



Regulus Financial Group, LLC Disclosure Brochure

This document provides information about the business practices, compensation and conflicts of interest related to the brokerage business of Regulus Financial Group, LLC (referred to as “we,” “us,” or “Regulus”). Additional information about Regulus and its Financial Professionals is available on FINRA’s website at brokercheck.finra.org.

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Introduction

Regulus is a broker-dealer registered with the Securities and Exchange Commission (SEC) and member of FINRA. Regal Investment Advisors, LLC ("Regal") is an affiliated entity that is registered as an investment advisor with the SEC.

We maintain a network of individuals referred to as Financial Professionals who offer brokerage services, investment advisory services, or both depending on their licenses. Some of our Financial Professionals are investment advisor representatives (IARs) of Regal or a non-affiliated third-party investment advisor. Although most Financial Professionals offer both brokerage and investment advisory services, some only offer brokerage services and others only offer investment advisory services. You should ask your Financial Professional about what capacity they are acting or will be acting on your behalf, as a broker-dealer registered representative and/or IAR. Unless stated otherwise, your Financial Professional is acting in the capacity, brokerage or advisory, required by the account type for which the respective transaction takes place.

This disclosure discusses important information regarding Financial Professionals who act as registered representatives of the broker-dealer. For more information about Regal and the services Financial Professionals provide when they act as IARs, please see Regal's Form ADV. For additional information on which type of investment account is right for you, please see our Form CRS. Visit www.regal-holdings.com/investor-disclosure or contact your representative for a copy of our Form CRS.

Broker-Dealer Capacity – Regulus

The services we offer to brokerage clients are limited to providing custody of account assets, execution of securities transactions and other customary brokerage services. In addition to taking trade orders and executing trades, we may also provide investment advice incidental to the brokerage services. This may include recommendations about whether to buy, sell or hold particular securities, as well as investor education, investment research, and information about investment products and services. We do not provide ongoing investment advice or monitoring of your brokerage account for you unless we state otherwise in writing.

All recommendations made by your Regulus Financial Professional regarding your brokerage accounts will be made in a broker-dealer capacity. When we act as a broker-dealer, we are subject to the Securities Act of 1933, the Securities Exchange Act of 1934, as amended, the rules of self-regulatory organizations, such as the Financial Industry Regulatory Authority, Inc. (FINRA), and applicable state laws. Pursuant to the SEC's Regulation Best Interest, we must act in your best interest, and we owe you a duty of care and loyalty. This means we must avoid conflicts of interest or, at a minimum, disclose them to you.

Our Financial Professionals do not make investment decisions for you or manage your brokerage account on a discretionary basis. Because our Financial Professionals do not have discretionary investment authority in this capacity, we cannot buy or sell investments in your brokerage account without first obtaining your consent. Our Financial Professionals may recommend investments to you, but you are responsible for making the decision whether to purchase or sell investments, and we will only purchase or sell investments when specifically directed by you.

Our Financial Professionals are available to assist you and may periodically review your account(s) to offer subsequent recommendations. However, our Financial Professionals do not monitor your account after a securities transaction is effected for you, including those investments they recommend for you.

Investment Advisor Capacity – Regal

As an investment advisor, we provide investment advice to you for a fee, including investment advice with respect to particular investments, and other investment advisory programs. All recommendations regarding any account you establish under our advisory programs will be made in an advisory capacity. When we act in our capacity as an investment advisor, we will do so pursuant to a written agreement with you that sets forth the relationship and our obligations to you. When we provide advice, we are acting in a fiduciary capacity under the Investment Advisers Act of 1940. We are subject to a fiduciary duty requiring us to act and provide investment advice in our clients' best interest. We are required to provide full and fair disclosure of material facts associated with our services and advice. We must act to avoid conflicts of interest or disclose these conflicts to our clients. For more information about Regal and the services Financial Professionals provide when they act as IARs, please see Regal's Form ADV. Visit www.regal-holdings.com/investor-disclosure.

Choosing Between Brokerage and Advisory

Our services, fees, compensation, and conflicts differ depending on whether you work with us through a brokerage or advisory relationship. Brokerage accounts and advisory accounts are designed to address different needs of investors. You

should carefully consider and discuss with your Financial Professional which type of relationship is more appropriate for you. Not all Financial Professionals are licensed to sell all products.

You may prefer a brokerage account if you:

- Do not have enough assets to invest in advisory programs;
- Do not desire, or do not want to pay for, ongoing advice, management, and monitoring services through an advisory program;
- Prefer to pay only for the investment transactions you choose to implement;
- Are comfortable making your own investment decision, either with or without a recommendation from a Financial Professional;
- Are comfortable monitoring your account's performance and performing periodic rebalancing without the help of a Financial Professional;
- Are comfortable with the conflict of interest transaction-based compensation creates for us and your Financial Professional; or
- Choose to maintain concentrated positions, such as employer securities or cash equivalents.

