

# **Aufhauser Securities Inc.**

## **DISCLOSURE CONCERNING INVESTMENT ADVICE PROVIDED TO RETIREMENT INVESTORS INCLUDING IRAS AND ASSETS HELD IN ERISA-COVERED PLANS TRANSITION DISCLOSURE**

### **Advisor Name:**

This disclosure is provided to you in connection with investment advice provided to you in connection with assets held in an IRA, Roth IRA, Archer Medical Savings Account, a Plan covered by Title I of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), or a plan described in Section 4975(e)(1)(A) of the Internal Revenue Code (“Code”). This disclosure may supplement other agreement(s) we have entered into with you in connection with your account(s) (“Account”) including, without limitation, any insurance or annuity contract or application, account opening agreement, investment program agreement or similar document.

References in this disclosure to “you” refer to the beneficial owner of an IRA, Roth IRA, Archer Medical Savings Account, or a participant in a Plan subject to ERISA, or a Retail Fiduciary of a Plan or IRA (or a Roth IRA). References to “us” or “we” refer to Aufhauser Securities Inc. (“Financial Institution”) and references to your “Advisor” refer to the individual Advisor whose name appears above, and any other Advisor who we may from time to time assign to your Account. Capitalized terms contained in this disclosure shall have the meanings assigned in Section 5 except where otherwise defined.

This disclosure includes information that is required to be provided to you by the U.S. Department of Labor’s Best Interest Contract Exemption, 81 Fed. Reg. 21002 (April 8, 2016) (“Best Interest Contract Exemption”). That exemption permits your Advisor, us, our Affiliates and Related Entities to receive compensation for services in connection with recommendations that we or your Advisor may from time to time make to you concerning the purchase, sale or holding of investments for your Account, including any related rollover or distribution recommendations, recommendations on investment policies or strategies, portfolio composition, the selection of other persons to provide investment advice or investment management services, or the selection of investment account arrangements (e.g., brokerage or advisory), without violating the prohibited transaction provisions under ERISA that might otherwise apply.

This disclosure is effective only with respect to investment recommendations described in Section 2 that we or your Advisor may provide during the period of April 10, 2017 through December 31, 2017. In no event will this disclosure apply to investment recommendations we or your Advisor may provide prior to this period.

## **1. Fiduciary Acknowledgement and Statement of Impartial Conduct Standards**

We and your Advisor act as “fiduciaries” under ERISA or Section 4975 of the Internal Revenue Code (the “Code”) (to the extent applicable) with respect to any investment advice we or your Advisor provide in connection with your Account and its holdings. When providing any such fiduciary advice to you, we and your Advisor will adhere to the standards of care described below (the “Impartial Conduct Standards”) –

i. When providing investment advice to you, we and your Advisor provide investment advice that is, at the time of the recommendation, in your “Best Interest.” Advice meeting the “Best Interest” standard is advice that reflects the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character

and with like aims, based on your investment objectives, risk tolerance, financial circumstances, and needs, without regard to the financial or other interests of us or the Advisor or any Affiliate, Related Entity, or other party.

- ii. Transactions that we or your Advisor recommend will not cause us, your Advisor, or our Affiliates or Related Entities to receive, directly or indirectly, compensation for their services that is in excess of reasonable compensation within the meaning of ERISA Section 408(b)(2) or Section 4975(d)(2).
- iii. Statements by us and your Advisor to you about transactions subject to this disclosure, fees and compensation, Material Conflicts of Interest, as defined and described in this disclosure, and any other matters relevant to your investment decisions, will not be materially misleading at the time they are made.

## 2. Services Provided Subject To This Disclosure

We and your Advisor will from time to time provide recommendations to you for your Account concerning one or more of the following matters:

- i. The purchase, sale, exchange or holding of investments for your Account;
- ii. Rollovers, distributions or transfers from your Account;
- iii. Investment policies, strategies or portfolio composition;
- iv. Other persons to provide investment advisory or investment management services;
- v. The selection of investment account arrangements (e.g., brokerage or advisory account arrangements).

For the avoidance of doubt, only recommendations that constitute investment advice under regulations issued by the U.S. Department of Labor at 29 C.F.R. § 2510.3-21(a) shall be treated as services under this Section 2 and shall be subject to this disclosure.

## 3. Material Conflicts of Interest

We have Material Conflicts of Interest when we make investment recommendations to you. A description of these Material Conflicts of Interest is attached as Appendix A.

## 4. Proprietary Products and Third Party Payments

We offer Proprietary Products and we receive Third Party Payments in connection with the investments we recommend.

**At present, we do not offer any load mutual funds.**

## 5. Definitions

The following capitalized terms shall have the meanings indicated when used in this BIC.

i. "Affiliate" of an Advisor or Financial Institution means:

- 1) Any person directly or indirectly through one or more intermediaries, controlling, controlled by, or under common control with the Advisor or Financial Institution. For this purpose, "control" means the power to exercise a controlling influence over the management or policies of a person other than an individual;
- 2) Any officer, director, partner, employee, or relative (as defined in ERISA Section 3(15)), member of family (as defined in Code Section 4975(e)(6)) of, or partner in, the Advisor or Financial Institution; and
- 3) Any corporation or partnership of which the Advisor or Financial Institution is an officer, director or partner.

ii. A "Material Conflict of Interest" exists when an Advisor or Financial Institution has a financial interest that a reasonable person would conclude could affect the exercise of its best judgment as a fiduciary in rendering advice to you.

iii. A "Plan" means any employee benefit plan described in Section 3(3) of ERISA and any plan described in Section 4975(e)(1)(A) of the Internal Revenue Code.

iv. "Related Entity" means any entity other than an Affiliate in which the Advisor or Financial

Institution has an interest which may affect the exercise of its best judgment as a fiduciary.

v. “Retail Fiduciary” means a fiduciary of a Plan or individual retirement account (“IRA”) that is not described in Section (c)(1)(i) of the Regulation (29 CFR 2510.3-21(c)(1)(i)).

vi. “Retirement Investor” means—

1) A participant or beneficiary of a Plan subject to Title I of ERISA or described in Section 4975(e)(1)(A) of the Code, with authority to direct the investment of assets in his or her Plan account or to take a distribution,

2) The beneficial owner of an IRA acting on behalf of the IRA, or

3) A Retail Fiduciary with respect to a Plan subject to Title I of ERISA or described in Section 4975(e)(1)(A) of the Code or IRA.

vii. “Proprietary Product” means a product that is managed, issued or sponsored by the Financial Institution or any of its Affiliates.

viii. “Third Party Payments” include sales charges when not paid directly by the Plan, participant or beneficiary account, or IRA; gross dealer concessions; revenue sharing payments; 12b-1 fees; distribution, solicitation or referral fees; volume-based fees; fees for seminars and educational programs; and any other compensation, consideration or financial benefit provided to the Financial Institution or an Affiliate or Related Entity by a third party as a result of a transaction involving a Plan, participant or beneficiary account, or IRA.

## **Appendix A**

### **Description of Material Conflicts of Interest**

**In the case of everything you may buy or sell through Aufhauser Securities, Inc., Aufhauser Securities, Inc. charges a commission. In the case of some money market and mutual funds, the funds pay Aufhauser Securities a “trailer”.**

## **Appendix B**

### **Fees and Charges Imposed Upon You or Your Account**

**Standard fees are \$35 per transaction, plus any applicable extra costs that may be imposed by the exchanges on which the transaction may be conducted.**

**Details available upon request.**

## **Appendix C**

### **Third Party Compensation Received By Us and Your Advisor**

**None, except disclosed above.**