issuer.

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

### *Cash Sweep Program Feature*

Our brokerage services include a Cash Sweep Program feature. This program permits you to earn a return on uninvested cash balances in your brokerage account by allowing cash balances to be automatically “swept” into a “Cash Sweep Vehicle,” until such balances are otherwise required to satisfy obligations arising in your account. These Cash Sweep Vehicles include interest-bearing deposit accounts, and if permissible, money market mutual funds or such other sweep arrangements made available to you. You will receive additional information concerning the Cash Sweep Program in your account agreement(s). More information about the Cash Sweep Program can be found at [INTL FC Stone Cash Sweep \(Stone X\)](#). Please review that Disclosure Statement carefully.

INTL FC Stone’s Cash Sweep Disclosure Statements are located at [INTL FC Stone Cash Sweep Disclosure \(Stone X\)](#) and [INTL FC Stone Cash Sweep Brochure \(Stone X\)](#).

## **Brokerage fees**

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

### *Account Minimums and Activity Requirements*

As previously identified, we offer brokerage accounts as well as private placement offerings. There is no minimum initial account balance required to open a brokerage account, but there may be minimum investments for a specific private placement offering and we ask that you refer to the offering memorandum for any specific information.

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 you open your brokerage account.

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

### *Transaction-Based Fees*

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

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

### *Equities and ETF's*

Buying and selling of publicly traded companies and Exchange Traded Funds (ETF's) on stock market exchanges. A commission will be charged by the broker.

### *Private Placements*

Private Placement Securities are sold through an offering document and the specific information regarding each offering may be different. We do urge you the investor to review these offering materials to ensure that you are aware of not only the specific limitations involved with each offering, but the specific fees, expenses and potential conflicts associated with them. The firm may receive a sales commission paid directly by the issuer of the security. This commission is not paid directly by you but is part of the offering price and paid by the issuer from the proceeds of the offering.

### *Unit Investment Trusts (UITs)*

The Unit Investment Trusts we sell consist of Equity and Fixed-Income UITs. We, along with your financial professionals, are compensated in ways that vary depending on the type and terms of the UIT portfolio selected. The types of fees received by us are described via the prospectus issued by the UIT provider. Your financial advisor can provide you a copy of the most recent prospectus. For additional information, please see your prospectus.

### *Mutual Funds*

We currently offer thousands of mutual funds varying in share class structure and investment style. If you invest in mutual funds, we may receive direct and indirect compensation in connection with such mutual fund investments. For additional information, and explanation of share class structure please review your fund's prospectus.

### *Debt Securities*

For debt securities, including preferred securities, corporate bonds, municipal bonds, and CDs, we may apply a commission. You will receive a confirmation after every trade which will disclose the markup/markdown/commission charged to the trade.

### *Options*

Option rates, both equity and index, are commissions charged per contract.

### *Operational and Administrative Fees*

We receive compensation for various operational and administrative services provided to you through your brokerage account. Our fee schedule for these services is located at [Noble Capital Markets Fee Schedule](#).

## **Compensation and Conflicts**

### *Transaction-based conflicts*

In your brokerage account you pay certain fees (commissions and sales charges) in connection with the buying and selling of each investment product, including mutual funds, alternative investments, private placements, exchange traded funds, equity securities, and bonds. Where these fees apply, the more transactions you enter into, the more compensation that we and your financial professional receive.

This compensation creates an incentive for us to recommend that you buy and sell, rather than hold, these investments. We also have an incentive to recommend that you purchase investment products that carry higher fees, instead of products that carry lower fees or no fees at all.

### *Account maintenance and other administrative fees*

For the services we provide or make available to you with respect to your brokerage account, we charge certain account maintenance and other administrative fees, including transfer, wire, or other miscellaneous fees, as described in the fee schedule. We have a revenue sharing agreement with our clearing broker INTL FC Stone (Stone X Group) on account maintenance and administrative fees.

### *Compensation Received by Financial Advisors*

Financial professionals are compensated in a variety of ways based on the percentage of revenue generated from sales of products and services to clients, including brokerage account activity and private placements. This compensation may vary by the product or service associated with a brokerage recommendation. In addition to upfront-transaction based compensation, some products feature on-going residual or “trail” payments. Thus, financial professionals are incentivized to recommend products that have higher fees as well as those with on-going payments.

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

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

## **Additional Resources**

- Form CRS: [Noble Capital Markets Form CRS](#)
- Margin Disclosure: [Noble Capital Markets Margin Disclosure](#)
- Cash Sweep Program: [INTL FC Stone \(Stone X\) Cash Sweep Disclosure](#)
- Privacy Disclosure: [Noble Capital Markets Privacy Policy](#)
- Business Disruption Disclosure: [Noble Capital Markets Business Disruption Disclosure](#)
- FINRA Brokercheck: [FINRA BrokerCheck](#)