Before opening an account with us, you should carefully consider and discuss with your Financial Professional, in light of your particular circumstances, the services, risks, fees and expenses associated with a brokerage account or an advisory account.

Brokerage Accounts and Services

The services that we provide to brokerage accounts include buying and selling investments at your direction, custody of your investments in a brokerage account and other account services. From time to time or at your request, we also provide you with recommendations and investment advice "incidental to" the brokerage services. This may include recommendations of securities transactions or strategies involving securities, and providing you with investor education, investment research, financial planning or tools, information about investment products and services, and other assistance to help you develop an investment approach or meet your goals.

We act as a broker-dealer and your Regulus Financial Professional acts as an associated person or registered representative of a broker-dealer with respect to recommendations made for your brokerage account, including recommendations of any securities transaction or investment strategy involving securities. We will act solely in our capacity as a broker-dealer (and not as an investment advisor) in discharging our duties with respect to your brokerage accounts. This means that we will only buy or sell investments based upon specific directions from you. We do not make investment decisions for your brokerage accounts or manage such accounts on a discretionary basis. You are ultimately responsible for managing and monitoring your brokerage account, determining whether your investment objective, strategy and asset allocation continue to be right for you, and making the decision about whether to buy, sell or continue to hold investments. Please note that if we or your Financial Professional recommends that you open an advisory account, convert your brokerage account to an advisory account or transfer assets from your brokerage account to an advisory account, we are acting as investment advisor, and your Financial Professional is acting as an investment advisor representative when making those recommendations.

You have the ability to purchase many different types of investments in your brokerage account, such as common stocks, preferred stocks, bonds and other fixed income securities, mutual funds, ETFs, closed-end funds, UITs, and annuities. Certain alternative or complex investments and strategies are also available to you for your brokerage account, such as the use of margin, options, short sales, private equity funds, structured products, and other alternative investments, subject to investor eligibility requirements. Your Financial Professional can provide you more specific information about the types of investments you can buy in your brokerage account.

We do not limit our offerings or recommendations to proprietary products, specific asset classes or products with third-party compensation arrangements, although not every product or type of investment is available through us. For example, we generally only offer and recommend Class A and Class C shares of mutual funds to be purchased in a brokerage account, although other share classes may be available in limited instances.

We and your Regulus Financial Professional do not provide ongoing investment advice to you about your brokerage account and have no obligation to monitor the investments in or performance of your brokerage account for you or to update the recommendations we make to you unless we state otherwise in writing. We also do not monitor your brokerage account to determine whether a brokerage account remains a better choice for you than an investment advisory account. We do not vote proxies on your behalf or take action for you in response to class action or creditors' claim notices.

There is no minimum amount needed to open or maintain a brokerage account with us. However, certain investments are subject to minimums and limitations, and it may be difficult or impractical to place trades for accounts below certain amounts given the commissions or other costs of placing those trades or the minimum investment amounts that apply to the particular investment product.

When making a recommendation of a securities transaction or an investment strategy involving securities (including account recommendations) to a retail customer like you, we and your Financial Professional are required by Regulation Best Interest to act in your best interest at the time the recommendation is made, without placing our financial or other interest or that of your Financial Professional ahead of your interest. We and your Financial Professional, in making a recommendation, must exercise reasonable diligence, care and skill to: (1) understand the potential risk, rewards and costs associated with the recommendation, and have a reasonable basis to believe that the recommendation could be in the best interest of at least some retail customers; (2) have a reasonable basis to believe that the recommendation (a) is in your best interest based on your investment profile and the potential risks, rewards and costs associated with the recommendation and (b) does not place our financial or other interest or that of your Financial Advisor ahead of your interest; and (3) have a reasonable basis to believe that a series of recommended transactions, even if in your best interest when viewed in isolation, (a) is not excessive and is in your best interest when taken together in light of your investment profile and (b) does not place our financial or other interest or that of your Financial Professional making the series of recommendations ahead of your interest.

It is important to note that when we act as broker-dealer, we generally do not have the same legal obligations that apply when we act as investment advisor, although the general standards of conduct are similar.

The general basis for making a recommendation to you will be the information provided by you to your Financial Professional that comprises your "investment profile". Such information will generally include certain information provided by you, such as your age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, risk tolerance and other relevant information that you provide to your Financial Professional. It is therefore important that you provide all such information accurately to your Financial Professional and update such information as needed. Before recommending a particular investment for your brokerage account, your Financial Professional will consider whether it is appropriate in light of your investment profile and will take into account the risks and costs associated with the investment and reasonably available alternatives.

Generally, we and our Financial Professionals do not have a special or distinct investment approach, philosophy or strategy when making investment recommendations for brokerage accounts. If your Financial Professional is using a certain investment approach, philosophy or strategy when making a particular recommendation to you, your Financial Professional will inform you orally about the basis for the recommendation at or prior to the time the recommendation is made.

Recommendations about investments or investment strategies involve risks. These risks vary based on the investment or strategy being recommended. While we will take reasonable care in developing and making recommendations to you, investments involve risk, and you may lose money. There is no guarantee that you will meet your investment goals, or that our recommended investment or strategy will perform as anticipated. Please consult the offering documents for any investment we recommend for a discussion of risks associated with the product. We can provide those documents to you or help you to find them. In the case of securities issued by reporting companies or registered investment companies, you can obtain information about the risks in the other reports and documents filed by those companies with the SEC. You are also encouraged to discuss with your Financial Professional the risks associated with any recommendations provided to you.

Risks and Other Considerations

Your investments should be chosen based on your investment objective, risk tolerance, time horizon and needs. You may make investment decisions on your own. However, if your Regulus Financial Professional makes a recommendation, they will help you navigate through these considerations, but it is important for you to know that investing involves risk. When you invest in the securities market, you risk losing the money you invest. A basic rule of investing is that the higher the expected return of an investment, product, or strategy, the greater the risk that you could lose some, or even all the money you invest. If you purchase an investment, you should be aware of the following:

- Investments are NOT insured by the FDIC or any other government agency;
- Investments are not obligations of or guaranteed by Regulus or its affiliates;
- Investments are subject to risk, including possible loss of principal invested and may fluctuate in value;
- Past performance is not a guarantee of future results; and
- Performance is NOT guaranteed.

The risks outlined below are some of the most common risks involved in investing. You should openly discuss your tolerance for risk with your Regulus Financial Professional so they can help you make informed decision regarding your investments. Different investments and products involve varying degrees of risk and if your Financial Professional recommends a particular investment, product, or strategy, they will go into detail with you on the risks specific to your portfolio.

Common Risks in Investing

- **Business Risk** - When you invest in corporate securities, whether equities (stocks) or debt (bonds), you are assuming that the company will remain in business. Depending on the type of investment, you may or may not receive any of the proceeds in the event of bankruptcy.
- **Volatility Risk** - The stock market is volatile by nature and investments may go up or down, regardless of the financial stability of the issuer. Fluctuating values may be for reasons that do not specifically relate to the issuer, such as political unrest, economic conditions, publicity, etc.
- **Inflation Risk/Purchasing Power** - When you invest in products with fixed interest rates, such as cash equivalents, you risk that inflation will reduce your purchasing power. Purchasing power risk means the value of the money you invested is worth less, due to inflation that it was when you made your original investment.
- **Interest Rate Risk** - Interest rate risk relates to investing in fixed income securities. For example, rising rates make newly issued bonds more attractive because they pay higher interest payments and make your older bond paying lower interest worth less.
- **Liquidity Risk** - Liquidity risk relates to securities that you cannot easily buy or sell. Some products assess penalties for early withdrawals, while others are not tradeable in the markets.

The risks outlined above are not exhaustive, and investors should consult their Financial Professional to understand the specific risks associated with their individual investments. For additional information about risks, we encourage you to visit FINRA's website <https://www.finra.org/investors/investing/investing-basics/risk>.

Material Fees and Costs

The principal costs of our brokerage services are the fees and costs you pay when we buy or sell investments for your brokerage account ("transaction-based fees"). For certain types of investments, you will also indirectly pay us ongoing or trail commissions or fees ("trail fees"). Transaction-based fees and trail fees vary and depend on the investment you select, the size of the trade, and whether we act as "agent" or "principal" when placing your trade. When we act as agent, we buy and sell investments for you using third-party broker-dealers or an exchange or other marketplace. When we act as principal, we buy investments from you and sell investments to you for our own account. When we act as your agent, you will generally pay us commissions, sales charges or "loads", or similar compensation. For certain types of investments, such as common and preferred stocks, ETFs, closed-end funds and options, the transaction-based fees are typically upfront commissions. For certain other investments, such as mutual funds and UITs, you will indirectly pay us upfront or deferred sales charges disclosed in the prospectus or offering document for the investment.

You will also indirectly pay us trail fees on certain investments, such as mutual funds which are disclosed in the prospectus or offering document for the investment. Trail fees are generally required to be paid periodically, typically quarterly, for as long as you hold the investment and are based on the value of your investment. When we act as principal, including when we sell (or buy) bonds to (or from) you from (or to) our own account, our compensation is embedded in the price of the investment you buy or sell because we mark the price of your investment up ("markup") or down ("markdown") and/or earn an embedded commission. You should discuss with your Financial Professional the amount of fees and costs you will incur before placing an order for your brokerage account. You should note that you will pay the same transaction-based fees and trail fees on securities trades we execute for your brokerage account, whether the trades are placed in accordance with our recommendations, against our recommendations or at your direction without any recommendation from us. More specific information about the transaction-based fees and trail fees that apply to trades executed in brokerage accounts is provided below.

Commissions, Markups, Markdowns and Similar Charges

When we act as agent for you on a securities trade for your brokerage account, you will generally pay us commissions in accordance with our standard commission schedules then in effect. Commissions are charged on both purchases and sales of certain securities, such as stocks and other equity securities, ETFs, closed-end funds, and options. When you buy or sell shares of a stock, an ETF, or a closed-end fund, you will pay a commission based on the dollar value of the trade principal amount, although in certain cases the rate may be expressed in cents per share. Similarly, when you trade options, you will be charged a commission based on the principal dollar value of the option contract. Our standard commission

rates decrease as the dollar value of the trade principal amount increases. For common and preferred stocks, ETFs and closed-end funds, the standard commission rate is based on the size of the trade and generally is lower as the trade principal amount increases and is subject to a commission amount that depends upon the size of the trade. Your actual commission rates could be higher or lower in certain instances. Our current commission schedules for equity securities, ETFs, closed-end funds, and options are available from your Financial Professional.

When we act as principal, including when we sell or buy bonds and other fixed income securities to or from you, using our own account, our compensation is typically embedded in the price of the investment you buy or sell. We generally markup the price of a security you purchase from us or markdown the price of a security you sell to us from the prevailing market price. We generally act as principal in trading municipal bonds, corporate bonds, U.S. Treasury securities, government and agency securities, and other fixed income securities for your brokerage account. The markup or markdown includes a sales credit payable to the Financial Professional whose clients buy or sell such securities. The markup or markdown (as well as the sales credit) varies based on the type of fixed income security being sold and the remaining maturity of the security. Markups, markdowns and sales credits for corporate bonds, municipal bonds and mortgage-backed or asset-backed securities are higher than for Treasury and government agency securities and certificates of deposit (CDs); and markups, markdowns, and sales credits for fixed income securities with longer remaining maturities are generally higher than for fixed income securities with shorter remaining maturities.

Commissions, markups, and markdowns are charged by us and deducted from your account when the trade is settled. When you buy or sell a security described above, you will receive a trade confirmation after the transaction is completed in accordance with the delivery method you have selected (paper or electronic form). The trade confirmation will show the capacity in which we acted (agent or principal) and the actual commission, markup, markdown, underwriting discount and spread you paid on the trade, to the extent legally required. Your Financial Professional can also provide the information.

Product Sales Charges, Commissions and Trail Fees

For certain investment products, such as mutual funds and UITs, you will pay sales charges, which are imposed by the product providers, deducted from your investment and paid to us. These sales charges are described in the prospectus or offering document for the product and vary from product to product. Depending upon the investment, sales charges may be required to be paid at the time you invest, periodically over a certain period of time after your initial investment, or upon the occurrence of some latter event, such as your sale of the investment. Some investment products also have trail fees, such as distribution (12b-1) fees charged by some mutual funds, which are imposed by the product providers, deducted from your investment and paid to us. Trail fees are generally required to be paid periodically, typically quarterly, for as long as you hold the investment and are based on the value of your investment. When you purchase an annuity, we typically receive an upfront commission from the annuity provider and/or an ongoing trail commission. These payments are not paid by you or otherwise deducted from your investment.

Product Fees and Expenses

In addition to transaction-based fees and trail fees, you will also incur other ongoing costs and expenses related to certain investments, such as mutual funds, ETFs, closed-end funds, annuities, UITs, and other investment funds. These ongoing costs and expenses are described in the prospectus or other offering document for the investment product.

Other Fees and Charges

You will incur other fees and charges related to your brokerage account with us in certain instances, depending upon the services and features you select. Common examples include: ongoing operating fees and expenses paid out of assets of certain investment products you own such as mutual funds, ETFs, and annuities; certain account administrative fees, transfer fees, investment conversion costs, interest, and fees for other parties providing services to you; and fees and charges imposed by third parties, if any, that have custody of your investments or execute transactions for your account.

Investment Advisory Accounts and Services

For detailed information on advisory accounts and services, please refer to Regal's ADV Part 2A. Visit www.regal-holdings.com/investor-disclosure or contact your representative for a copy of this brochure.

Fees and Costs

Detailed information on our brokerage fees can be found in the brokerage fee schedule and depending on the investment product in which you invest, may be included in the product's prospectus or other offering document. Your Financial Professional can provide you with the detailed fees and costs associated with the transactions in your account.

Compensation and Conflicts of Interest

Like all financial services companies, Regulus Financial Group, LLC (“Regulus”) or (“Firm”) has conflicts of interest. The information below describes conflicts of interest associated with compensation received by Regulus and its Financial Professionals for brokerage services, in addition to some of our other related conflicts of interest, in order to provide you with the material facts related to these conflicts.

Please note that not all the conflicts described apply to a particular Regulus Financial Professional or their services. The products we sell and the types and amounts of compensation we receive change over time. You should ask your Financial Professional any questions you have about compensation or conflicts of interest. Understanding the conflicts of interest that we have, and how those conflicts of interest may affect the basis for a particular recommendation, will help you evaluate the potential incentives we have in making a recommendation.

Regulus and its Financial Professionals are compensated for the products we sell, and this presents an inherent conflict of interest. As you work with your Financial Professional to determine the right investments and services to reach your investment goals, it is important for you to understand how we are compensated and have all the material facts related to the scope and terms of your relationship with us. You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time.

Regulus and your Financial Professional make money because we are either compensated directly by you, or indirectly from the investment products purchased by you. We offer a range of investments and services to retail customers, and when you purchase a product from a broker dealer, you will usually pay a sales commission or other transaction-based fee, which may be:

- paid at the time of purchase which reduces the amount invested
- an on-going fee that is charged as long as you hold the investment
- charged to you when you sell the investment

Regulus has entered into a tri-party clearing agreement with Pershing, LLC (“Pershing”) and Saxony Securities Inc. (“Saxony”) as the intermediary firm.

Commissions and Other Types of Sales Compensation

- **Commissions and Sales Charges** - Regulus and its Financial Professionals can receive commissions when they execute securities transactions (buys or sells). A commission, which also can be called a sales load, sales charge, or placement fee, is typically paid upfront, can reduce the amount available to invest, can be charged directly against an investment and is often based on the amount of assets invested. Commissions vary from product to product. For more information about the commissions that apply to a particular transaction, please refer to the applicable prospectus or other offering document and/or transaction statement.
- **Mark-up/Mark-down** - If a client holds an account at Regulus, when we buy from or sell to the customer a security in a principal capacity, Regulus and your Financial Professional receive a mark-up or mark-down on the transaction. This means, for example, if we sell a security higher than what we paid, we will earn a mark-up. Conversely, if we buy a security at a price lower than what we sell it for we will receive a mark-down. Mark-up/downs typically apply to transactions in bonds or other fixed-income securities.
- **Direct Fees and Charges** - Pershing charges miscellaneous fees such as transaction service charges, account transfers fees, and retirement account maintenance fees directly to accounts as applicable. Fees that apply “per event” are disclosed on the Basic Fee Schedule as “per event.” These miscellaneous fees are not typically shared with your Financial Professional.

Third-Party Compensation

Regulus and its Financial Professionals receive compensation from investment sponsors, in connection with investments the clients make in securities such as mutual funds, annuities and alternative investments. The types of third-party compensation are detailed below:

- **Trail Compensation** – This compensation (commonly known as trails or 12b-1 fees) is typically paid from the assets of the mutual fund, annuity, or alternative investment under a distribution or servicing arrangement with the investment sponsor, is calculated as an annual percentage of invested assets, and is shared between Regulus and your Financial Professional. The amount of trail payments received varies from product to product. For more information about trail compensation received with respect to a particular investment, please refer to the prospectus or offering document for the investment.

- **Concessions** – In certain cases, Regulus and its Financial Professionals receive compensation from a mutual fund sponsor in connection with transactions for which sales charges are waived or under other circumstances and as described in the fund's offering documents. Regulus receives concessions from investment sponsors for other types of investments. These concessions vary from product to product and are generally shared between Regulus and your Financial Professional.
- **Cash Sweep** – If a client holds an account at our clearing firm through Regulus, a service is offered to sweep cash held within accounts into an interest-bearing FDIC insured cash account ("ICA") or money market funds. Under the agreement with each ICA or money market fund in which customer cash is deposited, Regulus receives a portion of the fee equal to a percentage of the average daily balance. For accounts held at Regulus that are not eligible for the ICA, uninvested cash balances are automatically invested in a money market fund. Regulus receives compensation for marketing support from these fund sponsors. These payments are in addition to recordkeeping and 12b-1 fees received by Regulus. This compensation is retained by Regulus and is not typically shared with Financial Professionals.
- **Additional Compensation from Investment Sponsors** – Regulus and its Financial Professionals are able to receive additional compensation, business entertainment and gifts from investment sponsors. On occasion, investment sponsors provide reimbursements in connection with educational meetings, customer appreciation events, marketing efforts or other similar initiatives. Sponsors may also pay or reimburse for the cost associated with education or training events that are attended by Financial Professionals and for Regulus-sponsored conferences and events. In addition, Regulus and its Financial Professionals may receive reimbursement from sponsors for technology-related costs, such as time to build systems, tools, and new features to aid in servicing clients.

Error Correction

If a client holds an account at our clearing firm through Regulus, in the event a trade error occurs in the account, and such an error is determined to be caused by Regulus, we will cancel the trade and remove the resulting monetary loss to the client from the account. If a trade correction is required as a result of a customer (e.g., if a customer does not make full payment for purchases or fails to deliver negotiable securities for liquidations before trade settlement), Regulus will cancel the trade, and any resulting monetary loss will be borne by the client. In the case of a trade that requires a correction as described above and that resulted in a monetary gain to the client, such gain may be removed from the account and may result in a financial benefit to Regulus.

Financial Professional Compensation

Regulus generally compensates its Financial Professionals pursuant to an independent contractor agreement, and not as employees. Financial Professionals are entitled to receive compensation and other benefits from Regulus, as described below.

- **Cash Compensation** – Regulus typically pays its Financial Professionals a percentage of the revenue they generate from the sales of products and services. The percentage received can vary depending on their agreement with Regulus and the investment product or service recommended and can be more or less than what they would receive at another brokerage firm. Although Regulus does not typically pay bonuses to its Financial Professionals the payments may include an increase in the percentage payout that is based on the amount of revenue a Financial Professional generates through Regulus.
- **Other Benefits** – Financial Professionals are eligible to receive other benefits based on the total premium written or revenue they generate from the sales of products and services. They may receive increased compensation, promotional items, training, gifts, entertainment, meals, or other non-cash compensation from mutual fund companies, insurance companies, and alternative investment products, which are not tied to sales in your brokerage account and as permitted by regulation. Additionally, sales of certain products may qualify your Financial Professional for additional business support and for attendance at seminars, conferences, and entertainment events. This creates a conflict of interest as your Financial Professional may be incentivized to recommend one product over another. We have adopted policies and procedures intended to address this conflict including limits on the value, frequency, and nature of these types of compensation.

Financial Professional's Outside Business Activities

Financial Professionals have the ability to engage in other business activities separate from the activities they conduct through Regulus or its Affiliates. Financial Professionals may earn compensation by participating in outside activities.

Additional Firm Compensation and Conflicts

Regulus receives compensation from Insurance Marketing Organizations that are paid on the sale of fixed insurance products by our Financial Professionals.

Regulus receives compensation from Financial Professionals in the form of affiliation fees related to service items, technology, and other miscellaneous items.

Our parent company, Regal Holdings, owns an Investment Advisor and other service providers (Regal Affiliates). Regulus has a cost sharing agreement with Regal Investment Advisors. This agreement allows for the sharing of costs between entities and does not have any effect on the recommendations made to you by your Financial Professional. However, the referral arrangements we have with our affiliated entities present a conflict of interest because we have a financial incentive to recommend our affiliates' services. For a list of affiliates, please visit our Regal Holdings website at www.regal-holdings.com.

Regal owns a variety of proprietary investment strategies, including Dividend Plus, Regalfolios, Dunamis, Durand, LionShare Model Allocation Series, and LionShare Partner Series, which we market to our Financial Professionals and unaffiliated Registered Investment Advisors. IARs may recommend these strategies to clients based on their individual investment goals and objectives. As the owner of these proprietary strategies, Regal receives a financial benefit when they are utilized. A conflict of interest arises in situations where a client is working directly with an owner or executive of Regal. In these cases, the owner or executive has a financial incentive to recommend a proprietary strategy over a Third-Party Strategy, as Regal would earn a greater financial benefit from the proprietary strategy.

Pursuant to an agreement in place with NorthStar Investment Management Corporation, Regulus receives an annual fee of 0.45% of assets invested in certain NorthStar Funds by investors referred by Regal Investment Advisors, an affiliate of Regulus. This presents a conflict of interest as Regal has an incentive to encourage representatives or clients through financial planning services to invest in mutual funds managed by NorthStar. The funds include:

- NSDVX – NorthStar Dividend Fund
- NSMVX – NorthStar Micro-Cap Fund
- NSOIX – NorthStar Opportunity Fund
- NSBDX – NorthStar Bond Fund

Financial Professional Conflicts

Your Financial Professional can offer various types of services and products, and the compensation earned differs depending on the type of service or product recommended. If a recommendation was made to liquidate certain product in order to purchase other products, a conflict can arise.

Your Financial Professional may earn more compensation by selling one product over another, giving the Firm and your Financial Professional an incentive to recommend the product that pays more compensation.

Your Financial Professional can offer various types of mutual funds, some of which offer different types of shares, known as "classes." Depending on the length of the holding period for a mutual fund and other factors, one share class may be less expensive to you than another, and your Financial Professional may earn more or less compensation for one share class than another.

Asset allocation involves dividing an investment portfolio among different asset categories, such as stocks, bonds, and cash. The asset allocation that works best for you at any given point will depend largely on your time horizon and your ability to tolerate risk. The potential to generate higher commissions can lead your Financial Professional to influence asset allocation recommendations. For example, a Financial Professional can make a recommendation to allocate a higher percentage of your portfolio to a product that earns higher commissions up front.

Regulus or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own accounts. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over your account in the purchase or sale of securities.

Financial Professionals are permitted to engage in outside activities including being employed by, or owning a financial services business entity, including investment advisory business, separate from Regal Investment Advisors. Although this is not considered a conflict of interest on its own, retail clients should be aware that these situations can exist. Your Financial Professional could conduct these activities during normal business hours, which could take away time from servicing retail customers or otherwise affect their obligations to you. Regulus monitors the outside business activities of our Financial Professionals and ensures that any relevant activities are disclosed on the Financial Professional's U4. For

more information about your Financial Professional's outside business activities and to see if they may present conflicts of interest, please visit FINRA's [BrokerCheck](#).

Important Information for Retirement Investors

Acknowledgement of Fiduciary Status

When Regulus and your Financial Professional provide investment advice to you regarding your Retirement Account(s), we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act (ERISA) and/or the Internal Revenue Code (Code), as applicable which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule, the DOL Investment Advice Exemption¹ that requires us to act in your best interest and not put our interest ahead of yours. Regulus intends to rely on this exemption from time to time when providing fiduciary investment advice and recommendations to Retirement Accounts unless another exemption is available.

Self-Directed Accounts

Please note that we generally provide investment advice and recommendations for both brokerage and investment advisory Retirement Accounts unless the account is designated as "self-directed", meaning that you do not seek, and you will not receive investment advice from us with respect to activities in that account. We do not acknowledge that we are fiduciaries with respect to self-directed brokerage Retirement Accounts (or the transactions that you choose to self-direct).

Limitations to Our Acknowledgement of Fiduciary Status

This fiduciary acknowledgment does not create an ongoing duty to monitor your accounts or create or modify a contractual obligation or fiduciary status under any state or federal laws other than retirement laws. Not all services or activities that we provide to your Retirement Accounts constitute fiduciary investment advice subject to the provisions above. As examples, we are not fiduciaries under the retirement laws when we provide:

- General information and education about the financial markets, asset allocations, financial planning illustrations and the advantages and risks of particular investments;
- General information and education about issues and options that should be considered when deciding whether to rollover or transfer retirement assets to us;
- Recommendations about investments held in accounts that are not Retirement accounts or held in accounts at financial institutions other than Regulus and for which we do not act as broker of record;
- Recommendations you execute or implement at another financial institution;
- Transactions or trades you execute without a recommendation from us, or that are contrary to, or inconsistent with our recommendations;
- Recommendations and interactions that are not provided as part of an ongoing or regular basis advice relationship, or recommendations made when there is no mutual understanding that our investment advice will serve as a primary basis for your investment decisions; and
- Recommendations that do not meet the definition of fiduciary "investment advice"² in DOL regulation section 2510.3-21.

Requirements of the DOL Investment Advice Exemption

Under the provisions of the DOL Investment Advice Exemption, when providing certain investment recommendations, we must also:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and

¹ The DOL Investment Advice Exemption provides relief from applicable prohibited transactions to firms such as Regulus that provide fiduciary investment advice under the laws to Retirement Accounts, so long as certain conditions are met.

² Fiduciary investment advice means investment advice for a fee or other compensation rendered on a regular basis pursuant to a mutual understanding that such advice will serve as a primary basis for your investment decision, and that is individualized to the particular needs of your Retirement Account.

- Give you basic information about conflicts of interest.

Plan Rollover Decisions

Regulus does not make any recommendations or act as a fiduciary under the retirement laws with respect to your decision to roll assets out of or into an employer-sponsored Plan. As a matter of policy, Regulus only provides general information and education with respect to such decisions. Regulus Financial Professionals can only outline and discuss the benefits and disadvantages regarding your available options so that you can make an informed decision based on your own personal financial needs and savings objectives.

Overview of Your Options

Depending upon your particular circumstance (and the terms of your plan), you may have the following options available with respect to the assets in your workplace retirement plan account:

1. Leave assets in your existing plan;
2. Move the plan assets to another plan, such as a new employer's plan;
3. Move your plan assets to an IRA held at a financial institution, such as Regulus; or
4. Receive a taxable distribution from the plan (which may also be subject to penalties).

IRA to IRA Transfer Decisions

A rollover includes a transfer of an IRA from one firm to another firm, which can occur when a financial advisor or representative at one firm moves their business to another firm and a client decides to transfer their IRA to the financial advisor's new firm, or otherwise when a client with an IRA at one firm decides to move their IRA to another firm.

Regulus does not make any recommendations or act as a fiduciary under the retirement laws with respect to your decision to transfer your IRA assets held at another firm to a Regulus IRA. As a matter of policy, Regulus only provides general information and education with respect to such decisions. Regulus Financial Professionals can only outline and discuss the benefits and disadvantages regarding your available options so that you can make an informed decision based on your own personal financial needs and savings objectives.

Should you choose to transfer your assets to Regulus, you understand and agree that with respect to any assets you decide to transfer from an IRA at another financial institution now or in the future, you: (1) have evaluated the investment and non-investment considerations important to you in making the decision; (2) have reviewed and understood the fees and costs associated with maintaining an IRA at Regulus; (3) recognize that higher net fees (if applicable) will substantially reduce your investment returns and ultimate retirement assets; and (4) understand the conflicts of interest raised by the financial benefits to Regulus and its Financial Professionals resulting from your decision to roll or transfer assets to an IRA at Regulus.

Traditional to Roth IRAs/Roth Conversions

A rollover includes a transfer or conversion of all or a portion of your traditional IRA into a Roth IRA. If your Regulus Financial Professional recommends that you transfer or convert your traditional IRA (or a portion of the assets in your traditional IRA) into a Roth IRA, your Financial Professional has considered the fact that they have considered your investment profile, tax bracket, the rules applicable to Roth conversions and other factors, and has determined that, despite paying income taxes on the amount transferred, a Roth conversion is in your best interest for the following specific reasons:

- It is likely that you are in a lower tax bracket today than you will be in the future;
- Withdrawals during retirement from your Roth IRA are not subject to federal income tax;
- Your income may exceed limits imposed to make direct contributions to a Roth IRA; and
- A Roth IRA does not have required minimum distributions during your lifetime, allowing your assets in the Roth IRA to continue to grow tax-free for a longer period of time.

Account Types

A rollover includes a change in account type involving a Retirement Account, such as converting a commission-based brokerage account at a firm to a fee-based investment advisory account, or vice versa.

Brokerage to Advisory Account Recommendation

When your Regulus Financial Professional makes an account type recommendation that involves recommending that assets in your Retirement Account or non-qualified account be placed in a fee-based investment advisory account from a commission-based brokerage account, your Financial Professional has determined that doing so is in your best interest

based on your stated investment profile for the following specific reasons:

- You want or prefer to receive regular and continuous investment advice or professional management of your assets;
- You desire knowing that Regulus and your Financial Professional have fiduciary duties and responsibilities as an investment adviser under the Investment Advisers Act of 1940;
- The investment programs, solutions, services, and products available to you in an investment advisory account are not available in a brokerage account;
- The investment advisory program or solution recommended to you meet your investment objectives, goals, time horizon and risk profile;
- The asset-based fees associated with an investment advisory account align with your interests and preferences;
- The account services and features include one or more of the following: ongoing account monitoring, discretionary management, holistic investment advice, access to affiliated/third party managers and account rebalancing; and
- The asset-based fees associated with an investment advisory account are justified by the services and features offered in that account.

Advisory to Brokerage Recommendation

When your Regulus Financial Professional makes an account type recommendation that involves recommending that assets in your Retirement Account or non-qualified account be placed in a commission-based brokerage account from a fee-based investment advisory account, your Financial Professional has determined that doing so is in your best interest based on your stated investment profile for the following specific reasons:

- You do not want or need regular and continuous investment advice from a financial professional or ongoing monitoring of your account;
- You have or expect to have low or no trading activity;
- You prefer or tend to make decisions about investment transactions without recommendations or advice;
- You intend to use an investment strategy, product or solution that is only available in a brokerage account;
- Your account maintains high levels of cash or concentrated positions;
- You do not or cannot maintain certain account minimums; and
- The commission or transaction-based costs associated with a brokerage account are justified by the services and features offered in that account.

Notwithstanding whether a recommendation has been made, you understand and agree that with respect to any assets you decide to move into a brokerage or advisory account, you must: (1) evaluate the investment and non-investment considerations important to you in making the decision; (2) review and understand the fees and costs associated with the account; (3) recognize that higher net fees (if applicable) will reduce your investment returns and ultimate retirement assets; and (4) understand the conflicts of interest raised by the financial benefits to Regulus and its Financial Professionals resulting from your decision to move assets into the account.

Conclusion

We hope this document, together with our Customer Relationship Summary (Form CRS), has provided you with a basis for understanding our relationship and the types of products and services we can offer you. If you have any questions relating to this document, we encourage you to speak with your Financial Professional or call us at 800.357.4757.